

Investment objective

This fund aims to achieve long-term capital growth. The fund invests primarily in securities issued by companies with either assets in, or revenues derived from the People's Republic of China that are listed, traded or dealt in on Regulated Markets in China, Hong Kong, Taiwan, the U.S. or in a member state of the OECD.

Cumulative performance (% in USD)

Period	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	Since Launch
Fund return	-24.9	-5.1	39.4	199.6	593.5	-	716.3
Benchmark return	-35.2	-2.8	36.2	191.9	420.9	-	259.9

Annual performance (% in USD)

Period	12 mths to 31/01/08	12 mths to 31/01/07	12 mths to 31/01/06	12 mths to 31/01/05	12 mths to 31/01/04
Fund return	39.4	61.9	32.7	18.9	94.7
Benchmark return	36.2	53.5	39.7	0.3	77.9

Manager's comments

- Stock markets around the world fell heavily in January due to fears of a slowing US economy and its implications for global growth.
- China was faced with rising inflation, which reached its highest level for 11 years in November, and led the government to freeze energy prices and introduce price curbs on basic food items.
- The fund's performance benefited from our holding in Sino Gold, which performed well as a result of gold's properties as an inflation hedge.
- Holding Anhui Conch Cement proved negative as its earnings were hit by higher coal prices, and China Mengniu fell as a result of the higher cost of raw milk and government imposed restrictions on raising prices.
- We bought Sino Gold for its defensive qualities, and sold China Shenhua to lock in profits after recent strong performance.
- In the short-term, the fund will continue to take profits on stocks which have risen sharply as they are most susceptible to de-rating.
- We view market weakness as an opportunity to add to good quality companies.
- Over the longer term, China's domestic economy will continue to grow strongly driven by urbanisation.

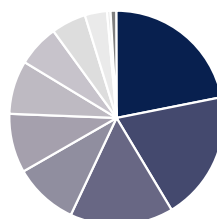
Fund information

Launch date	17/08/1999
Fund size (US\$m)	2,530
Benchmark	MSCI China Index
Number of holdings	69
Fund managers	Martin Lau / Xian Quanqiang
ISAable fund	No
Minimum investment	\$1,500 lump sum / \$1,000 subsequent
Charges	Initial 5.0%; Annual 1.5%
Share type	Accumulation & Income

Ten largest holdings

Stock name	%	Stock name	%
China Mengniu Dairy	5.6	CNOOC	3.9
China Resources Power	4.7	China Shipping	3.7
China Oilfield Services	4.5	Li & Fung	3.6
China Resources Enterprise	4.5	China Comm Service H	3.2
Yantai Changyu	4.1	China Merch Holdings	3.1

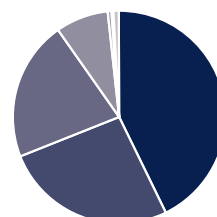
Sector breakdown



Consumer Discretionary: 21.9% (*3.6%)
Industrials: 19.5% (*13.3%)
Consumer Staples: 15.5% (*2.2%)
Energy: 9.7% (*20.9%)
Financials: 8.9% (*27.3%)
Utilities: 8.2% (*2.3%)
Materials: 6.4% (*6.1%)
Telecom Services: 5.2% (*22.9%)
Information Technology: 3.2% (*1.6%)
Health Care: 0.5% (*0.0%)
Cash: 0.9% (*0.0%)

* Index weighting

Share class breakdown



Red Chips: 42.7%
Hong Kong: 26.1%
H Shares: 21.6%
Shenzhen - B: 8.0%
Singapore: 0.6%
Shanghai - B: 0.1%
Cash: 0.9%

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Important Information:

Performance information for First State funds is provided on a discrete annual basis to the latest month - this enables you to see how the fund has performed over each year. Cumulative or rolling performance is also provided over standard time frames to the latest month end.

Please note past performance should not be used as a guide to future performance, which is not guaranteed. Investment markets and conditions can change rapidly and as such the views expressed should not be relied upon when making investment decisions. The fund should be considered a long term investment. Performance data of less than one year is intended for existing investors and should not be relied upon by potential investors to make an investment decision. The value of your investment may go down as well as up. There is no guarantee that you will get back the amount you originally invested. The fund invests in emerging markets and smaller companies both may be volatile and carry more risk. You should be aware that currency movements can affect the value of your investment.

Statistical sources: All performance data as at 31 January 2008 : Source for fund - First State (using Barra Enterprise Performance), net of fees with income reinvested gross of tax; source for benchmark - RIMES, income reinvested gross of tax. All other portfolio details and non performance information (top 10 holdings, fund size, sector and country breakdown): First State's own records. Any research or analysis used in the preparation of this document has been procured by First State for its own use and should not be relied upon by others. Since launch performance figures have been calculated from 17 August 1999.

Further details: First State China Growth Fund is a sub-fund of First State Investments ICVC, an open-ended investment company. Copies of the Prospectus and Simplified Prospectus for the First State Investments ICVC are available free of charge by writing to: Client Services, First State Investments (UK) Limited, 23 St Andrew Square, Edinburgh, EH2 1BB, by telephoning 0800 587 4141 between 8am and 5pm Monday to Friday or by printing the documents out from the website www.firststate.co.uk. Issued by First State Investments (UK) Limited, authorised and regulated by the Financial Services Authority. A member of IMA. Registered number: 2294743. Registered address: 3rd Floor, 30 Cannon Street, London EC4M 6YQ.