

**FTSE XINHUA CHINA B SHARE INDEX REVIEW - B SHARE SERIES**  
**December 2007**

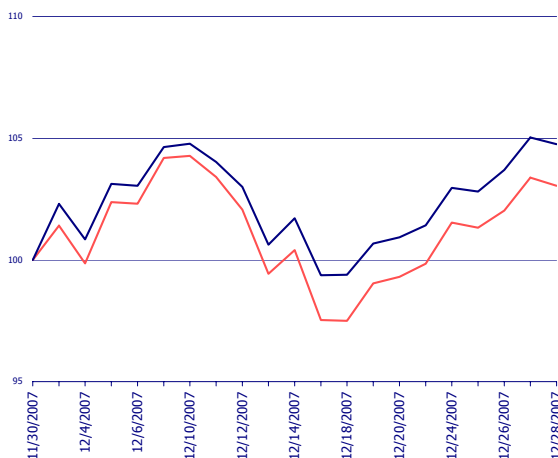
(Market performance data provided by FTSE Research)

**Index Commentary**

At the start of December, China's B-share market followed the upward trend of the A-share market, with the FTSE Xinhua B35 Index reaching the month-high of 12074.33 points on 12 December, up 4.3% from the end of last month. The benchmark index then dropped 784.65 points, or 6.5%, during the next six trading days and reached the month-low of 11289.68 points on 18 December. Worries of a U.S. recession and the macro economic control in China depressed the Hong Kong market, and partially impacted China's B-share market as well.

However, the downward trend did not last too long. Influenced by the strong performance of China's A-shares, the B-share market quickly rebounded at the end of the month. The FTSE Xinhua B35 Index finally closed at 11932.34 points, up 3.1%; while the FTSE Xinhua B All-Share Index closed at 9076.56 points, up 4.8%.

Overall in 2007, the blue chip FTSE Xinhua B35 Index was up 102.5% while the broader benchmark FTSE Xinhua B All-Share Index gained 114.9%.

**Overall Market Performance (USD) (Capital Return, from 30.11.2007 to 28.12.2007)**


5 Highest Weighted Constituents	% wgt China B 35	% wgt China B All-Share
Inner Mongolia Yitai Coal	14.13	10.09
China International Marine Containers	10.62	7.58
Shanghai Zhenhua Port Machinery	10.47	7.48
Shenzhen Vanke	8.54	6.10
Yantai Changyu Pioneer Wine	5.35	3.83

— FTSE Xinhua China B35 Index  
 — FTSE Xinhua China B All-Share Index

5 Highest Performers	Local Code	Price Return (%)
Shanghai Dingli Technology Development	900907	29.41
Danhua Chemical Technology	900921	25.40
Weifu High-Technology	200581	20.71
Eastern Comms	900941	19.67
Chengde Dixian Textile	200160	19.62

5 Lowest Performers	Local Code	Price Return (%)
China Merchants Prop	200024	-14.12
Shenzhen Vanke	200002	-8.66
Shenzhen China Bicycle	200017	-7.93
Tsann Kuen (China) Enterprise	200512	-5.00
Shanghai Zhenhua Port Machinery	900947	-2.78

The FTSE Xinhua China B Share Index Series is designed to represent the performance of the Chinese market that is available to investors outside of the People's Republic of China and to Chinese nationals with appropriate foreign exchange dealing accounts. The FTSE Xinhua China B Share Indices cover shares listed on both Shanghai and Shenzhen Stock Exchanges, and provide an exciting opportunity to invest in one of the world's most exciting markets.

**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.

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