

FTSE XINHUA INDEX REVIEW - DOMESTIC SERIES

(Market performance data provided by FTSE Research)

February 2005
Index Summary

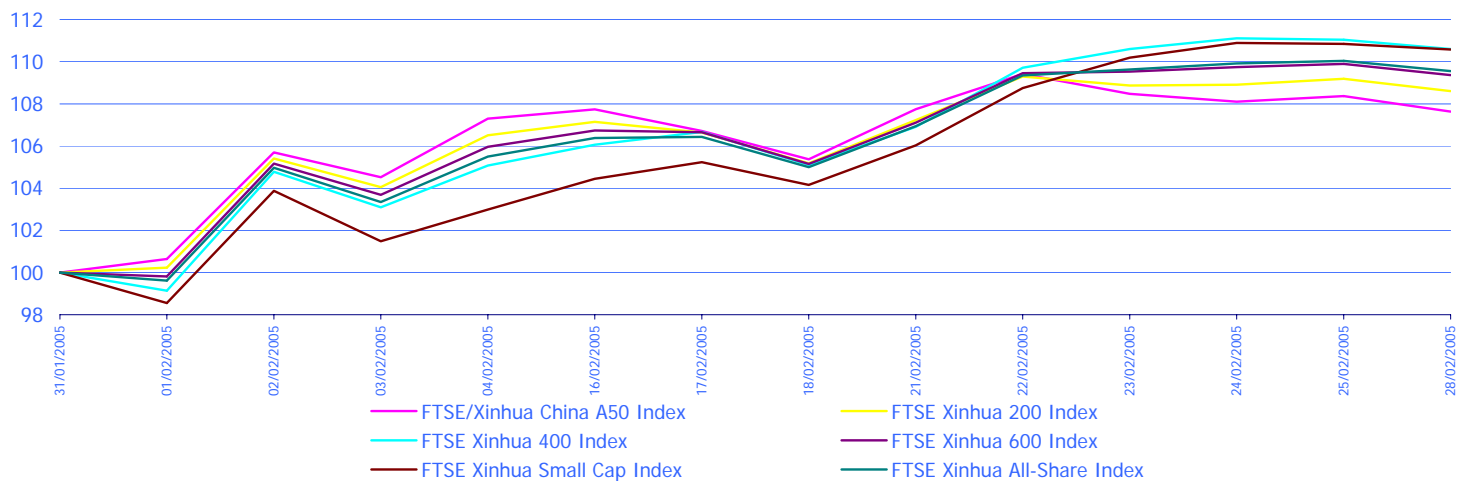
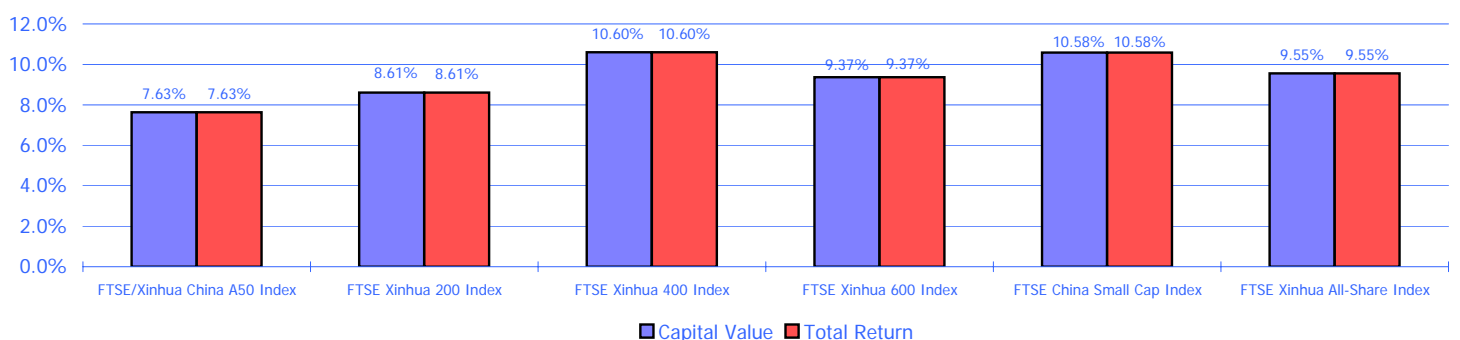
China's consumer prices rose in January at their slowest pace in more than a year, easing pressure on the central bank to raise interest rates. All indices of the domestic FTSE Xinhua Index Series rose, with the benchmark FTSE Xinhua All-Share up 9.55%. There was a clear size-based effect, which saw small cap stocks initially underperforming in the first week, then turning around and outperforming for the remainder of the period. The FTSE Xinhua Small cap gained 10.58% as opposed to the FTSE/Xinhua China A50's 7.63% rise.

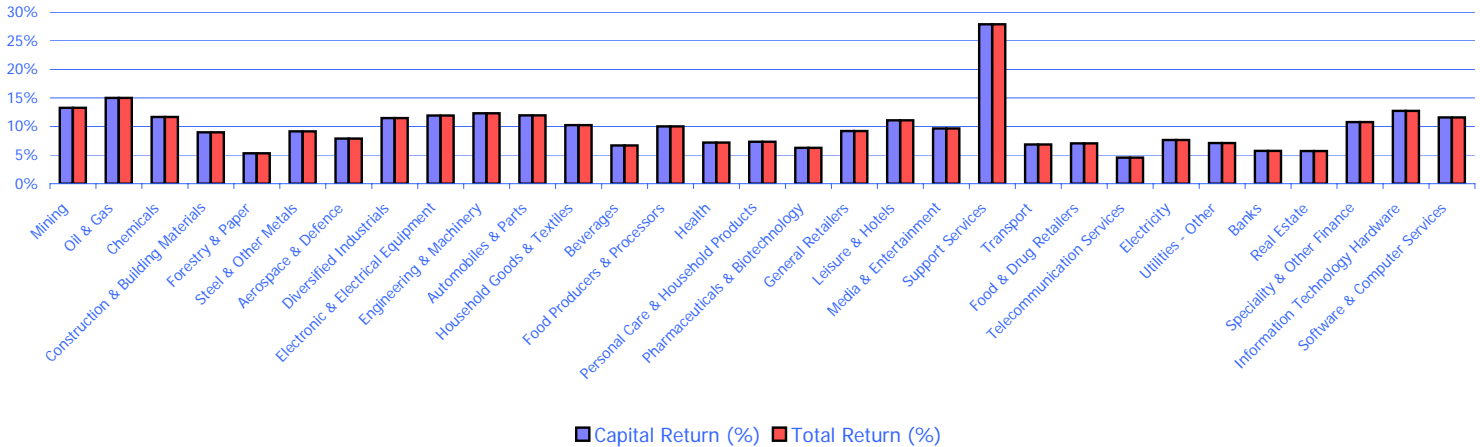
Sector Commentary

All industry sectors gained ground for the month, with the largest gainer being Support Services, up 27.89% resulting from the performance of its lone constituent Shanghai AJ. The Oil & Gas sector was another large gainer, up 15.02% after cold weather across parts of the United States and much of Europe pushed US crude oil prices above \$50 a barrel for the first time in almost three months.

Constituent Commentary

Xinjiang International Industry was the best performing stock from the FTSE Xinhua All-Share Index, up 60.66%. Following its restructure, it is to undertake projects for coke production, in the belief that coke prices in 2005 will be increased by between 60% and 100%. Another large gainer was Jiangsu Chunlan Refrigeration Equipment Stock, up 34.30% - the company said it was not aware of any reason for the rise in its share price. Losing most was the real estate and infrastructure constructor Fujian Sanmu Group, down 49.83%. It too said it knew of no reason for the movement. Hacı, the manufacturer and marketer of organic food, feeds and medicines was the second worst loser, following forecasts of a third consecutive year of losses, which could result in the company being de-listed from the Shanghai Stock Exchange.

Overall Market Performance (RMB) (Capital Return, from 31.01.2005 to 28.02.2005)

Performance in February


FTSE XINHUA SHARE INDEX REVIEW - DOMESTIC SERIES (continued)
February 2005
Sector Performances within the FTSE Xinhua 600 Index


5 Highest Performing Industry Sectors in the FTSE Xinhua 600 Index	% Price Growth
Support Services	27.89
Oil & Gas	15.02
Mining	13.28
Information Technology Hardware	12.75
Engineering & Machinery	12.32

5 Lowest Performing Industry Sectors in the FTSE Xinhua 600 Index	% Price Growth
Telecommunication Services	4.56
Forestry & Paper	5.33
Real Estate	5.72
Banks	5.75
Pharmaceuticals & Biotechnology	6.29

5 Highest Performers in the FTSE Xinhua All-Share Index	Local Code	% Price Growth
Xinjiang International Industry	000159	60.66
Hangzhou Silan Microelectronics	600460	42.48
Jiangsu Chunlan Refrigerating Equipment Stock	600854	34.30
Sinopec Shandong Taishan Petroleum	000554	33.88
Jiangxi Hongdu Aviation Industry	600316	32.11

5 Lowest Performers in the FTSE Xinhua All-Share Index	Local Code	% Price Growth
Fujian Sanmu Group	000632	-49.83
Haci	600752	-15.23
Heilongjiang Longdi	000832	-8.28
Henan Joyline & Joysun Pharmaceutical	600222	-7.51
Hunan Liuyang Fireworks	600599	-7.29

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 Gareth Parker, FTSE Group at gareth.parker@ftse.com.