

FTSE XINHUA INDEX PERFORMANCE REPORT - DOMESTIC SERIES

November 2007

(Market performance data provided by FTSE Research)

Index Summary

In November, the FTSE Xinhua Index Series was volatile and on a downward trend under the pressures of falling global markets, dwindling liquidity, rich valuations, as well as the debut of PetroChina A-share.

On the first day of the month, the government increase of 10% of fuel prices was seen as an urgent step in helping oil refiners cover rising costs as crude oil touched record highs. On 5 November, PetroChina issued A-shares (601857.SH) on the Shanghai Stock Exchange. However the share price slumped after its debut and led the declines of other A-share blue chip stocks.

In the middle of the month, the central bank ordered domestic lenders to increase reserves for the ninth time this year in a bid to cool the economy. In addition, the National Bureau of Statistics announced that CPI had rose 6.5% from a year earlier and the fixed-asset investment in property and factories in urban areas by 26.9%. The accelerated inflation and fixed-asset investment have firmed the belief that an increase in the interest rate will be inevitable. Also with more mutual fund redemptions and the approaching IPO of China Railway's RMB 22.44 billion floatation all pointing to less liquidity in the market.

Sector Commentary

Most sector indices were down in November. Oil & Gas Producers and Real Estate were the third and fourth worst sectors, down 23.5% and 22.1% respectively. With crude oil hitting a historical high, Oil & Gas Producers stocks are down as China's refiners are unable to pass on the added cost of the imported crude oil due to governmental price controls.

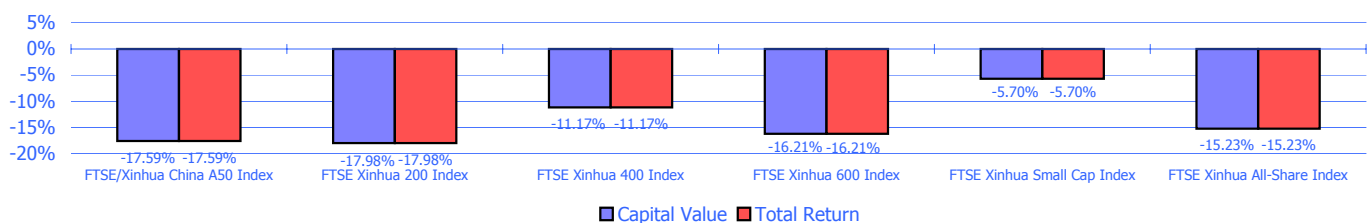
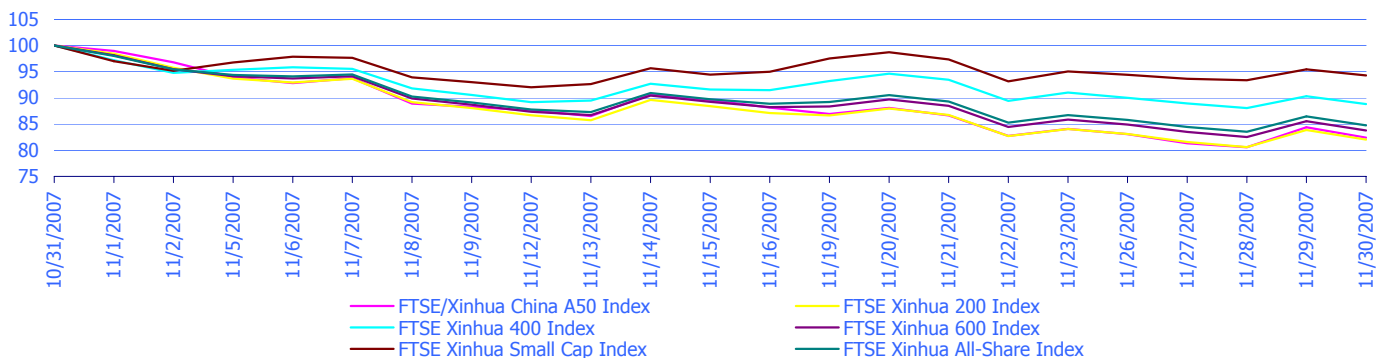
Real Estate stocks, led by sector heavy-weighted constituent Vanke (000002.SZ), China's biggest listed property developer were down. Property developers appear to show initial signs of slow down after the government introduced measures to cool the market. China raised the interest rates on mortgages and the down payment for second homes in September. The tax bureau and finance ministry may also impose a real-estate tax on luxury high-end properties according to a news report in October.

Constituent Commentary

In terms of constituents, Hafei Aviation Industry (600038.SH) was the best performing stock in the FTSE Xinhua All-Share Index, up 81.3% in November.

The company, a major arm of China Aviation Industry Corporation II, announced on 26 November it had signed a framework agreement with the global leading aircraft manufacturer Airbus on setting up a composite materials manufacturing center. The composite materials to be produced

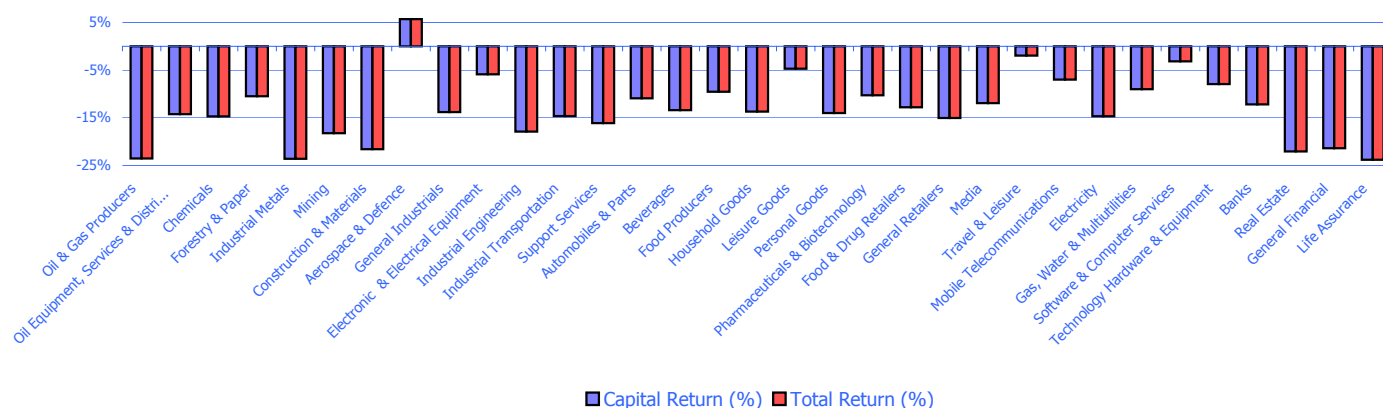
Overall Market Performance (RMB) (Capital Return, from 31.10.2007 to 30.11.2007)



FTSE XINHUA SHARE INDEX PERFORMANCE REPORT - DOMESTIC SERIES (continued)

November 2007

Sector Performances within the FTSE Xinhua 600 Index



5 Highest Performing Industry Sectors in the FTSE Xinhua 600 Index	Price Return (%)
Aerospace & Defence	5.72
Travel & Leisure	-1.95
Software & Computer Services	-3.13
Leisure Goods	-4.68
Electronic & Electrical Equipment	-5.89

5 Lowest Performing Industry Sectors in the FTSE Xinhua 600 Index	Price Return (%)
Life Assurance	-23.81
Industrial Metals	-23.61
Oil & Gas Producers	-23.54
Real Estate	-22.07
Construction & Materials	-21.61

5 Highest Performers in the FTSE Xinhua All-Share Index	Local Code	Price Return (%)
Hafei Aviation Industry	600038	81.30
Sichuan Chuantou Energy Holdings	600674	36.56
Shandong Jiufa Edible Fungus	600180	32.36
Jinhua Group Chlor Alkali	000818	30.35
Beijing Hualian Department Store	000882	23.46

5 Lowest Performers in the FTSE Xinhua All-Share Index	Local Code	Price Return (%)
China Tungsten And Hightech Materials	000657	-44.86
Shenzhen Flyta Holding	000026	-42.51
China Merchants Property Development	000024	-40.18
Huludao Zinc Industry	000751	-39.86
China Non-Ferrous Metal Construction	000758	-39.22

The FTSE Xinhua Index Series is designed to represent the performance of the mainland Chinese market that is available to nationals of the People's Republic of China or to international investors under the Qualified Foreign Institutional Investor (QFII) rules. The series of indices is expected to become the definitive measure for investors tracking the Chinese market and will be closely monitored globally as a measure of the world's most important new market.

The FTSE Xinhua Index Series is the leading index series covering shares listed on both Shanghai and Shenzhen Stock Exchanges. The indices are calculated in real-time and can be used as the basis for tracker and mutual funds (including exchange traded funds), structured and derivative products as well as as a performance benchmark for those investing in China.

For further information about FTSE Xinhua Indices, please contact
Hong Kong +852 2230 5800 Beijing, China +86 10 5864 5277 info@ftsexinhua.com www.ftsexinhua.com

FTSE Market Reports are researched and produced on a monthly basis by FTSE Research. For more information about market analysis based on FTSE Xinhua indices, please contact Andy Harvell, FTSE Group at andy.harvell@ftse.com.