

FTSE XINHUA INDEX PERFORMANCE REPORT - DOMESTIC SERIES July 2008

(Market performance data provided by FTSE Research)

Index Summary

In July, China's stock markets were quite volatile. The FTSE Xinhua All-Share Index closed at 6493.9 points, up 1.9% from the close of June.

Continuing the sharp fall in June, the FTSE Xinhua All-Share Index dropped to a 15 month low of 6199.0 points on 1 July. The Xinhua agency issued an editorial that evening stating that last year's boom and the recent slump were irrational and China's stock market can still have a stable and healthy development under the current economic conditions. This editorial strengthened market sentiment and the FTSE Xinhua All-Share Index responded positively. On 7 July, China Merchants Bank Co. and China Citic Bank Corp. announced that their first-half earnings were expected to double this year. This news helped ease investor concerns about a slowdown in corporate profits. Boosted by banking shares, the FTSE Xinhua All-Share Index rose 5.2 percent to 6987.4 points. It reached the month high of 6987.4 points on 9 July and fluctuated on a downward trend thereafter, under concerns that the slowest economy growth since 2005 and increasing energy prices will dent earnings.

The majority of the FTSE Xinhua Indices over the month made positive returns except for the blue chip FTSE/Xinhua China A50 Index and the FTSE Xinhua 200 Index. The best performer was the FTSE Xinhua Small Cap Index, up 9.0%.

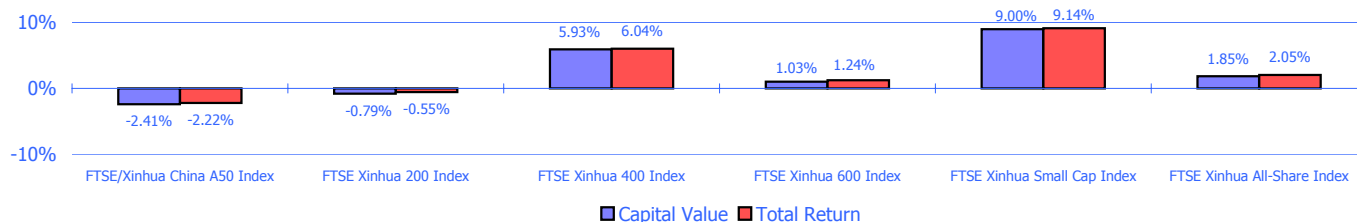
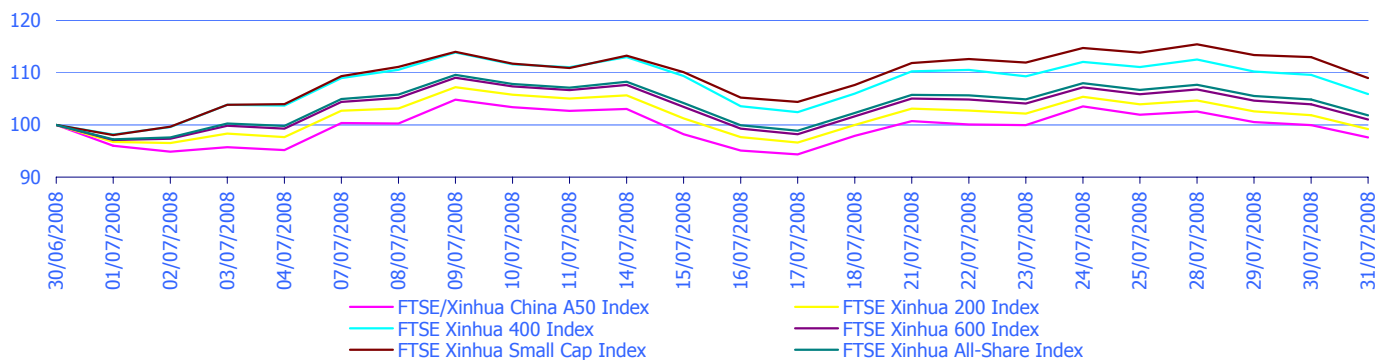
Sector Commentary

In terms of the sectors, Beverages were the best performer, up 11.4%. It was boosted by the 3 heavyweights Kweichow Moutai (600519.SH), Yibin Wuliangye (000858.SZ) and Luzhou Laojiao (000568.SZ). The worst performer was Mining, down 11.3%, followed by Life Assurance and General Financial down 10.8% and 4.4% respectively.

Constituent Commentary

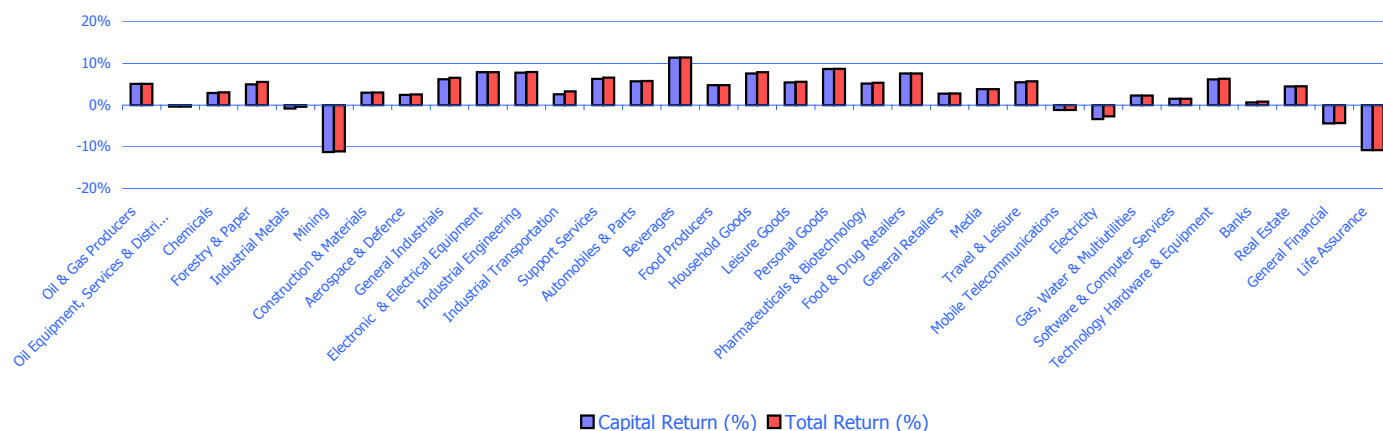
In terms of constituents, Hainan Pearl River Holdings (000505.SZ) slumped 36.9% due to its asset reorganization failure and was the lowest performer in the FTSE Xinhua All-Share Index. The best performer was China Fangda Group (000055.SZ), up 52.8% this month. Tianchuang Property (600791.SH), up 50.8%, was the second best performer. Its share price rose after the company announced their first-half earnings were expected to double this year.

Overall Market Performance (RMB) (Capital Return, from 30.06.2008 to 31.07.2008)



FTSE XINHUA SHARE INDEX PERFORMANCE REPORT - DOMESTIC SERIES (continued) July 2008

Sector Performances within the FTSE Xinhua 600 Index



5 Highest Performing Industry Sectors in the FTSE Xinhua 600 Index	Price Return (%)
Beverages	11.38
Personal Goods	8.67
Electronic & Electrical Equipment	7.90
Industrial Engineering	7.77
Food & Drug Retailers	7.61

5 Lowest Performing Industry Sectors in the FTSE Xinhua 600 Index	Price Return (%)
Mining	-11.26
Life Assurance	-10.82
General Financial	-4.42
Electricity	-3.36
Mobile Telecommunications	-1.18

5 Highest Performers in the FTSE Xinhua All-Share Index	Local Code	Price Return (%)
China Fangda Group	000055	52.81
Tianchuang Property	600791	50.78
Sichuan New Hope Agriculture Industry	000876	45.91
Chifeng Fulong Thermal Power	000426	40.89
Nanjing Panda Electronics	600775	40.07

5 Lowest Performers in the FTSE Xinhua All-Share Index	Local Code	Price Return (%)
Hainan Pearl River Holdings	000505	-36.88
Shanghai Yuyuan Tourist Mart	600655	-34.37
Henan Yuneng Holdings	001896	-33.20
Pingdingshan Tianan Coal Mining	601666	-28.30
Shanxi Lu'an Environmental Energy Dev	601699	-25.79

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
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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 Jamie Perrett, FTSE Group at jamie.perrett@ftse.com.