IMPORTANT: If you are in any doubt about the contents of this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. The iShares FTSE/Xinhua A50 China Tracker has been authorised as a collective investment scheme by the Hong Kong Securities and Futures Commission. Authorisation does not imply official approval nor a recommendation.

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iShares FTSE/Xinhua A50 China Tracker

a sub-fund of the iShares Asia Trust

a Hong Kong unit trust authorised under

Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong

Stock Code : 2823

PROSPECTUS

LISTING AGENT

BARCLAYS GLOBAL INVESTORS
NORTH ASIA LIMITED

4 November 2005

iShares FTSE/Xinhua A50 China Tracker (Stock Code: 2823)

Addendum to Prospectus dated 4 November 2005 (the "Prospectus")

Important: If you are in any doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. This Addendum forms an integral part of and should be read in conjunction with the Prospectus. The Directors of Barclays Global Investors North Asia Limited accept responsibility for the information contained in this Addendum as being accurate at the date hereof.

(A) References to "200,000 Units" should be amended to "2,000,000 Units" in the following places of the Prospectus:

1. Page 30, under the subsection "Key Information" – "In-kind Creation / Redemption (Only Participating Dealers)"

2. Page 37, in the grey box in the first diagram

3. Page 42, under the subsection "Creation and Redemption by Participating Dealers" – "Application Size"

(B) The subsection "Management and Administration – The Directors of the Manager" on page 19 of the Prospectus should be deleted in its entirety and be replaced by the following paragraphs:

FRANCIS SEAN RYAN, Managing Director and Chief Financial Officer, BGI N.A.

Mr. Ryan is the Chief Financial Officer of BGI, responsible for the global finance functions of BGI. Mr. Ryan spent 15 years at Bank of America in various positions, including his role as Managing Director and Chief Financial Officer of Banc of America Securities. Mr. Ryan also served as Financial Controller for Bank of America before its merger with NationsBank. Mr. Ryan received his MBA from the University of Chicago Graduate School of Business and has a BBA from the University of Notre Dame.

Mr. Ryan currently also holds the following directorships in:
Barclays Global Investors Southeast Asia Limited; Barclays Global Investors, National Association; Barclays Global Investors Japan Services Limited; Barclays California Corporation; and Barclays Global Investors USA Inc.

DAVID JONATHAN SEMAYA
Managing Director and CEO, Europe & Asia (ex-Japan)

Mr Semaya has overall responsibility for the development of BGI's business in Europe and Asia (ex Japan), and is a member of BGI's executive committee. He joined BGI in 2004 as President of BGI Japan Trust & Banking, developing BGI's business in Japan and became CEO in 2005. Before joining BGI, Mr Semaya spent 5 years with Sanyo Securities in Japan, before joining Merrill Lynch, where he spent 12 years in both Tokyo and New York. Mr Semaya studied Political Science at the University of Florida, Masters in Education at Temple University, Japan, and has attended executive programmes at Stanford and Wharton.

Mr. Semaya currently also holds the following directorships in:
Barclays Global Investors Southeast Asia Limited; Barclays Global Investors Limited; Barclays Global Investors Services Limited; Barclays Global Investors Pensions Management Limited; and Barclays Global Investors Japan Trust & Banking Co., Ltd.

ROBERT J. HABER, Managing Director
Vice Chairman, Asia ex-Japan

Mr. Haber serves as Vice Chairman of Asia ex-Japan. In his role as a Vice Chairman, Mr. Haber advises on the strategic direction for the region, supports Asia ex-Japan's interactions with BGI San Francisco and represents senior management with the region's regulators, exchanges and key clients. Formerly, Mr. Haber served as Regional CEO of Asia ex-Japan, managing the day to day operation of BGI in Asia outside of Japan. Mr. Haber joined BGI in 1984 as marketing administrator and has served in numerous client service, business development, investment and operational roles at BGI in the United States. Mr. Haber has also managed the Global Sales and Service Groups, which coordinates sales and client service activities between BGI locations, Account Services and Transition Management Groups and the Transition Management Group. Mr. Haber joined Wells Fargo Bank's consumer credit division in 1978 before moving to BGI. He received a bachelor's degree in finance from the University of Southern California. Mr. Haber is also a Director on the Board of the Pacific Pension Institute, serving on the program committee.

Mr. Haber currently also holds the following directorship in:
Barclays Global Investors Southeast Asia Limited.

MARK A A C TALBOT, Principal
Chief Executive Officer, Asia ex-Japan

Mark Talbot is BGI's Chief Executive Officer of Asia ex Japan and Chief Investment Officer for Asia Fixed Income based in the Hong Kong office. Mr. Talbot has responsibility for BGI's Asia ex-Japan business together with BGI's Pan Asian fixed income business. Prior to taking this role he was responsible for BGI's US active and index fixed income business. Mr. Talbot was formerly head of international bonds at SSgA, where he managed global bond strategies with a team of over 30 investment professionals located in Europe and Asia. Prior to joining SSgA in 1998, he was a fixed income investment manager at Matheson Investment and prior to that at Nissan Mutual Life. He has experience managing a spectrum of fundamental and quantitative strategies from active global to passive. Mr. Talbot is a graduate of the University of St. Andrews and has an honours degree in mathematics. In addition, he is a CFA charterholder and speaks Japanese.

Mr. Talbot currently also holds the following directorship in:
Barclays Global Investors Southeast Asia Limited.

FREDERICK J. HORSEY, Principal
Chief Operating Officer, Asia ex Japan

Mr. Horsey has been BGI's Chief Operating Officer of Asia ex Japan since May 2007. Prior to this Mr. Horsey worked for 10 years within the JPMorgan Chase group and its predecessor firms, latterly as Head of Asia Product Development and before that as Asia Head of Legal, in each case for JPMorgan Asset Management. Mr. Horsey has qualified to practice law in Hong Kong, England & Wales, and British Columbia, and holds degrees from University of British Columbia (BA, Hons), Osgoode Hall Law School (LLB) and University of Cambridge (LLM).

Mr. Horsey currently holds no other directorships.

(C) The subsection "Directors of the Manager" on page 29 of the Prospectus should be deleted in its entirety and be replaced by the following:

Francis S. Ryan
David Jonathan Semaya
Robert J. Haber
Mark A A C Talbot
Frederick J. Horsey

Date: 30 October 2007

Contents

Preliminary

For the reasons set out in Section 2 of this prospectus on page 46, iShares FTSE/Xinhua A50 China Tracker (the "A50 China Tracker") may have a limited duration of 5 years. The A50 China Tracker may also have limited access to QFII investment quota. Investors' attention is drawn generally to "General Risk Factors" on pages 46 to 51.

In addition, it is possible that Units in the A50 China Tracker may trade at a premium or at a discount to the Net Asset Value of the Units, for example where QFII investment quota is limited or where QFIIs' ability to repatriate US dollars from the PRC is suspended. Investors' attention is drawn to the "QFII repatriation" and "QFII investment quota" risk factors, on page 47.

Further, it is possible that the A50 China Tracker may suffer greater tracking error than typical exchange traded index funds due to the inability of the A50 China Tracker to hold A Shares directly. There are a number of possible causes of such tracking error, including the fees payable by the A50 China Tracker and the possible need for Barclays Global Investors North Asia Limited (the "Manager") to adopt a Representative Sampling Strategy. Investor's attention is drawn to the discussion in this regard under "Investment Strategy" on pages 30 and 31.

This prospectus has been prepared in connection with the offer in Hong Kong of Units in the A50 China Tracker a sub-fund of iShares Asia Trust (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 16 November 2001, as amended, between the Manager and HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

The directors of the Manager accept full responsibility for the information contained in this prospectus and for the accuracy and fairness of the opinions expressed, and confirm that this prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "SEHK") and the Code on Unit Trusts and Mutual Funds (the "Code") for the purposes of giving information with regard to the Units of the A50 China Tracker and that having made all reasonable enquiries, the directors confirm that, to the best of their knowledge and belief, the information contained in this prospectus is true, accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this prospectus misleading, whether of fact or opinion; any inferences that might reasonably be drawn from any statement in the prospectus are true and are not misleading; and all opinions and intents expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The Trust and the A50 China Tracker have been authorised by the Securities and Futures Commission (the "SFC") in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust and the A50 China Tracker or for the correctness of any statements made or opinions expressed in this prospectus.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

Dealings in the Units in the A50 China Tracker on the SEHK commenced on 18 November 2004. Units in the A50 China Tracker have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS") with effect from 18 November 2004. Applications may be made to list Units in other Index Funds constituted under the Trust in future on the SEHK. Subject to compliance with the admission requirements of HKSCC and the granting of listing of, and permission to deal in, the Units in other Index Funds on the SEHK, the Units in other Index Funds will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCCASS with effect from the date of commencement of dealings in the Units in the other Index Funds on the SEHK or such other date as may be determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units of the A50 China Tracker or the distribution of this prospectus in any jurisdiction other than Hong Kong and, accordingly, the prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Furthermore, distribution of this prospectus shall not be permitted unless it is accompanied by a copy of the latest annual report and accounts of the A50 China Tracker and, if later, its most recent interim report, which form a part of this prospectus.

Specifically, Units (i) may not be acquired by a person deemed to be a US person within the meaning of Rule 902 of the United States Securities Act of 1933 or a US resident within the meaning of the United States Investment Company Act of 1940 and (ii) may be acquired only by a person deemed to be a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv).

Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

Investors should note that any amendment or addendum to this prospectus will only be posted on the Manager's website (www.iShares.com.hk).

Definitions

In this prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

"A50 China Tracker" means iShares FTSE/Xinhua A50 China Tracker, the second Index Fund of the Trust.

"A Shares" means shares or interests issued by PRC companies and listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

"Application" means, in respect of the A50 China Tracker, an application by a Participating Dealer to the Registrar for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines and the terms of the Trust Deed.

"Application Basket" means, in respect of the A50 China Tracker, a portfolio of Index CAAPs which constitute the Index Basket fixed by the Manager at the start of business on the relevant Dealing Day for the purpose of the creation and redemption of Units in an Application Unit size, notified on the relevant date by the Manager in accordance with the Operating Guidelines for Applications.

"Application Basket Value" means, in respect of the A50 China Tracker, the aggregate value of the Index CAAPs constituting the Application Basket at the Valuation Point on the relevant Dealing Day.

"Application Cancellation Fee" means the fee payable by a Participating Dealer in respect of a default, as set out in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

"Application Unit" means, in relation to each Index Fund, such number of Units of a class or multiples thereof as specified in this prospectus for the relevant Index Fund or such other multiple of Units of a class from time to time determined by the Manager, approved by the Trustee and notified to Participating Dealers, either generally or for a particular class or classes of Units.

"Business Day" means a day (other than a Saturday) on which the SEHK is open for normal trading and on which the relevant Underlying Index is compiled and published (and in respect of the Index, a day on which the Shanghai Stock Exchange and the Shenzhen Stock Exchange are both open for normal trading), and on which banks in Hong Kong are open for general business provided that, where as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee otherwise determine.

"CAAP" means a US dollar (or Hong Kong dollar) denominated Chinese A Share access product, being a Security (such as a warrant, note or participation certificate) linked to an A Share with the characteristics described in this Prospectus.

"CAAP Commission" means the commission payable by the A50 China Tracker as commission for purchasing or unwinding an Index CAAP.

"Cancellation Compensation" means an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

"Cash Component" means the difference between the aggregate Net Asset Value of the Units comprising an Application Unit and the Application Basket Value.

"CCASS" means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

"CCASS Operational Procedures" means the CCASS Operational Procedures as amended from time to time.

"China" or "PRC" means the People's Republic of China but, for the purposes of this prospectus for geographical reference excludes Taiwan, Macau and Hong Kong.

"Clearstream" means Clearstream, Banking, société anonyme.

"CSRC" means the China Securities Regulatory Commission of the PRC.

"Code" means the Code on Unit Trusts and Mutual Funds dated April 2003 issued by the SFC (as amended from time to time).

"collective investment scheme" has the same meaning as in the Securities and Futures Ordinance.

"Connected Person" means, in relation to the Manager, the Trustee, the Custodian or any person appointed as an investment adviser to the Manager or any person appointed as the distribution company for Units (for the purpose of this definition, referred to individually as a "Principal" and collectively as the "Principals"):–

(A) any person or company (a) beneficially owning, directly or indirectly, 20 per cent or more of the ordinary share capital of any Principal or (b) able to exercise, directly or indirectly, 20 per cent or more of the total voting rights attributable to the voting share capital of any Principal;

(B) any company controlled by any person within (A) above, for which purpose "control" of a company means:–

   (1) control (either direct or indirect) of the composition of the board of directors of that company; or

   (2) control (either direct or indirect) of more than half the voting rights attributable to the voting share capital of that company; or

   (3) the holding (either directly or indirectly) of more than half of the issued share capital of that company (excluding any part of it which confers no right to participate beyond a specified amount in a distribution of either profits or capital),

   provided always that if the Trustee and the Manager agree some other meaning for the expression "control", such meaning shall be substituted for the meaning set out in this paragraph;

(C) any company 20 per cent or more in aggregate of whose ordinary share capital is beneficially owned, directly or indirectly, by the Principal and any company 20 per cent or more in aggregate of the total votes attributable to the voting share capital of which can be exercised, directly or indirectly, by the Principal;

(D) any director or other officer of any Principal or of any company which is a Connected Person pursuant to (A), (B) or (C) above.

"Conversion Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as conversion agent in relation to an Index Fund.

"Creation Application" means, in respect of the A50 China Tracker, an application by a Participating Dealer for the creation and issue of Units in an Application Unit size (or whole multiples thereof) in exchange for Index CAAPs constituting the Application Basket and any applicable Cash Component.

"Dealing Day" means each Business Day during the continuance of the Trust, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee either generally or for a particular class or classes of Units.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means 15 minutes after the SEHK officially closes for trading on that Dealing Day or such other time on that Dealing Day as the Manager (with the approval of the Trustee) may from time to time determine either generally or for a particular class or classes of Units.

"Deposited Property" means, in respect of each Index Fund, all the assets (including cash) for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the relevant Index Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

"Duties and Charges" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities of the Trust for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

"Enhanced Methodology" means improvements made by an Index Provider to the manner in which an Underlying Index is determined.

"Euroclear" means the Euroclear System, operated by Euroclear Bank S.A./N.V..

"Extension Fee" means any fee payable by a Participating Dealer in accordance with the Operating Guidelines because of the extension of any settlement period.

"FTSE" means FTSE International Limited.

"FTSE/Xinhua" means FTSE/Xinhua Index Limited, a joint venture between FTSE and Xinhua.

"Futures Contract" means any futures contract which is traded on the Futures Exchange or a Recognised Futures Exchange.

"Futures Exchange" means the Hong Kong Futures Exchange Limited or its successors.

"Future Index Share" means a share listed or to be listed on a stock exchange and which an Index Provider has announced will be included in the relevant Underlying Index or which the Manager and the Trustee reasonably believe will be included in the relevant Underlying Index within 30 days.

"HKSCC" means the Hong Kong Securities Clearing Company Limited or its successors.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Hong Kong dollar" or "HK$" mean the lawful currency for the time being and from time to time of Hong Kong.

"Income Property" means, in respect of each Index Fund, (a) all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Index Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all Cash Component payments received or receivable by the Trustee for the account of the relevant Index Fund; and (d) all Cancellation Compensation received by the Trustee for the account of the relevant Index Fund, but excluding (i) the Deposited Property of the relevant Index Fund; (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed) for the account of the relevant Index Fund or previously distributed to Unitholders; (iii) gains for the account of the relevant Index Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Index Fund.

"Index" means the FTSE/Xinhua China A50 Index.

"Index Basket" means a portfolio of Index CAAPs as determined by the Manager substantially similar in composition and weighting to the Underlying Index of the A50 China Tracker, provided that such portfolio shall comprise only whole numbers of CAAPs and no fractions or, if the Manager determines, shall comprise only round lots and not any odd lots.

"Index Fund" means a segregated pool of assets and liabilities established under the Trust.

"Index Provider" means, in respect of each Index Fund, the person responsible for compiling the Underlying Index against which the relevant Index Fund benchmarks its investments and who holds the right to licence the use of such Underlying Index to the relevant Index Fund.

"Index CAAPs" means CAAPs linked to the A Shares of those PRC companies which are at the relevant time the constituent companies of the Index of the A50 China Tracker.

"Initial Issue Date", in respect of each Index Fund, means the date of the first issue of Units relating to the Index Fund, which shall be two Dealing Days following the close of the Initial Offer Period.

"Issue Price" means, in respect of each Index Fund, the price at which Units in that Index Fund may be issued, determined in accordance with the Trust Deed.

"Initial Offer Period", in respect of each Index Fund, means such period as may be agreed between the Trustee and the Manager.

"Listing Agent" means Barclays Global Investors North Asia Limited or its successors.

"Luxembourg Stock Exchange" means the Société de la Bourse de Luxembourg S.A..

"Manager" means Barclays Global Investors North Asia Limited or its successors.

"Market" means the following, in any part of the world:–

(A) in relation to any Security: the SEHK or a Recognised Stock Exchange; and

(B) in relation to any Futures Contract: the Futures Exchange or any Recognised Futures Exchange.

"Net Asset Value" means the net asset value of an Index Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

"Operating Guidelines" means, in relation to the A50 China Tracker, the guidelines for the creation and redemption set out in the Schedule to the Participation Agreement as amended from time to time by the Manager with the approval of the Trustee, the Service Agent and HKSCC and following consultation, to the extent reasonably practicable, with the Participating Dealers and as notified in writing to the Participating Dealers. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Units in the A50 China Tracker.

"Participating Dealer" means, in respect of the A50 China Tracker, any dealer (licensed for type 1 regulated activity under the Securities and Futures Ordinance) which has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee and which itself or through a group company is an issuer of the Index CAAPs.

"Participation Agreement" means, in respect of the A50 China Tracker, an agreement entered into between the Trustee, the Manager, and a Participating Dealer setting out, (amongst other things), the arrangements in respect of the issue of Units for cash and/or Index CAAPs constituting the Application Basket and the related Cash Component and the redemption and cancellation of Units for Index CAAPs constituting the Application Basket and the related Cash Component.

"Provisional Index" means an Underlying Index as adjusted to take account of Enhanced Methodology.

"QFII" means a qualified foreign institutional investor approved under the QFII Measures.

"QFII Measures" means the Provisional Measures on the Administration of Domestic Securities Investments of Qualified Foreign Institutional Investors, issued by the China Securities Regulatory Commission and the People's Bank of China, effective 1 December 2002.

"Recognised Futures Exchange" means an international futures exchange which is recognised by the SFC or which is approved by the Trustee and the Manager.

"Recognised Stock Exchange" means an international stock exchange which is recognised by the SFC or which is approved by the Trustee and the Manager.

"Redemption Application" means, in respect of the A50 China Tracker, an application by a Participating Dealer to the Registrar for the redemption of Units in Application Unit size (or whole multiples thereof) in exchange for Index CAAPs constituting an Application Basket relevant to the A50 China Tracker in respect of which the application is made, and any applicable Cash Component.

"Redemption Value" means, in respect of a Unit of an Index Fund, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

"Registrar" means, in respect of the A50 China Tracker, HSBC Institutional Trust Services (Asia) Limited or such other person as may from time to time be appointed by the Manager to keep the register of Unitholders of an Index Fund.

"Registrar Transaction Fee" means the fee which may at the discretion of the Manager be charged for the benefit of the Registrar to each Participating Dealer on each Dealing Day upon which an Application has been or Application have been made by the Participating Dealer, the maximum level of which shall be as determined by the Manager from time to time as set out in this prospectus.

"Rmb" means Renminbi Yuan, the lawful currency for the time being and from time to time of the PRC.

"RUPV" means Reference Underlying Portfolio Value.

"SAFE" means the State Administration of Foreign Exchange of the PRC.

"Securities" means any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):–

(A) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

(B) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(C) any instrument commonly known or recognised as a security;

(D) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and

(E) any bill of exchange and any promissory note.

"SEHK" means The Stock Exchange of Hong Kong Limited or its successors.

"Securities and Futures Ordinance" means the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

"Service Agent" means, in respect of the A50 China Tracker, HK Conversion Agency Services Limited, or such other person as may from time to time be appointment to act as service agent in relation to the A50 China Tracker.

"Settlement Day" means the Business Day which is two Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the relevant Participating Dealers, either generally or for a particular class or classes of Units.

"SFC" means the Securities and Futures Commission of Hong Kong or its successors.

"Transaction Fee" means the fee in respect of an Index Fund which may at the discretion of the Manager be charged for the benefit of the Conversion Agent, Service Agent, Registrar and/or the Trustee to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer, the maximum level of which shall be as determined by the Manager from time to time and, in respect of the A50 China Tracker, set out in this prospectus.

"Trust" means the unit trust constituted by the Trust Deed and called iShares Asia Trust or such other name as the Trustee and the Manager may from time to time determine.

"Trust Deed" means the trust deed dated 16 November 2001 between the Manager and the Trustee, as amended.

"Trust Fund" means all the property for the time being held or deemed to be held upon the trusts of the Trust Deed including all Deposited Property and Income Property and subject to the terms and provisions of the Trust Deed, except any amount for the time being standing to the credit of any Distribution Account (as defined in the Trust Deed).

"Trustee" means HSBC Institutional Trust Services (Asia) Limited or its successors.

"Unauthorised US Person" means (i) a US person within the meaning of Rule 902 of the United States Securities Act of 1933, as amended, (ii) a US resident within the meaning of the United States Investment Company Act of 1940, as amended, or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv).

"Underlying Index" means, in respect of an Index Fund, the index against which the relevant Index Fund is benchmarked and in respect of the A50 China Tracker means the Index.

"Unit" means one undivided share in the Index Fund to which it relates.

"Unit Cancellation Fee" means the fee charged by the Registrar in respect of the cancellation of Units in connection with an accepted Redemption Application.

"Unitholder" means a holder of Units in respect of an Index Fund of the Trust.

"US dollar" or "US$" means the lawful currency for the time being and from time to time of the United States of America.

"Valuation Point" means, in respect of the A50 China Tracker, the official close of trading on the Market on which the A Shares, to which the Index CAAPs in question are linked, are listed on each Dealing Day and, in the case of the A50 China Tracker investing in Index CAAPs in respect of A Shares trading on more than one Market, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager and the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

"Xinhua" means Xinhua Financial Network Limited.

Section 1 – General Information Relating to the Trust

This prospectus provides the information you need to make an informed decision about investing in the A50 China Tracker. It contains important facts about the Trust as a whole and the A50 China Tracker. Section 1 of this prospectus includes general information concerning the Trust and its Index Funds, including the A50 China Tracker. Section 2 includes specific information relevant to the A50 China Tracker only.

The Trust

The Trust is an umbrella unit trust created by a trust deed (the "Trust Deed") dated 16 November 2001, as amended, made under Hong Kong law between Barclays Global Investors North Asia Limited as Manager and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets within the Trust (each such separate pool of assets constituting an "Index Fund") for each class of Units. The assets of an Index Fund will be invested and administered separately from the other assets of the Trust. The Trust was established initially with only one Index Fund and the Manager and the Trustee have now established the second, the A50 China Tracker. The Manager reserves the right to establish additional Index Funds and to issue further classes of Units in the future.

Investors should note that the Index Funds differ from a typical unit trust offered in Hong Kong. Normally creation and redemption of Units will be effected "in kind" by transferring the Securities constituting an Application Basket for the relevant Units. The Creation Application and the Redemption Application may only be effected at the Manager's discretion. Further, the creation and redemption of Units can only be facilitated by or through Participating Dealers who are under no obligation to accept instructions to create or redeem Units on behalf of retail investors.

The A50 China Tracker is the second Index Fund of the Trust. The first Index Fund is iShares MSCI China Tracker (which is also authorised by the SFC and listed on the SEHK). Information regarding iShares MSCI China Tracker is available on the Manager's website (www.ishares.com.hk) but no information concerning iShares MSCI China Tracker is included in this prospectus.

Investment Objective of the Index Funds

The investment objective of each Index Fund is to provide investment results that, before expenses, closely correspond to the performance of the Underlying Index relevant to the Index Fund by investing all, or substantially all, of the assets of such Index Fund (directly or indirectly) in shares comprising such Underlying Index in substantially the same weightings as constituted in the Underlying Index.

An index is a group of stocks which an Index Provider selects as representative of a market, market segment or specific industry sector. The Index Provider determines the relative weightings of the stocks in the index and publishes information regarding the market value of the index.

Investment Policies of the Index Funds

Indexing Investment Approach

Index Funds are not managed according to traditional methods of "active" investment management, which involve the buying and selling of Securities based on the fund manager's economic, financial and market analysis and investment judgment. Unlike an actively managed investment fund an Index Fund does not attempt to "beat" the market or its Underlying Index. Instead, the Manager, using a "passive" or indexing investment approach, attempts to deliver an investment performance which closely corresponds, before expenses, to the performance of the Underlying Index relevant to the Index Fund. The Manager will do so either by a Replication Strategy or by a Representative Sampling Strategy as described under "Principal Investment Strategies".

The use of an indexing investment approach may eliminate some of the risks of active management such as poor stock selection. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

The Trust is designed for investors who want a relatively inexpensive passive approach to investing in a portfolio of stocks of a broad market, market segment, or market sector of a single country or region. Diversification is a generally recognised way to reduce investment portfolio risk. Also, the stocks in some Underlying Indices may be difficult to purchase or hold, or may not be available to retail investors.

The Trust offers investors a convenient way to obtain index-based exposure to the stock markets of a specific country or region. However, movements in the prices of Units may be volatile. Therefore, if you purchase Units, you should be able to tolerate sudden, or even drastic, changes in the value of your investment. The Manager cannot assure that any Index Fund will achieve its investment objective.

The Manager seeks to achieve the objective of each Index Fund primarily by investing (directly or indirectly) in shares comprised in the relevant Underlying Index. Each Index Fund operates as an index fund and will not be actively managed; as such, adverse performance of a Security from an Index Fund's portfolio will ordinarily not result in the elimination of the Security from an Index Fund's portfolio. For different reasons, an Index Fund may not invest in all of the stocks of its Underlying Index. Some Index Funds may even invest in stocks that are not in their Underlying Indices.

Investment of Assets

Each Index Fund has a policy to remain as fully invested as practicable in a pool of equity securities. Each Index Fund will normally have at least 95 per cent of its total assets invested (directly or indirectly) in shares comprised in the Underlying Index, based on one of the principal investment strategies described below, except, in limited circumstances, to help meet Redemption Applications. To manage corporate actions and index changes in smaller markets, some Index Funds will at all times have at least 80 per cent of their total assets invested (directly or indirectly) in shares comprised in the Underlying index, based on one of the principal investment strategies, and at least half of the remaining 20 per cent of their total assets invested in such stocks or in stocks included in the relevant market, but not in the relevant Underlying Index.

The Manager may invest an Index Fund's remaining assets, using other investment strategies described below, in money market instruments or funds that invest exclusively in money market instruments, in repurchase agreements, in stocks that are in the relevant market but not the Index Fund's Underlying Index (as indicated above), and/or in combinations of stock index futures contracts, options on futures contracts, stock index options, stock index swaps, cash, local currency and forward currency exchange contracts that are intended to provide an Index Fund with exposure to a stock.

The Manager may attempt to reduce tracking error by using futures contracts whose behaviour is expected to represent the market performance of an Index Fund's Underlying Index, although there can be no assurance that these futures contracts will correlate with the performance of the Index Fund's Underlying Index. The Manager will not use these instruments to leverage, or borrow against, an Index Fund's securities holdings or for speculative purposes. In some cases, the use of these special investment techniques can adversely affect the performance of an Index Fund.

Principal Investment Strategies of the Index Funds

Representative Sampling Strategy

An Index Fund may not hold all of the Securities that comprise its Underlying Index if the Manager believes that a Replication Strategy is not the most efficient means to track the Underlying Indices. Having regard to the number of shares constituting the Underlying Index, the liquidity of such shares, any restrictions on the ownership of shares, high transaction expenses and other trading costs, and tax and other regulatory restrictions the Manager may decide to adopt a Representative Sampling Strategy instead.

Using a Representative Sampling Strategy, an Index Fund will hold a representative sample of the Securities in its Underlying Index, selected by the Manager using quantitative analytical models in a technique known as "portfolio sampling". Under this technique, each stock is considered for inclusion in an Index Fund based on its contribution to certain capitalisation, industry and fundamental investment characteristics. The Manager seeks to construct the portfolio of an Index Fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of its Underlying Index. Over time, the Manager may alter (or "rebalance") the portfolio composition of an Index Fund to reflect changes in the characteristics of its Underlying Index or to bring the performance and characteristics of an Index Fund more in line with that of its Underlying Index. The Manager will review each Index Fund regularly and will adjust the Index Fund's portfolio, when necessary, to conform to changes in the composition of the Underlying Index. Rebalancing may also be required for tax purposes. These rebalancings will require an Index Fund to incur transaction costs and other expenses.

Replication Strategy

Although a Representative Sampling Strategy has proven an effective means of approximating index performance in the past, it may not enable an Index Fund to track the Underlying Index's performance as well as a Replication Strategy. Using a Replication Strategy, an Index Fund will invest in substantially all the shares constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these stocks have in the Underlying Index. The Manager reserves the right to invest in all of the Index Fund's Underlying Index, and may do so on a regular basis for an Index Fund with an Underlying Index comprised of relatively few stocks.

Investors should note that the Manager may swap between the above strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the relevant Index Fund by tracking the relevant Underlying Index as closely as possible for the benefit of investors.

Other Investment Strategies of the Index Funds

Repurchase Agreements

The Manager may enter into repurchase agreements for the account of an Index Fund with banks and securities dealers. Such transactions entail the purchase of Securities with a simultaneous commitment to resell the Securities to the bank or the dealer at an agreed-upon date and price, reflecting a market rate of interest unrelated to the coupon rate or maturity of the purchased Securities. Should the Manager enter into a repurchase agreement for an Index Fund, the Trustee would maintain custody of the relevant Securities prior to their repurchase; thus, the obligation of the bank or the dealer to pay the repurchase price on the date agreed would be, in effect, secured by such Securities. If the value of such Securities were less than the repurchase price plus interest, the other party to the agreement would be required to provide additional collateral so that at all times the collateral is at least 100 per cent of the repurchase price plus accrued interest. Default by or bankruptcy of a seller would expose the relevant Index Fund to possible loss because of adverse market action, expenses or delays in connection with the disposition of the underlying obligations. The financial institutions with which the Manager may enter into repurchase agreements will be banks and non-bank dealers which are deemed creditworthy by the Manager. The Manager will continue to monitor creditworthiness of the seller under a repurchase agreement, and will require the seller to maintain the value of the Securities subject to the agreement to equal at least 100 per cent of the repurchase price (including accrued interest). In addition, the Manager will require that the value of this collateral, after transaction costs (including loss of interest) reasonably expected to be incurred on a default, be equal to or greater than 100 per cent of the repurchase price (including accrued premium) provided in the repurchase agreement or the daily amortisation of the difference between the purchase price and the repurchase price specified in the repurchase agreement. The Manager will mark-to-market daily the value of the Securities.

Reverse Repurchase Agreements

The Manager may enter into reverse repurchase agreements for the account of an Index Fund. A reverse repurchase agreement involves the sale of Securities with an agreement to repurchase the Securities at an agreed-upon price, date and interest payment and has the characteristics of borrowing cash. The Securities purchased with the funds obtained from the agreement and securities collateralising the agreement will have maturity dates no later than the repayment date. Generally the effect of such a transaction is that the Index Fund can recover all or most of the cash invested in the portfolio Securities involved during the term of the reverse repurchase agreement, while in many cases it will be able to keep some of the interest income associated with those Securities. Such transactions are only advantageous if the Index Fund has an opportunity to earn a greater rate of return on the cash derived from the transaction than the interest cost of obtaining the same amount of cash. Opportunities to realise earnings from the use of the proceeds equal to or greater than the interest required to be paid may not always be available and the Manager intends to use the reverse repurchase technique only when the Manager believes it will be advantageous to an Index Fund. The use of reverse repurchase agreements may exaggerate any interim increase or decrease in the value of an Index Fund's assets. Default by or bankruptcy of a purchaser would expose the relevant Index Fund to possible loss because of adverse market action, expenses or delays in connection with the acquisition of the Securities sold. The financial institutions with which the Manager may enter into reverse repurchase agreements will be banks and non-bank dealers which are deemed creditworthy by the Manager. The Manager will continue to monitor creditworthiness of the purchaser under a reverse repurchase agreement.

Foreign Exchange Transactions

The Manager may engage in foreign exchange transactions for the account of an Index Fund for the purpose of hedging against declines in the value of the Index Fund's currency of account. The Manager may enter into foreign exchange forward and foreign exchange futures contracts to facilitate local securities settlements or to protect against currency exposure in connection with distributions to Unitholders, but may not enter into such contracts for speculative purposes.

A forward exchange contract is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. A currency futures contract is a contract involving an obligation to deliver or acquire the specified amount of a specific currency at a specified price and at a specified future time. Futures contracts may be settled on a net cash payment basis rather than by the sale and delivery of the underlying currency.

Money Market Instruments

The Manager may invest a portion of the assets of an Index Fund in short-term corporate and government bonds and notes and money market instruments including Government securities, certificates of deposit, time deposits and bankers' acceptances of Hong Kong and foreign banks and similar institutions, high grade commercial paper, and repurchase agreements with respect to the foregoing types of instruments. Certificates of deposit are short-term negotiable obligations of commercial banks. Time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Bankers' acceptances are time drafts drawn on commercial banks by borrowers, usually in connection with international transactions.

Foreign Securities

The Manager may purchase for the account of an Index Fund publicly traded common stocks of foreign corporations represented in the relevant Underlying Index. Each Index Fund's investment in common stock of foreign corporations represented in the relevant Underlying Index may also be in the form of American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs"). ADRs and GDRs are receipts, typically issued by a bank or trust company, which evidence ownership of Securities issued by a non US corporation.

Futures and Options

The Manager may enter into domestic or foreign futures contracts, options and options on futures contracts for the account of an Index Fund. These futures contracts and options will be used to simulate full investment in the relevant Underlying Index, to facilitate trading or to reduce transaction costs. The Manager will only enter into futures contracts and options on futures contracts that are traded on the Futures Exchange or a Recognised Futures Exchange. The Manager will not use futures contracts, options or options on futures contracts for speculative purposes.

A call option gives a holder the right to purchase a specific security at a specified price ("exercise price") either within a specified period of time or on a specified date. A put option gives a holder the right to sell a specific security at a specified price either within a specified period of time or on a specified date. The initial purchaser of a call option pays the "writer" a premium, which is paid at the time of purchase and is retained by the writer whether or not such option is exercised. The Manager may purchase put options to hedge an Index Fund's portfolio against the risk of a decline in the market value of Securities held and may purchase call options to hedge against an increase in the price of Securities it is committed to purchase.

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a specific instrument or index at a specified future time and at a specified price. Stock index contracts are based on indices that reflect the market value of common stock of the firms included in the indices. The Manager may enter into futures contracts for an Index Fund to purchase security indices when the Manager anticipates purchasing the relevant Securities and believes prices will rise before the purchase will be made.

An option on a futures contract, as contrasted with the direct investment in such a contract, gives the purchaser the right, in return for the premium paid, to assume a position in the underlying futures contract at a specified exercise price at any time prior to the expiration date of the option. Upon exercise of an option, the delivery of the futures position by the writer of the option to the holder of the option will be accompanied by delivery of the accumulated balance in the writer's futures margin account, which represents the amount by which the market price of the futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract. The potential for loss related to the purchase of an option on a futures contract is limited to the premium paid for the option plus transaction costs. Because the value of the option is fixed at the point of sale, there are no daily cash payments by the purchaser to reflect changes in the value of the underlying contract; however, the value of the option changes daily and that change would be reflected in the Net Asset Value of the relevant Index Fund.

The Manager may purchase for the account of an Index Fund put and call options on futures contracts that are traded on a Hong Kong or foreign exchange as a hedge against changes in value of an Index Fund's portfolio Securities, or in anticipation of the purchase of Securities, and may enter into closing transactions with respect to such options to terminate existing positions. There is no guarantee that such closing transactions can be effected or can be effected on terms satisfactory to the Manager.

Swap Agreements

The Manager may enter into swap agreements for the account of an Index Fund. Swap Agreements are contracts between parties in which one party agrees to make periodic payments to the other party based on the change in market value or level of a specified rate, index or asset. In return, the other party agrees to make periodic payments to the first party based on the return of a different specified rate, index or asset. Swap agreements will usually be done on a net basis, the Index Fund receiving or paying only the net amount of the two payments. The net amount of the excess, if any, of an Index Fund's obligations over its entitlements with respect to each swap counterparty is accrued on a daily basis and an amount of cash or highly liquid Securities having an aggregate value at least equal to the accrued excess is maintained in the books of the relevant Index Fund.

Future Developments

The Manager may, in the future, invest an Index Fund in Securities contracts and investments other than those listed herein, provided they are consistent with the Index Fund's investment objective and do not violate any investment restrictions or policies. Before entering into such transactions or making any such investment, the Index Fund will provide appropriate disclosure in such Index Fund's prospectus.

Principal Risk Factors Common to the Index Funds

Each Index Fund is subject to the following principal risks. Additional risks associated with the A50 China Tracker are discussed in Section 2 below. Some or all of the following risks may adversely affect an Index Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective.

- **Market Risk**. The Net Asset Value of an Index Fund will change with changes in the market value of the securities it holds. The price of Units and the income from them may go down as well as up. Investors should note that an Index Fund may not make distributions to investors.

- **Asset Class Risk**. Although the Manager is responsible for the continuous supervision of the investment portfolio of each Index Fund, the returns from the types of Securities in which an Index Fund invests may underperform returns from other securities markets or from investment in other assets. Different types of Securities tend to go through cycles of out-performance and underperformance when compared with other general securities markets.

- **Passive Investments**. The Index Funds are not actively managed. Accordingly, each Index Fund may be affected by a decline in world market segments relating to its Underlying Index. Each Index Fund invests in the Securities included in or reflecting its Underlying Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

- **Tracking Error Risk**. Factors such as the fees and expenses of an Index Fund, imperfect correlation between an Index Fund's assets and the Securities constituting its Underlying Index, rounding of share prices, changes to the Underlying Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of each Index Fund. Each Index Fund's returns may therefore deviate from its Underlying Index. *See Additional Information About Principal Risk Factors below*.

- **Concentration**. If the Underlying Index of an Index Fund is concentrated in a particular stock, group of stocks, industry or group of industries, that Index Fund may be adversely affected by the performance of those stocks and be subject to price volatility. In addition, an Index Fund that is concentrated in a single stock, group of stocks, industry or group of industries may be more susceptible to any single economic, market, political or regulatory occurrence.

- **Futures Options and Other Derivatives**. A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. Each Index Fund may invest in stock index future contracts and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a Futures Contract may result in immediate and substantial loss (or gain) to the Index Fund. Thus an Index Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities.

- **Foreign Exchange Risk**. If an Index Fund's assets are generally invested in non-Hong Kong securities, and if a substantial portion of the revenue and income of an Index Fund is received in a currency other than Hong Kong dollar, any fluctuation in the exchange rate of the Hong Kong dollar relative to the relevant foreign currency will affect the Net Asset Value of an Index Fund regardless of the performance of its underlying portfolio. Because each Index Fund's Net Asset Value is determined on the basis of Hong Kong dollar, you may lose money if you invest in any Index Fund if the local currency of a foreign market depreciates against the Hong Kong dollar, even if the local currency value of an Index Fund's holdings goes up. *See Additional Information About Principal Risk Factors below*.

- **Foreign Security Risk**. Each Index Fund invests entirely within or relates to the equity markets of a single country or region. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. Investing in the Securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions. *See Additional Information About Principal Risk Factors below*.

- **Management Risk**. Because an Index Fund may not fully replicate its Underlying Index and may hold non-index stocks, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise shareholders' rights with respect to Securities comprising the Index Fund.

- **Emerging Market Risk**. Some overseas markets in which Index Funds may invest are considered to be emerging market countries. Investment in these countries subjects an Index Fund to a greater risk of loss than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in a developed market.

- **Trading Risk**. While the creation/redemption feature of the Trust is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from Net Asset Value. Also, there can be no assurance that an active trading market will exist for Units of an Index Fund on any securities exchange on which Units may trade. *See Additional Information About Principal Risk Factors below*.

- **Foreign Exchange Transaction Risk**. Foreign exchange transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity, may occur in such markets within very short periods of time, often within minutes.

Foreign exchange transaction risks include, but are not limited to:

- exchange rate risk;
- maturity gaps;
- interest rate risk; and
- potential interference by government intervention through regulation of local exchange markets, foreign investment or particular transactions in foreign currency.

If the Manager utilises foreign exchange transactions at an inappropriate time or judges market conditions, trends or correlations incorrectly, foreign exchange transactions may not serve their intended purpose of improving the correlation of an Index Fund's return with the performance of the Underlying Index and may lower the Index Fund's return. The Index Fund may experience losses if the values of its currency forwards and futures positions were poorly correlated with its other investments or if it could not close out its positions because of an illiquid market. In addition, each Index Fund may incur transaction costs, including trading commissions, in connection with certain of its foreign exchange transactions.

Additional Information About Principal Risk Factors

Tracking Error

Due to the use of the representative sampling technique described above under Representative Sampling Strategy and other factors discussed on page [16] in this prospectus, an Index Fund is not expected to track its Underlying Index with the same degree of accuracy as would an investment vehicle that invested in every component security of its Underlying Index. The Manager expects that an Index Fund's tracking error will generally be greater if its Underlying Index has fewer rather than greater numbers of the relevant shares comprised in the Underlying Index. An expected tracking error of 5 per cent means that there is a 68 per cent probability that the change in Net Asset Value of an Index Fund over a year will be within plus or minus 5 per cent of the change in its Underlying Index level over that year, without rebalancing the portfolio composition. Thus, actual tracking error in a period may exceed 5 per cent, possibly significantly, even though the expected tracking error is less than 5 per cent. In addition, it is possible that future developments (e.g., the domination of an Index Fund's Underlying Index by a small number of stocks) may result in an Index Fund having an unexpected tracking error of greater than 5 per cent. A tracking error of 0 per cent would indicate perfect tracking, which would be achieved when the Net Asset Value of an Index Fund increases or decreases in exact proportion to changes in its Underlying Index.

The following factors may adversely affect the tracking of an Index Fund to that of its Underlying Index:

- since the investment portfolios of the Index Funds might not generally replicate the Underlying Indices, their investment performance is likely to differ from that of the Underlying Indices;
- the Index Funds must pay various expenses, while the Underlying Indices do not reflect any expenses;
- an Index Fund must comply with regulatory constraints that do not affect the calculation of its corresponding Underlying Index;
- the existence of uninvested assets in the Index Funds (principally cash and deferred administrative expenses) while the Underlying Indices do not have uninvested assets; Index Funds receive interest income on uninvested cash and most Index Funds receive income from stock lending activities, whereas the Underlying Indices do not have such sources of income; and
- the fact that an Index Fund may be subject to a different foreign withholding tax rate than that assumed by its Underlying Index.

Although the Manager regularly monitors the tracking error of each Index Fund, there can be no assurance that any Index Fund will achieve any particular level of tracking error relative to the performance of its Underlying Index.

Foreign Security Risk

An investment in Units of an Index Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in stock prices. The principal risk factors, which could decrease the value of your investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the expatriation of funds or other assets of an Index Fund;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and risk of war or terrorism.

Trading Risk

The Net Asset Value of Units of an Index Fund will also fluctuate with changes in the market value of an Index Fund's holdings of Securities and changes in the exchange rate between the Hong Kong dollar and the subject foreign currency. The market prices of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for Units will be closely related, but not identical, to the same forces influencing the prices of the Securities trading individually or in the aggregate at any point in time. Given, however, that Units must be created and redeemed in Application Unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value), the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. In the event that the Manager suspends creations and/or redemptions of Units of an Index Fund, the Manager expects larger discounts or premiums.

Investment and Borrowing Restrictions of the Index Funds

Investment Restrictions

The investment restrictions applicable to each Index Fund are set out in the Trust Deed and (unless varied in Section 2) are summarised below:–

(a) the Index Funds may not collectively hold more than 10 per cent of any one class of security issued by any single issuer, unless otherwise agreed by the SFC;

(b) no more than 10 per cent of the latest available Net Asset Value of an Index Fund may be invested in securities issued by any single issuer, unless otherwise agreed by the SFC;

(c) no more than 15 per cent of the latest available Net Asset Value of an Index Fund may be invested in securities which are not quoted, listed or dealt in on a Market;

(d) no more than 30 per cent of the latest available Net Asset Value of an Index Fund may be invested in government and other public securities of the same issue (save that any Index Fund may invest all of its assets in government and other public securities in at least six different issues);

(e) no Index Fund may hold options and warrants valued at more than 15 per cent of its latest available Net Asset Value, except that this 15 per cent limit will not apply to options and warrants acquired for hedging purposes;

(f) no more than 20 per cent of the latest available Net Asset Value of an Index Fund may be invested in (i) commodities including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, securities of companies engaged in the production, processing or trading of commodities) and (ii) Futures Contracts (but without prejudice to the Manager's right to take positions in Futures Contracts in order to protect the assets of the Trust against adverse and unusual currency or market fluctuations); and

(g) no more than 10 per cent of the latest available Net Asset Value of an Index Fund may be invested in units of shares in other collective investment schemes.

In addition, the Trust is subject to the following additional restrictions. The Manager shall not for the account of an Index Fund:–

- invest in shares or contracts which are not quoted, listed or dealt in on a Market unless the Manager reasonably believes (either generally or in any particular case) that (i) it is possible to make an investment more advantageously in some other manner and (ii) it is not possible to effect such investment on a Market;

- invest directly in land or buildings (or any options, rights or interests in respect thereof);

- make short sales unless (i) the Index Fund's liability to deliver securities does not exceed 10 per cent of its latest available Net Asset Value; and (ii) the security which is to be sold short is actively traded on a market where short selling activity is permitted;

- grant or create in favour of any person any option and for the avoidance of doubt, write uncovered options;

- effect or enter into any underwriting or sub-underwriting contracts in relation to the subscription or purchase of Securities (other than the initial issue of Units);

- invest in any investment or other property which involves the assumption of any liability by the Trustee which is unlimited;

- lend any monies comprising part of the Trust Fund to any person (but which shall not prohibit the holding or investment of uninvested cash in any of the ways or instruments permitted under the Trust Deed);

- invest in any type of debt or loan securities (but which shall not prohibit the holding or investment of uninvested cash in any of the ways or instruments permitted under the Trust Deed); or

- assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

Borrowing Policy

Borrowing against the assets of any Index Fund is allowed up to a maximum of 10 per cent of its latest available Net Asset Value except that back-to-back loans will not be taken into account when determining whether or not such limit has been breached by any Index Fund. The Trustee may at the request of the Manager borrow for the account of any Index Fund any currency for the following purposes:–

- facilitating the creation or redemption of Units or defraying operating expenses;
- enabling the Manager to acquire Securities for the account of any Index Fund;
- for any other proper purpose as may be agreed by the Manager and the Trustee.

The assets of an Index Fund may be charged or pledged to secure such borrowing for the account of that Index Fund.

Stock Lending

The Trust Deed sets out certain restrictions under which the Trustee may, at the request of the Manager, engage in stock lending in respect of any Securities held for the account of an Index Fund. Where any loan has been arranged through the Manager or the Trustee or a Connected Person of either of them, the relevant entity shall be entitled to retain for its own use and benefit any fee or benefit it receives on a commercial basis in connection with such arrangement.

The Trustee shall only arrange for any Securities comprised in an Index Fund to be loaned by the Trust if the Trustee is satisfied that the relevant counter parties are specialised banks, credit institutions or other financial institutions of sound financial standing and that any collateral is adequate and acceptable to the Trustee and the Manager including government stock, government treasury bills, banker's acceptances, sterling certificates of deposit, foreign currency certificates of deposit, bonds, equities, letters of credit and cash collateral. The maximum level of Securities available for lending shall be limited to 75 per cent of the latest available Net Asset Value of the relevant Index Fund or such other percentage as may from time to time be determined by the Manager provided that where the lending counterparty is an affiliate of the Manager, such maximum level shall not exceed 50 per cent of the latest available Net Asset Value of the relevant Index Fund.

The Manager may from time to time formulate such other investment, borrowing and stock lending limitations and prohibitions as it may, in its sole discretion, think fit, to apply to an Index Fund. Such limitations and prohibitions may be set out in the prospectus relating to the relevant Index Fund.

If any of the above investment borrowing or stock lending limitations and prohibitions (for which a waiver has not been obtained) are breached (as a result of price fluctuations or otherwise), the Manager will make it a priority objective to take all steps necessary to remedy the situation within a reasonable time, taking into account the interests of Unitholders.

Management and Administration

Manager and Listing Agent

Barclays Global Investors North Asia Limited (the "Manager") is part of Barclays Global Investors ("BGI"), the fund management arm of the global financial services firm, Barclays PLC. Based on figures as at 31 December 2004, BGI is one of the world's largest money managers with US$1.36 trillion of assets under management. BGI was responsible for the launch of the world's first index fund in 1973. Based on December 2004 figures, BGI is one of the world's leaders in the management of structured investment strategies such as indexing, tactical asset allocation and quantitative active strategies on behalf of institutional investors.

With the launch of more than 120 exchange traded funds ("ETFs") based on figures as at 31 December 2004, BGI is the largest manager of ETFs in the world and manages 127 ETFs. Total ETF assets managed by BGI exceeded US$129 billion as at 31 December 2004.

The Manager was incorporated in Hong Kong with limited liability on 10 August 1998 and is licensed by the SFC in Hong Kong for types 4, 6 and 9 regulated activities under the Securities and Futures Ordinance.

Under the Trust Deed, the monies forming part of each Index Fund shall be invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of each Index Fund. The Manager is also the Listing Agent for the A50 China Tracker.

Directors of the Manager

FRANCIS SEAN RYAN, Managing Director
Global Controller

Mr. Ryan is the Global Controller of BGI, responsible for accounting, reporting, tax, billing and collections and accounts payable. Prior to joining BGI in May 2001, Mr. Ryan spent 15 years at Bank of America, most recently as Managing Director and Chief Financial Officer of Bank of America Securities. Mr. Ryan also served as Financial Controller for Bank of America before its merger with NationsBank. Mr. Ryan received his MBA from the University of Chicago Graduate School of Business and has a BBA from the University of Notre Dame.

NIGEL GRENVILLE WILLIAMS, Managing Director
Chairman, Asia ex-Japan / Head of European Business

Dr. Williams has overall responsibility for the development of BGI's business in Europe and Asia (ex Japan). He joined the company in 1992, working in the Client Advisory and Asset Allocation areas and subsequently was responsible for the formation and development of the Defined Contribution Group and developing BGI's business in Continental Europe. He is Chief Executive of BGI Pensions Management Limited and a Supervisory Board member of eHedge A.G. Before joining BGI, Nigel spent two years with consulting actuaries, Clay & Partners, before joining Commercial Union Asset Management, where he spent two years as a process-driven analyst. Nigel studied mathematical engineering at Loughborough University and stayed on to obtain a PhD in control engineering.

ROBERT J. HABER, Managing Director
Regional Chief Executive Officer Asia ex-Japan

Mr. Haber serves as the Chief Executive Officer of Asia ex-Japan. As the Chief Executive Officer of Asia ex-Japan, Mr. Haber is responsible for setting the strategic direction for BGI's business in Asia outside of Japan. In this role, he takes the direct reports of BGI's offices based in Hong Kong and Singapore. Mr. Haber joined BGI in 1984 as marketing administrator and has served in numerous client service, business development, investment and operational roles in the US. Mr. Haber has also managed the Global Sales and Service Groups, which coordinates sales and client service activities between BGI locations, Account Services and Transition Management Groups, processing clients' investment instructions and coordinating client asset transfers, and the Transition Management Group, which assisted clients with transforming portfolios. Mr. Haber joined Wells Fargo Bank's consumer credit division in 1978 before moving to BGI. He received a bachelor's degree in finance from the University of Southern California.

JOSEPH HO, Principal
Regional Director, North Asia

Mr. Ho heads up the Manager in Hong Kong and is responsible for marketing and sales, business development and client servicing. He has more than 20 years of diverse investment experience in the Asia Pacific markets and has worked in China, Taiwan, Japan and Hong Kong. Prior to joining BGI in June 1999, he served as Managing Director at Rothschild Asset Management (HK). He worked for Aetna Investment Management (HK) as investment director and business development director for 10 years, including 2 years as representative director at Aetna Investment Management (Japan) in Tokyo. Mr. Ho started his career with Schroders & Chartered in 1981 specialising in Hong Kong pension funds. Mr. Ho received his MBA and a BSc in Civil Engineering from the University of Alberta, Canada. He is a qualified Certified Financial Analyst in Taiwan.

Trustee and Custodian

The trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited, which is a registered trust company in Hong Kong.

HSBC Institutional Trust Services (Asia) Limited is incorporated in Hong Kong on 27 September 1974. It is an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited and its ultimate holding company is HSBC Holdings plc. It is registered as a Trust Company under Section 77 of Trustee Ordinance and an Approved Trustee under the Mandatory Provident Fund Schemes Ordinance. Being registered as the Approved Trustee, it is subject to statutory regulation of the Mandatory Provident Fund Schemes Authority.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust. The Trustee may, however, appoint any person or persons to be custodian of such assets. The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such persons and, during the term of their appointment, must satisfy itself as to the ongoing suitability of such persons to provide custodial services to the Trust, having regard to the market or markets for which such persons are appointed to act as custodian. The Trustee will remain responsible for the acts or omissions of such persons in the same manner as if such acts or omissions were those of the Trustee, except where such persons are appointed in respect of a market or markets which the Trustee has determined by notice to the Manager to be emerging markets. Notwithstanding the above, the Trustee will remain responsible for the acts or omissions of any associate of the Trustee appointed in respect of an emerging market.

The Trustee is entitled, in the absence of manifest error, to rely upon the register of Unitholders as conclusive evidence of the matters contained in the register of Unitholders. The Trustee may appoint a Registrar, but other than where the Registrar is HSBC Institutional Trust Services (Asia) Limited, the Trustee shall not be responsible or liable for any loss, claim or liability arising from the Registrar's wilful default, fraud, negligence, breach of the obligations of the Registrar under the Trust Deed or breach of the terms of the agreement between the Manager and the Registrar.

The Trustee is entitled to the fees set out below under the section headed "Charges and Expenses".

Registrar

The Registrar of iShares MSCI China Tracker is Hong Kong Registrars Limited. The Registrar of the A50 China Tracker is HSBC Institutional Trust Services (Asia) Limited. Each Registrar will charge a monthly fee in respect of the establishment and maintenance of the register of Unitholders of the relevant Index Fund.

Conversion Agent and Service Agent

HK Conversion Agency Services Limited is the conversion agent of iShares MSCI China Tracker under the terms of the conversion agency agreement entered into among the Manager, the Conversion Agent and HKSCC. HK Conversion Agency Services Limited is the service agent of the A50 China Tracker under the terms of the service agency agreement entered into among the Registrar, the Service Agent and the Participating Dealer. HK Conversion Agency Services Limited will perform, as Conversion Agent or Service Agent in respect of an Index Fund, certain services in connection with the creation and redemption of Units by Participating Dealers.

Brokerage Transactions

The policy of the Manager regarding purchases and sales of Securities is that primary consideration will be given to obtaining the most favourable prices and efficient execution of transactions. Consistent with this policy, when Securities transactions are effected on a stock exchange, the Manager's policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. The Manager believes that a requirement always to seek the lowest possible commission cost may impede effective portfolio management and preclude the Index Funds and the Manager from obtaining a high quality of brokerage and research services. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgement in evaluating the brokerage and research services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

In seeking to implement the above policies, the Manager effects transactions with those brokers and dealers that the Manager believes provide the most favourable prices and are capable of providing efficient execution. If the Manager believes such price and execution are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research and other services to the Trust or the Manager. Such services may include, but are not limited to, information as to the availability of Securities for purchase or sale, statistical information pertaining to corporate actions affecting stocks, including, but not limited to, stocks within the Underlying Index for any Index Fund.

It is expected that brokerage or other agency transactions for the account of the Trust may be executed through affiliates of the Manager. However, for so long as an Index Fund is authorised by the SFC, no more than 50 per cent in aggregate of such Index Fund's transactions in any one financial period of such Index Fund shall be carried out with or through a broker or dealer connected to the Manager or any Connected Person of the Manager.

Soft Dollar Benefits

Any cash commissions received by the Manager or any appointed investment adviser or any of their Connected Persons arising out of the sale and purchase of investments for the Trust will not be retained for their own use but will be credited to the relevant Index Fund. However, the Manager, any appointed investment adviser and any of their Connected Persons may receive, and are entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders (as may be permitted under relevant regulations including, but not limited to, the Code) from brokers and other persons through whom the investment transactions are carried out. These goods and services include, but are not limited to, qualifying research services, computer hardware and software obtained to enhance investment decision making, and appropriate order execution services.

In all cases where such goods and services and other soft dollar benefits are retained by the Manager, any appointed investment adviser or any of their Connected Persons, such person shall ensure that transaction execution is consistent with best execution standards and that any brokerage borne by the relevant Index Fund does not exceed customary institutional full service brokerage rates for such transactions.

Determination of Net Asset Value

The Net Asset Value of each Index Fund will be determined as at the close of trading on the Market in which the relevant Index Fund is invested or, in the case of an Index Fund investing in more than one Market, the official close of trading on the last relevant Market to close on each Dealing Day (or at such other time as the Manager and the Trustee determine) by valuing the assets of the relevant Index Fund and deducting the liabilities of the relevant Index Fund, in accordance with the terms of the Trust Deed.

The Trust Deed provides amongst other things that:–

(i) except in the case of any interest in a mutual fund corporation or a unit trust to which paragraph (ii) applies, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made by reference to the price appearing to the Manager to be the last traded price on the Market for such investments provided that the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the last traded prices;

(ii) the value of each interest in any mutual fund corporation or unit trust shall be the last available net asset value per share or unit in such mutual fund corporation or unit trust;

(iii) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (ii) above, the value of the relevant investment shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee;

(iv) the value of any investment which is not listed or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the relevant Index Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments;

(v) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof; and

(vi) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to reflect the fair value of the investment.

Issue Price and Redemption Value

The Issue Price of Units of a class which are the subject of a Creation Application during the Initial Offer Period for an Index Fund shall be the Net Asset Value of the relevant Index Fund calculated as at the Valuation Point on the last day of the Initial Offer Period divided by the number of Units of the relevant class issued as at the Initial Issue Date rounded to the nearest 2 decimal places.

After the expiry of Initial Offer Period, the Issue Price of Units of a class, created and issued pursuant to a Creation Application, shall be the Net Asset Value of the relevant Index Fund divided by the total number of Units of the relevant class in issue for that Index Fund rounded to the nearest 2 decimal places.

The Redemption Value of Units of a class on a Dealing Day shall be the Net Asset Value of the relevant Index Fund divided by the total number of Units of the relevant class in issue for that Index Fund rounded to the nearest 2 decimal places.

Dealing prices representing the Net Asset Value per Unit shall be published according to the SFC's requirements.

Restrictions on Unitholders

Every person purchasing Units will be deemed to have represented, agreed and acknowledged that it is not an Unauthorised US Person.

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:–

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or the relevant Index Fund being adversely affected which the Trust or the relevant Index Fund might not otherwise have suffered; or

- in the circumstances which, in the Manager's opinion, may result in the Trust or the relevant Index Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the relevant Index Fund might not otherwise have incurred or suffered; or

- held by an Unauthorised US Person.

Upon notice that any Units are so held, the Manager may require such holders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this prospectus and the Trust Deed.

Transfer of Units

Where Unit certificates are issued in respect of Units in an Index Fund, Units may be transferred by using the standard transfer form issued by SEHK or by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding in the relevant Index Fund.

Charges and Expenses

Manager's Fee

Under the terms of the Trust Deed, the Manager may, on giving not less than 3 months' notice to the Trustee and the affected Unitholders, increase the rate of the management fee payable in respect of an Index Fund up to or towards the maximum rate of 2.0 per cent per annum of the Net Asset Value of the Index Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrear.

The Manager may appoint sub-advisers, on terms and conditions determined by the Manager, to provide investment advice in respect of any or all of the Index Funds. The Manager will be responsible for the fees of such appointed persons.

Further details of the Manager's fee in respect of the A50 China Tracker are set out in Section 2 of this prospectus.

Trustee's Fee

The Trustee may increase the rate of trustee fees payable in respect of the relevant Index Fund (up to or towards the maximum rate of 1.0 per cent per annum set out in the Trust Deed) on giving not less than 3 months' notice to affected Unitholders.

Subject to the agreement of fees between the Manager and the Trustee, the Trustee is entitled to receive and retain for its own absolute use and benefit all or any part of any Application Cancellation Fee, Extension Fee or Transaction Fee charged to a Participating Dealer.

The Trustee is also entitled to receive various transaction and processing fees in accordance with its normal scale of charges.

Further details of the Trustee's fee in respect of the A50 China Tracker are set out in Section 2 of this prospectus.

Registrar's Fee

The Registrar may charge a fee based on the number of Unitholders on the register or on the number of redemptions, creations or transfers in respect of any Index Fund.

In addition, the Registrar will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services such as the cost of postage, envelopes and the Unit certificates (if any).

Further details of the Registrar's fee in respect of the A50 China Tracker are set out in Section 2 of this prospectus.

Conversion or Service Agent's Fees

The Conversion Agent or Service Agent will charge a fee for each Application which will be met out of the Transaction Fee. Such fee may be based on the total aggregated creation and redemption basket value of the creation and redemption applications transacted daily or be a fixed fee.

Further details of the Service Agent's fee in respect of the A50 China Tracker are set out in Section 2 of this prospectus.

General Expenses

The Trust will not be responsible for any promotional expenses incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Trust will not be paid (either in whole or in part) out of the Trust Fund.

The Trust will bear the costs of investing and realising the investments of the Index Funds.

Unless otherwise provided in Section 2 of this prospectus the Manager will bear the fees and expenses of custodians of the assets of the Trust, valuation costs, all charges and expenses of the Trust's legal counsel and auditors, any disbursements or out-of-pocket expenses properly incurred on behalf of any Index Fund by any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly reports, account and other circulars relating to the Trust or any Index Fund, the expenses of publishing Unit prices and all other operating costs relating to the administration of the Trust.

The cost of establishing the Trust, including the costs of seeking and obtaining the listing and all initial legal and printing costs have been borne by the Manager. If subsequent Index Funds are launched and incur preliminary expenses which are specific to them, such expenses will either be allocated to the relevant Index Fund for whose account they were incurred or be paid by the Manager.

Expenses incurred which are not specific to any particular Index Fund will be allocated among all the Index Funds in proportion to their respective Net Asset Value as at the close of their respective Initial Offer Periods.

The preliminary expenses incurred in respect of the A50 China Tracker are set out in Section 2.

Taxation

Prospective Unitholders should acquaint themselves with, and, where appropriate, seek professional advice on, the taxes applicable to their investment in, or holding and redemption of, Units, as they relate to the laws of the place of their residence or domicile.

Hong Kong

The Trust

Profits Tax: As the Trust has been authorised by the SFC, profits of the Trust arising from the sale or disposal of securities, net investment income received by or accruing to the Trust and other profits of the Trust are exempt from Hong Kong profits tax.

Stamp Duty: Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty on the transfer of shares to the Trust by an investor pursuant to an application in specie will be remitted or refunded. Similarly, Hong Kong stamp duty on the transfer of shares by the Trust to an investor upon redemption of Units will also be remitted or refunded.

No Hong Kong stamp duty is payable by the Trust on an issue or redemption of Units.

The sale and purchase of Hong Kong stocks by the Trust will be subject to stamp duty in Hong Kong at the current rate of 0.2 per cent of the price of the shares being sold and purchased. The Trust will be liable to one half of such Hong Kong stamp duty.

The Unitholders

Profits Tax: Hong Kong profits tax will not be payable by the Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units and on any distributions made by the Trust.

Stamp Duty: The sale and purchase of Units by an investor may attract Hong Kong stamp duty at the current rate of 0.2 per cent of the price of the Units being sold or purchased, whether or not the sale or purchase is on or off the SEHK. Accordingly, unless subject to a remission order, an investor selling Units and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer.

Approval has been given by Financial Services and the Treasury Bureau on 18 November 2004 for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the A50 China Tracker.

No Hong Kong *ad valorem* stamp duty is payable by an investor in relation to an issue of Units to him or her or the redemption of Units by him or her.

Estate Duty: Units will form part of the Hong Kong estate of a deceased investor for the purpose of Hong Kong estate duty.

Suspension of Valuations and Dealings

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of any Index Fund for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal of the relevant Index Fund's investments; or

(b) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Index Fund or the Net Asset Value per Unit of the relevant Index Fund, or when for any other reason the value of any security or other asset in the relevant Index Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any securities held or contracted for the account of that Index Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Index Fund; or

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the securities of that Index Fund or the subscription or realisation of Units of the relevant Index Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or

(e) the right to redeem Units of the relevant class is suspended.

The Manager may, at its discretion, at any time after giving notice to the Trustee and where practicable following consultation with the relevant Participating Dealers, suspend the right of Participating Dealers to require the redemption of Units of any class and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application during:

(i) any period when a Market on which a Security (being a component of the relevant Underlying Index) has its primary listing, or the official clearing and settlement depositary (if any) of such Market, is closed; or

(ii) any period when dealings on a Market on which a Security (being a component of the relevant Underlying Index) has its primary listing are restricted or suspended; or

(iii) any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depositary (if any) of such Market is disrupted; or

(iv) the existence of any state of affairs as a result of which delivery or purchase of Securities or disposal of investments for the time being comprised in the relevant Index Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant class; or

(v) any period when the Underlying Index for the relevant Index Fund is not compiled or published.

In addition, the Manager will suspend the right to redeem Units when dealings in the Units on the SEHK are restricted or suspended.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Index Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to realise Units shall have been affected by such suspension stating that such declaration has been made.

No Units will be issued or realised during any period of suspension.

Distribution Policy

The Manager may in its absolute discretion distribute income to Unitholders at such times as it may determine in each financial year. The amount to be distributed to Unitholders will be derived from the net income of the relevant Index Fund.

On a distribution from an Index Fund the Registrar, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders. The Trustee is not responsible for any error in such allocation or for any incorrect payment or failure by the Registrar to make any such payment.

Amounts to be distributed in respect of each Unit of a class shall be rounded to nearest unit (being the smallest denomination commonly in use) of the relevant Index Fund's currency of account. Any amount of income not distributed, in accordance with the Trust Deed and unclaimed for twelve calendar months after the relevant distribution date shall be deemed to form part of the Income Property of the relevant Index Fund and any right a Unitholder may previously have had in respect of such undistributed income shall be extinguished.

Reports and Accounts

The financial year-end of the Trust is 31 December every year. Audited accounts are to be prepared (according to International Accounting Standards) and sent to Unitholders within four months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to the last Dealing Day in June of each year and sent to Unitholders within two months of such date. The reports provide details of the assets of the Trust and the Manager's statement on transactions during the period under review (including a list of any constituent securities of an Underlying Index, if any, that each accounts for more than 10 per cent of the weighting of the Underlying Index as at the end of the relevant period and their respective weighting showing any limits adopted by the Index Fund have been complied with). The reports shall also provide a comparison of the Index Fund's performance and the actual Underlying Index Performance over the relevant period.

The first audited report issued for the A50 China Tracker will be for the period starting from the establishment of the Fund up to 31 December 2005. The first half-yearly unaudited report has been prepared up to the last Dealing Day in June 2005.

Trust Deed

The Trust was established under Hong Kong law by a trust deed made by between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this prospectus and those of the Trust Deed or Participation Agreement, the provisions of the Trust Deed or Participation Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Modification of Trust Deed

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of any Index Fund or (ii) is necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

Any modifications to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the Unitholders affected or in the opinion of the Trustee are not of material significance or are made to correct a manifest error, will be notified to the Unitholders as soon as practicable after they are made.

Voting Rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing one-tenth or more of the current Units in issue. These meetings may be used to modify the terms of the Trust Deed, including to increase the maximum fees payable to the service providers, to remove the Trustee or to terminate the Trust at any time. Such amendments to the Trust Deed must be considered by holders of at least 25 per cent of the Units in issue and passed by a 75 per cent majority of the votes cast. Unitholders will be given not less than 21 days' notice of such meeting.

Termination

The Trust may be terminated by the Trustee if the Manager goes into liquidation or, if in the opinion of the Trustee, the Manager is incapable of performing or has failed to perform its duties satisfactorily or, the Trustee is unable to find an acceptable person to replace the Manager who has been removed or, the Trust ceases to be authorised pursuant to the Securities and Futures Ordinance or any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Trustee to continue the Trust or, if within a reasonable period of the Trustee notifying the Manager of its intention to retire, no new trustee has been appointed.

The Manager may terminate the Trust (or any Index Fund) if, after 3 years from the date of the Trust Deed (or creation of the relevant Index Fund), the aggregate Net Asset Value of Units outstanding in the Trust or the relevant Index Funds, as the case may be, is less than HK$150 million or if, in the opinion of the Manager, it becomes illegal, impracticable or inadvisable to continue the Trust. The Manager may also terminate any Index Fund which tracks an Underlying Index through CAAPs if the Net Asset Value of such Index Fund shall be less than the Hong Kong dollar equivalent of US$10 million at that time. In addition, the Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate any Index Fund if its Underlying Index is no longer available for benchmarking or if the Units of the relevant Index Fund are no longer listed on the SEHK or any other Recognised Stock Exchange. Further, the Unitholders may at any time authorise termination of the Trust or any Index Fund by extraordinary resolution passed at a duly convened Unitholders' meeting. Addition circumstances in which the A50 China Tracker may be terminated are set out in Section 2 of this prospectus.

Unless previously terminated as described above or under another provision in the Trust Deed, the Trust shall in any event terminate at the expiry of 80 years from the date of the Trust Deed.

Conflicts of Interest

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser or other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Trust or any Index Fund.

In addition:–

- the Manager or any of its Connected Persons may enter into investments for the Trust as agent for the Trustee and may, with the consent of the Trustee, deal with the Trust as principal;

- the Trustee, the Manager or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of securities, financial instruments or investment products held by the Trust;

- the Trustee, the Manager or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers; and

- the monies of the Trust may be deposited with the Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

It is, therefore, possible that any of the Trustee, the Manager or the Registrar or their Connected Persons may, in the course of business, have potential conflicts of interest with the Trust or any Index Fund. Each will, at all times, have regard in such event to its obligations to the Trust and to Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Miscellaneous Information

Inspection of Documents

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK$150 per set of copy documents:–

- Trust Deed;

- Registrar Agreements;

- Conversion Agency and Service Agency Agreements;

- Participation Agreements; and

- The most recent annual report and accounts of the Trust and the most recent interim report of the Trust.

Anti-Money Laundering Regulations

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee or the Trust is subject, the Manager, the Registrar or the Trustee may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification might not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or

- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

Directors and Other Parties

Directors of the Manager
Francis S. Ryan
Nigel G. Williams
Robert J. Haber
Joseph Ho

Trustee, Custodian And Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Manager And Listing Agent
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Section 2 – Information Relating to the A50 China Tracker

This section of the prospectus sets out specific information applicable to the A50 China Tracker. Prospective investors' attention is drawn to "Risk Factors relating to the A50 China Tracker", in particular "Counterparty risk of issuers of the CAAPs" and "Possible limited duration of the A50 China Tracker" on page 46 below.

Key Information

The following table is a summary of key information in respect of the A50 China Tracker, and should be read in conjunction with the full text of this Section 2 of this prospectus.

Instrument Type	Exchange Traded Fund ("ETF")
Tracked Index	FTSE/Xinhua China A50 Index
Listing Date	18 November 2004
Exchange Listing	SEHK – Main Board
Stock Code	2823
Trading Board Lot Size	100 Units
Trading Currency	Hong Kong dollars (HK$)
Dividend Payout	Annually (if any)
In-kind Creation/Redemption (only Participating Dealers)	Minimum 200,000 Units (or multiples thereof)
Manager	Barclays Global Investors North Asia Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Registrar	HSBC Institutional Trust Services (Asia) Limited
Service Agent	HK Conversion Agency Service Limited
Web Site	www.ishares.com.hk

Exchange Listing and Trading

Dealings on the SEHK in Units in the A50 China Tracker began on 18 November 2004. Units in the Fund trade on the SEHK in board lots of 100 Units. Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges.

If trading of the Units of an Index Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

Investment Objective and Strategy

Investment Objective

The A50 China Tracker seeks to track the performance of the FTSE/Xinhua China A50 Index (the "Index"). The Index Provider has granted to the Manager, by way of licence, subject to the terms of an index licence agreement between them, among other things, the non-transferable and non-exclusive right to use the Index in connection with the operation, marketing and promotion of the A50 China Tracker.

Investment Strategy

In order that the A50 China Tracker may track the Index, the Manager will acquire, hold and dispose of CAAPs on behalf of the A50 China Tracker as if these were the relevant A Shares. A Shares, the underlying Securities to which the Index relates, may not be directly invested by non PRC persons, such as the A50 China Tracker, unless the person is a QFII. Accordingly, in order to meet its investment objective the A50 China Tracker will purchase Index CAAPs from, and sell Index CAAPs to, a Connected Person of the Participating Dealer. Each CAAP will represent one A Share comprised in the

Index. The CAAPs do not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which each CAAP is linked, in other words the A Shares are not in any way owned by the A50 China Tracker. However each CAAP synthetically replicates the economic benefit of the relevant A Share in so far as possible. The CAAPs are designed to reflect closely the performance of the underlying A Shares and are not subject to any form of adjusted "participation rate" mechanism which would otherwise have the effect of increasing or limiting the value of a CAAP or any distribution under each CAAP.

The Manager intends insofar as possible to pursue a full Replication Strategy to achieve the A50 China Tracker's investment objective. However in certain limited circumstances the Manager may need to overweight the holdings (through relevant Index CAAPs) of the A50 China Tracker relative to the respective weightings of the underlying A Shares in the Index. For example such overweighting of holdings may be necessary as certain securities in the Index may be excluded in view of the comparative illiquidity and possible settlement difficulties which may be experienced with such securities. In adopting any Representative Sampling Strategy, the Manager will select underlying securities, based on their contribution to certain capitalisation, industry and fundamental investment characteristics, that will, in the aggregate, provide performance like those of the Index. As a result, the A50 China Tracker may not from time to time hold CAAPs linked to all A Shares in all the constituent companies of the Index. The basis for adopting any Representative Sampling Strategy is so that the A50 China Tracker can meet its investment objective, which is to provide investment results that closely correspond with the performance of the Index. However a Representative Sampling Strategy entails certain additional risks, in particular a possible increased tracking error at the time of the switch as well as a possible increased tracking error in general. In this regard the attention of prospective investors is drawn to the discussion in Section 1 of this prospectus entitled "Additional Information About Principal Risk Factors" on page 15.

Tracking error is where the performance of A50 China Tracker diverges from the performance of the Index. The possible sources of tracking errors by the A50 China Tracker include the fees payable, payment of the CAAP Commission (and other transaction costs involved in buying and selling CAAPs), the possible imposition of PRC taxes on QFIIs increasing the transaction costs of the Index CAAPs, insufficient QFII investment quota consequently restricting the issuance of Index CAAPs, as well as the risk that Index CAAPs may not be able to be settled for all issues within "T+2" causing rebalancing of the Index CAAPs held by the A50 China Tracker to lag changes to the weightings of the Index and the possible adoption of Representative Sampling Strategy. In this regard the attention of prospective investor is drawn to "Fees Payable" on page 55 and "Risk Factors relating to the A50 China Tracker" on page 46.

Future Changes

Although the Manager does not anticipate any such change in PRC law in the near future, should it become possible under PRC law and practicable for the A50 China Tracker to hold the underlying A Shares comprised in the Index directly, through a segregated sub account or in some other manner without restriction, the Manager may, with the agreement of all relevant parties to the A50 China Tracker (including each Participating Dealer and the Trustee), seek to convert the A50 China Tracker to enable the A50 China Tracker to hold or have an equitable interest directly in A Shares constituting the Index instead of Index CAAPs. Where the Manager and other relevant parties (including the SFC) consider such conversion feasible, the Manager will notify Unitholders in advance and seek such approvals as necessary under the constitutive documents of the A50 China Tracker. In addition the Manager will issue a revised prospectus upon any such changes to the operation of the A50 China Tracker becoming effective.

Index CAAPs

Issuance

All Index CAAPs held or to be held on behalf of the A50 China Tracker are or will be issued by Participating Dealers or by Connected Persons of Participating Dealers. The commercial terms of the CAAPs issued by each of the Participating Dealers or their respective Connected Persons must be similar in all material respects. The Index CAAPs are listed on the Luxembourg Stock Exchange, cleared and settled through Euroclear and Clearstream and payable in US dollars. Each CAAP issuer's group will generally hedge its exposure by acquiring, through its group's QFII investment quota, one A Share for every CAAP linked to that A Share, which is acquired by the A50 China Tracker during the creation of a Unit. Where the Manager wishes to rebalance the holdings of Index CAAPs requiring the purchase of further Index CAAPs and, due to the inability of the QFII to acquire the A Shares, the CAAP issuer cannot issue such CAAPs or cannot do so on time, there is a risk of increased tracking error.

The A50 China Tracker's access to QFII investment quota may be limited. In this regard the attention of prospective investors is drawn to the risk factor entitled "QFII investment quota" on page 47 of this prospectus.

Duration

The duration of each of the CAAPs is fixed and each Index CAAP will expire not more than five years following the date of that CAAP's issuance. All CAAPs issued in any given year will expire at a common date in the fifth year following the year of issuance of those CAAPs. Prior to the first expiry date of the Index CAAPs held by the A50 China Tracker, the Manager has a right to arrange and negotiate a further five year period in respect of all the Index CAAPs held at such time at no extra cost to the Manager or the A50 China Tracker (although CAAP Commissions and CAAP maintenance charges will continue to apply in the ordinary course). In such case, the issuer of the CAAPs has agreed to use its best efforts to extend the expiry date by a further five year period.

Notwithstanding the above, the obligation of CAAP issuers to extend the duration of the CAAPs or to issue further CAAPs from time to time is subject to some or all of the following qualifications, namely that it shall not apply where (a) the relevant QFII entity ceases to hold its QFII status, (b) the relevant QFII's investment quota falls below US$50 million, (c) there are material changes to PRC laws and regulations relating to investment in PRC securities such that CAAPs can no longer be offered or issued, (d) it ceases to be economically viable for the relevant CAAP issuer to issue CAAPs or the relevant Participating Dealer to offer CAAPs, or the relevant Participating Dealer or the relevant CAAP issuer each will incur a materially increased costs in order to perform its obligations. In such circumstances the Manager may terminate the A50 China Tracker (see please see "Termination of the A50 China Tracker" on page 54 below).

If at the expiry or redemption date of an Index CAAP, the Index CAAP is held by the A50 China Tracker, it will be settled either (i) for cash in which case the A50 China Tracker will be terminated (see below), or (ii) where the terms and conditions of the relevant Index CAAP provide for physical settlement (in addition to cash settlement) and if possible under PRC law and regulation at the time, for the relevant A Shares to which they relate in which case the A50 China Tracker may continue as a directly invested ETF. The availability of physical settlement is further subject to such delivery of the A Shares to the holder of the Index CAAPs being permitted under PRC law (which is not presently permitted). Please see "Risk Factors relating to the A50 China Tracker" in particular "Possible Limited Duration of the A50 China Tracker" on page 46 below.

Valuation

The Index CAAPs will usually be valued by a Connected Person of the relevant CAAP issuer, the CAAP issuer itself or the relevant Participating Dealer. The calculation agent is appointed under the terms governing the CAAPs. Under the terms of each CAAP, the calculation agent determines the cash settlement amount of the CAAP. The calculation agent will determine the value of the CAAPs in US dollars (no later than 5:00 pm) at the end of each Business Day provided normal market conditions exist and then convert this, for the assistance of the A50 China Tracker, into Hong Kong dollars.

Indicative prices for the CAAPs are quoted continuously by the calculation agent during China market hours on a designated Bloomberg page provided normal market conditions exist. These prices allow a holder of a CAAP to determine an indicative price in US dollars of that CAAP. At the time any Index CAAPs are issued or settled, the relevant QFII will generally enter back-to-back transactions on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (through a PRC broker participant on the relevant exchange) to purchase or sell the relevant underlying A Shares. Under the QFII Measures, a QFII must hold all A Shares with a designated approved PRC custodian bank.

The issue and settlement price of each Index CAAP is calculated by reference to the Rmb price paid to purchase the relevant underlying share (converted to US dollars) plus fees. The value of each Index CAAP represents the US dollar equivalent of the purchase or sale price of one underlying A Share adjusted for transactions costs represented by the CAAP Commission. A US dollar amount equal to any cash dividend paid on the underlying shares will be paid to the A50 China Tracker as the holder of the relevant Index CAAPs. In the event of a stock dividend on the underlying A Shares, additional Index CAAPs will be distributed to the A50 China Tracker for zero consideration or in certain circumstances a cash value will be paid. In the event of a rights issue on the underlying shares, the A50 China Tracker may be required to pay the equivalent of the subscription price and will receive additional Index CAAPs or in certain circumstances a cash payment. Please see Appendix IV for a worked example of the pricing mechanism in respect of the CAAPs.

In order to ensure that the Net Asset Value of the Fund reflects the proper value of the CAAPs, the Trustee has agreed to conduct periodic independent valuations of selected CAAPs following the methodology set out in the CAAPs (described in Appendix IV of this prospectus). In the event of any discrepancy as between the price of the CAAP quoted by the calculation agent and the determination by the Trustee of the same, the Trustee will report such discrepancy to the Manager who will seek to reconcile the difference with the assistance of the relevant Participating Dealer.

Settlement

Ordinarily the A50 China Tracker will not settle any CAAPs held by it directly with the relevant CAAP issuer as it will buy and sell the CAAPs with the relevant Participating Dealer or a Connected Person of the relevant Participating Dealer. CAAPs provide for automatic settlement upon expiry or redemption and certain CAAPs provide for their settlement at any time before their expiry or redemption date. Settlement may presently only be made in cash although certain CAAPs provide for the possibility of physical settlement (in addition to cash settlement) in the event that the PRC restrictions on foreigners owning A Shares are changed to permit this. The amount payable by the CAAP issuer at settlement, which is similar to redeeming a share at net asset value in an ordinary mutual fund, is determined on the valuation date or in certain circumstances during the valuation period. In relation to certain CAAPs, a notional exercise price per CAAP equal to US$0.00001 is payable by the holder when exercised.

Prospective investors' attention is drawn to "Risk Factors relating to the A50 China Tracker" below, in particular the "General Risk Factors" on page 46 below.

Further Information about the A50 China Tracker

Real Time Information

The Manager has arranged to publish the estimated Net Asset Value twice daily on its website iShares.com.hk before noon and before 3:00 pm each day.

In addition, FTSE/Xinhua will publish the real time Index level (Ticker: XIN50) on Bloomberg, updated throughout the day. The Index may also be viewed using the following codes from the relevant information vendors: Reuters FTXIN9, Bloomberg FTXIA50, Global Topic XIN9.FT and Thomson Financial ONE XIN9-LN.

Information on the Internet

The Manager will publish information with respect to the A50 China Tracker, both in the English and in the Chinese languages, on the Manager's website at www.iShares.com.hk including:

- this prospectus (as revised from time to time);
- the latest annual and semi-annual financial reports of the A50 China Tracker;
- any public announcements made by the A50 China Tracker, including information with regard to the Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading; and
- monthly holdings, the closing Net Asset Value and Net Asset Value per Unit and daily fund performance information and useful Internet links.

Index and China A Share Market

Index

The Index comprises the top 50 A Share companies by market capitalisation and was launched on 21 July 2003.

The Manager selected the Index for this Index Fund because it believes the Index has clearly defined rules and is a tradeable index with liquidity. In addition the Index covers both the Shanghai and Shenzhen markets. As at February 2005, the Index had a market capitalisation of Rmb 1.36 trillion based on total shares in issue.

Index Provider

The Index Provider is FTSE/Xinhua Index Limited ("FTSE/Xinhua"), a joint venture company between FTSE International Limited ("FTSE") and Xinhua Financial Network Limited ("Xinhua"). The Index Provider has granted the Manager the non-exclusive right to use the Index in connection with the A50 China Tracker. Each of FTSE, Xinhua and FTSE/Xinhua are independent of the Manager. FTSE/Xinhua's sole purpose is to facilitate the creation of real time indices for the Chinese market. The FTSE/Xinhua indices, including the Index, are used as performance benchmarks and as the basis for derivative trading as well as index tracking funds such as the A50 China Tracker.

Index Construction

Securities eligible for inclusion in the Index include equity securities issued by companies incorporated in China, and listed in the form of A Shares. A Shares are listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange and are denominated in Rmb.

The weighting of a company in the Index is intended to be a reflection of the current importance of that company in the market as a whole. Stocks are selected and weighted according to market capitalisation according to the same consistent methodology that is applied to all FTSE/Xinhua indices. The reason for a company being heavily weighted is simply that it has a relatively larger market capitalisation than the rest of the constituents in the Index. The constituents of the Index are frequently reviewed to ensure that the Index continues to reflect the state and structure of the underlying market it measures. Please see Appendix I for a list of all of the 50 constituent stocks in the Index as at 8 September 2005 and Appendix II for a description of some of the key Ground Rules applicable to the Index.

Calculation Times

The Index opens at 9.30 am and closes at 3.00 pm each day on which the Shenzhen Stock Exchange and Shanghai Stock Exchange are open. The Index is calculated and is updated continuously every 15 seconds until the market closes. The Index is published as end of day values in US dollars, Hong Kong dollars and Rmb. The composition of the Index is reviewed quarterly every January, April, July and October.

Chinese A Share Market

Prior to December 2002, the A Share market was only open to domestic PRC investors. Today only foreign institutions approved as QFII are permitted to invest directly into the A Share market. As of 31 December 2004, there were 827 A Share issuers listed on the Shanghai Stock Exchange and 536 A Share issuers on the Shenzhen Stock Exchange. As at 31 December 2004, total market capitalization stood at approximately Rmb 2.60 trillion and Rmb 1.04 trillion respectively.

The daily price fluctuations of A Shares are restrained within 10 per cent in both directions of the closing price on the previous day. In addition certain A Shares are classified as "special treatment stocks", or "ST" shares, characterized by having recorded losses for two consecutive years, or whose net asset values are lower than the 1 Rmb par value of A Share. Both the exchanges have set a daily limit of 5 per cent above or below the closing price on the previous day for these ST shares.

The trading hours of both the Shanghai Stock Exchange and the Shenzhen Stock Exchange are the same and both exchanges are open from Monday to Friday each week. The morning session is 9.15 am to 9.25 am being the time for centralized competitive pricing and 9.30 am to 11.30 am being the time for consecutive bidding. The afternoon session is 1.00 pm to 3.00 pm being the time for consecutive bidding. The markets are closed on Saturdays and Sundays and other holidays announced by each exchange respectively.

The Shanghai Stock Exchange was established on 26 November 1990 and commenced trading in December the same year. It is a non-profit making membership institution. The Shenzhen Stock Exchange was established on 1 December 1990 and commenced trading in April 1991. Both exchanges are governed directly by the China Securities Regulatory Commission. The China Securities Depository and Clearing Corporation Limited (the "CSDCC") is responsible for the central depository, registration and clearing of the A Shares and other listed securities. It is also a non profit making entity, established on 30 March 2001. It was created from a merger of the previous central depositories. (With effect from 1 October 2001, the two previous depositories in effect became operational branches of the CSDCC in Shanghai and Shenzhen). The main functions of CSDCC in Shanghai and Shenzhen is the registration and account opening, for shareholders, depository functions and transfer of registered securities, registration of holdings, clearing and settlement of all listed securities and provision of a corporate action service. Both branches carries out T+1 settlement for A Shares.

Under PRC law and regulation, companies applying for listing on the Shanghai Stock Exchange or the Shenzhen Stock Exchange must meet certain criteria, including the following:

- the A Shares must have been publicly issued following approval of the initial public offer by the State Council Securities Management Department;

- the relevant company's total share capital must be not less than Rmb 50 million;

- the relevant company must have been in business for more than three years and have made a profit over the last three consecutive years;

- there must be at least 1,000 shareholders each with holdings in the relevant company whose value exceeds Rmb 1,000;

- at least 25 per cent of the relevant company's total share capital must be in public hands where the capital is Rmb 400 million or less (or a lower "public float" of 15 per cent where the capital of the relevant company is more that Rmb 400 million); and

- the relevant company must not have been found to have committed illegal activities or false accounting in the previous three years.

A company's listing on the Shanghai Stock Exchange or the Shenzhen Stock Exchange may be suspended in a number of circumstances, including where the company's share capital no longer satisfies the listing requirement, where the company has made false financial reports or where the company has recorded a loss for three consecutive years. Where the foregoing are considered particularly serious and where a particular circumstance cannot be rectified, the listing may be terminated. Where a company posts consecutive losses for the most recent three years, the A Shares of that company are classified as "particular transfer stocks" or "PT" shares. Both exchanges have set a daily limit of 5 per cent above the closing price. Unlike "ST" shares (see above), "PT" shares are only traded on Fridays each week.

For further information concerning the Shanghai Stock Exchange, investors may visit www. sse.com.cn and, concerning the Shenzhen Stock Exchange, investors may visit www. szse.cn.

Exchanges' and Index's Times

The table below sets out the various commencement and closing times of the relevant exchanges and the Index:

	Trading of the A50 China Tracker on the SEHK	**Shenzhen Stock Exchange / Shanghai Stock Exchange**	**Index**
Commencement time (Morning)	9.30 am	9.30 am	9.30 am
Closing time (Afternoon)	4.00 pm	3.00 pm	3.00 pm

Investment Restrictions

The investment restrictions set out on pages 16 apply to the A50 China Tracker, subject to the following:–

- A collective investment scheme authorised by the SFC under the Code (a "CIS") is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the securities of any single issuer exceeding 10 per cent of the collective investment scheme's total net asset value. Given the investment objective of the A50 China Tracker is to track the Index and given that the A50 China Tracker will do so by investing in CAAPs issued by one or a few counterparties, the Manager has applied for, and has been granted, on behalf of the A50 China Tracker a waiver from Rule 7.1 of the Code (which limits generally holdings of CIS to 10%) to (i) allow the A50 China Tracker to hold CAAPs which may all be issued by the same issuer and, (ii) in respect of underlying A Shares to which the CAAPs are linked, to allow the A50 China Tracker to hold CAAPs linked to A Shares issued by a single issuer exceeding 10 per cent of the A50 China Tracker's Net Asset Value.

- The A50 China Tracker is permitted to enter Futures Contracts and Options for hedging purposes or to achieve its investment objective. The value of the A50 China Tracker's investments in Options (in terms of the total amount of premium paid) and the value of the A50 China Tracker investments in Futures Contracts (in terms of the total net aggregate value of outstanding contract prices payable by or to the A50 China Tracker) will not, in the aggregate, exceed 10 per cent of the A50 China Tracker's latest available Net Asset Value. The A50 China Tracker may only enter into futures contracts which are traded on the Futures Exchange or a Recognised Futures Exchange.

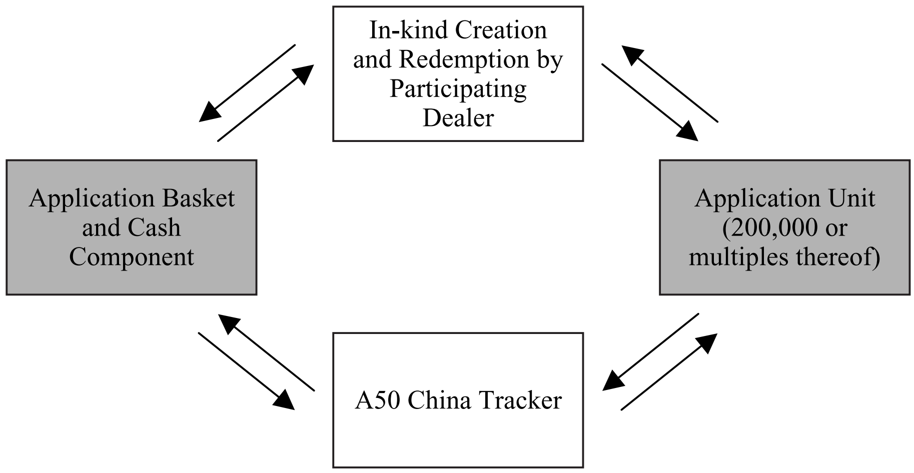
- The A50 China Tracker may overweight holdings of Index CAAPs relative to the respective weightings in the Index of the A Shares to which such Index CAAPs are linked, as permitted under Paragraph 11(d) of the SFC's Guidelines for Regulating Index Tracking Exchange Traded Funds (the "ETF Guidelines"). Without this provision of the ETF Guidelines, the A50 China Tracker's holding of Index CAAPs in respect of a particular class of A Shares would not be permitted to exceed 10 per cent of Net Asset Value other than where the weighting of such A Share in the Index accounts for more than 10 per cent of the weighting of the Index and the A50 China Tracker's percentage holding does not exceed such Index weighting. The Manager believes this may occur because underlying A Shares to which the Index CAAPs are linked may be illiquid. The A50 China Tracker is allowed to overweight (taking into account any representative sampling strategy) on condition that the maximum extra weighting in any CAAP representing any underlying A Share will not exceed 2 per cent. The Manager shall report to the SFC on a timely basis in respect of every six months (at the year end and semi-annual year end of the A50 China Tracker) if there is any non-compliance with this limit during such period by the A50 China Tracker. The annual and semi-annual reports of the A50 China Tracker shall also disclose whether or not such limit has been complied with during such period.

Operation of the A50 China Tracker

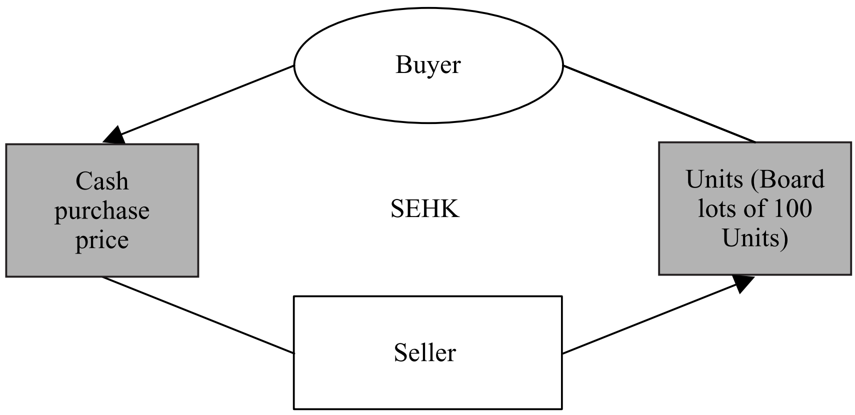
Investment in the A50 China Tracker

There are two types of investor in the A50 China Tracker, and two corresponding methods of investment in Units and realisation of investment in Units. The first type of investor is a Participating Dealer. Only a Participating Dealer (and not a retail investor) can create and redeem Units directly with the A50 China Tracker. The second type of investor is any person, other than a Participating Dealer, who buys and sells the Units on the SEHK. The diagrams below illustrate the two methods of acquiring and disposing Units in the A50 China Tracker:

Direct creation and redemption by the Participating Dealer:



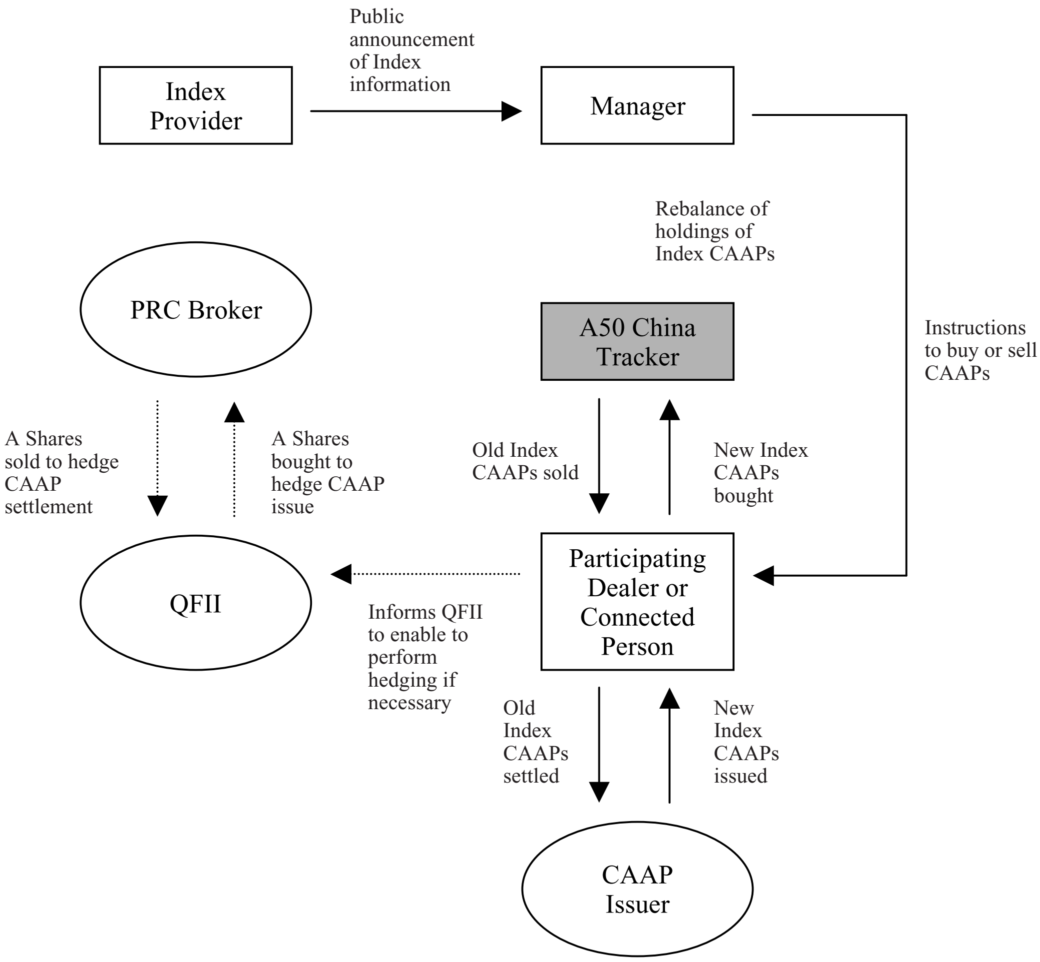
Trading Units in the secondary market on the SEHK:



Index Rebalancing

The constituent A Shares and their respective weightings within the Index will change from time to time. In order for the A50 China Tracker to achieve its investment objective of tracking the Index, it will accordingly be necessary for the Manager to rebalance the A50 China Tracker's holdings of CAAPs corresponding to the underlying A Shares comprised in the Index. The Manager will take public information announced by the Index Provider and rebalance the holdings of Index CAAPs accordingly, by notifying the relevant Participating Dealer that the A50 China Tracker will buy and/or sell CAAPs (with any balancing payment) from the relevant Participating Dealer (or a Connected Person of the relevant Participating Dealer). Each relevant Participating Dealer has agreed to buy or sell the CAAPs or will ensure that the CAAPs are bought or sold, as required to the A50 China Tracker. Within the relevant Participating Dealer's group, the QFII may in its discretion at the same time hedge its exposure in respect of any new Index CAAP issuance, by purchasing, on a one-to-one basis, the underlying A Shares.

The diagram below represents the rebalancing of the A50 China Tracker's holdings of Index CAAPs following a rebalancing of the Index:

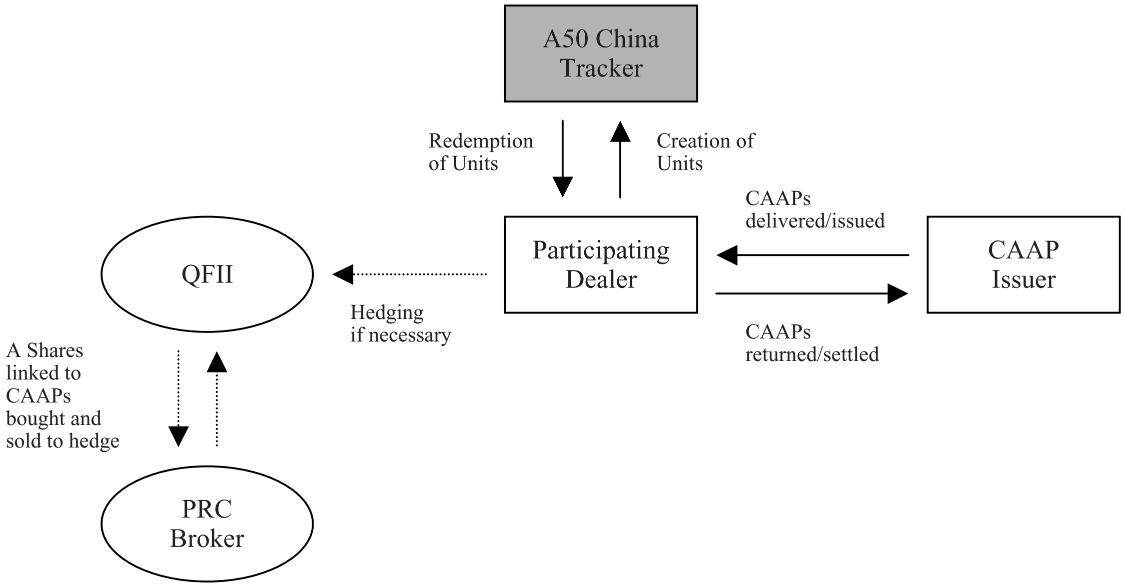


Market Makers

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SEHK. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SEHK. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for the A50 China Tracker to facilitate efficient trading. The list of market markers in respect of the A50 China Tracker from time to time will be displayed on www.hkex.com.hk.

Roles of the Participating Dealer, QFII and CAAP Issuer

The roles of the Participating Dealer, the QFII and the issuer of the CAAPs in respect of the creation and redemption of Units is illustrated in the diagram below:



Participating Dealer

The role of the Participating Dealer is to create and redeem Units in the A50 China Tracker from time to time. Under the terms of the Participation Agreement, the Participating Dealer may only create Units on the presentation of an Application Basket by it comprising Index CAAPs (which it shall put together when it wishes to create Units). In its absolute discretion, the Participating Dealer may also create Units on behalf of its clients from time to time.

As at the date of this prospectus, the A50 China Tracker has two Participating Dealers. The Manager will use its reasonable endeavours to appoint additional Participating Dealers.

The criteria for the eligibility and selection of any such additional Participating Dealers by the Manager is as follows: (i) the Participating Dealer must be licensed for at least type 1 regulated activity pursuant to the Securities and Futures Ordinance with a business presence in Hong Kong; (ii) the Participating Dealer must be a QFII or belong to a QFII group; (iii) the Participating Dealer (or a Connected Person of the Participating Dealer) must undertake to buy and sell CAAPs as envisaged by this prospectus on an ongoing basis – such CAAPs to be similar in all material respects as the CAAPs held by the A50 China Tracker and the issuer of the CAAPs if not the Participating Dealer must be eligible (see below); and (iv) the Participating Dealer must be acceptable to the Trustee. With regard to (ii) above, a QFII group means group of companies of which a member is a QFII – please see Appendix III for a description of the QFII eligibility requirements.

Currently, the Participating Dealers include Citigroup Global Markets Asia Limited ("CGMAL") and Barclays Capital Asia Limited ("BCAL").

CGMAL is a licensed corporation regulated by the SFC for types 1, 4, 6 and 7 regulated activities pursuant to the Securities and Futures Ordinance. It is a wholly owned indirect subsidiary of Citigroup Global Markets Holdings Inc, a CAAP issuer, and is a Connected Person of a QFII.

BCAL is a licensed corporation regulated by the SFC for types 1, 2, 4 and 6 regulated activities pursuant to the Securities and Futures Ordinance. It is a wholly owned subsidiary of Barclays Bank PLC ("Barclays"), a CAAP issuer and a QFII.

In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders and the Prospectus will be revised as appropriate.

QFII

The role of the QFII is to buy and sell the underlying A Shares to which the CAAPs are linked. The QFII buys and sells the underlying A Shares in order to hedge the obligations of the CAAP issuer relating to Index CAAPs that are bought or sold by the A50 China Tracker.

Citigroup Global Markets Limited ("CGML") is the QFII in respect of CGMAL. Barclays is the QFII in respect of BCAL. As QFIIs, CGML and Barclays have access to China's domestic A Share market and may buy or sell A Shares. Both CGML's and Barclays's QFII custodian is Standard Chartered Bank Shanghai Branch.

CGML, as QFII, has undertaken, on a best efforts basis, to apply to SAFE for additional QFII investment quota. Each Participating Dealer has agreed to sell Index CAAPs (issued by itself or the CAAP issuer which is its Connected Person referred to below) to, and buy Index CAAPs (issued by itself or the CAAP issuer which is its Connected Person referred to below) from, the A50 China Tracker to the Manager's order from time to time when the Manager rebalances the A50 China Tracker's holdings.

Please see Appendix III for a description of the QFII regime.

CAAP Issuer

The role of the CAAP issuer is to issue the Index CAAPs relating to the underlying A Shares comprised in the Index. The Index CAAPs may be issued to the Participating Dealer (or a Connected Person of the Participating Dealer).

Where the QFII will not itself act as the issuer of the CAAPs, the eligibility and selection of the Participating Dealer will also depend on the credit worthiness and financial standing of the issuer of the CAAPs. The issuer of the CAAPs must (a) be a member of a QFII group, (b) be a substantial financial institution (an institution with a minimum paid up capital of the equivalent of HK$150,000,000) with a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch), and (c) must remain a member of the QFII group in order for the A50 China Tracker to acquire further CAAPs from that issuer and for the relevant Participating Dealer to continue to create Units. For the purposes of (a) and (c) above, "QFII group" means any two or more corporations one of which is the holding company of the other or others and one of which is a QFII. In addition to (a) above, where the CAAP issuer is not a wholly owned subsidiary of the QFII or the QFII is not a wholly owned subsidiary of the CAAP issuer within the QFII group structure, the CAAP issuer's (i) voting share capital must be held as to more than half by the QFII or by the parent company of the QFII, and (ii) obligations under the CAAPs must be backed, underwritten or guaranteed by the relevant QFII to the satisfaction of the Manager.

The Manager shall monitor a CAAP issuer's ongoing compliance with (a) to (c) above on a quarterly basis and should the CAAP issuer cease to comply the Manager shall immediately notify the SFC. In the event that (1) the CAAP issuer ceases to be a wholly owned subsidiary of the QFII or the QFII ceases to be a wholly owned subsidiary of the CAAP issuer and either (i) or (ii) above do not apply, and/or (2) the CAAP issuer's credit rating in respect of senior debt falls below A- by Standard & Poor's (or an equivalent rating given by Moody's or by Fitch), and where the A50 China Tracker has more than one Participating Dealer, then the Manager will notify Unitholders (and the SFC) and will no longer permit creations by the Participating Dealer which is a Connected Person of the relevant CAAP issuer. In the situation where the A50 China Tracker has only one Participating Dealer, however, the Manager may convene a meeting of Unitholders in the A50 China Tracker to put a resolution of Unitholders to terminate the A50 China Tracker. Where the resolution is passed by a 75 per cent majority of the votes cast by Unitholders, the A50 China Tracker will be terminated.

Citigroup Global Markets Holdings, Inc.("CGMHI") is an issuer of Index CAAPs. CGMHI is a wholly owned subsidiary of Citigroup Inc. With regard to the selection criteria for the issuer of CAAPs (a) CGMHI presently owns a QFII, CGML, as to 100 per cent, and (b) CGMHI's senior debt is rated Aa1 by Moody's, AA- by Standard & Poor's and AA+ by Fitch. As an issuer of the Index CAAPs, it is obligated by the terms of the relevant Index CAAPs to settle the CAAPs for cash or, subject to changes in PRC law, in kind. CGMHI will issue and sell Index CAAPs to CGML where necessary so that the A50 China Tracker may buy CAAPs from CGML as necessary from time to time to the order of the Manager.

Barclays Bank PLC ("Barclays") is an issuer of Index CAAPs. With regard to the selection criteria for the issuer of CAAPs (a) Barclays has been approved by the CSRC as a QFII, and (b) as at the date of this Prospectus, Barclays's long-term obligations are rated AA by Standard & Poor's Rating Services, Aa1 by Moody's Investors Services, Inc. and AA+ by Fitch Ratings Limited. As an issuer of the Index CAAPs, it is obligated by the terms of the relevant Index CAAPs to settle the CAAPs for cash. Barclays will issue and sell index CAAPs to BCAL where necessary so that the A50 China Tracker may buy CAAPs from BCAL as necessary from time to time to the order of the Manager.

Distribution Policy

Any income earned by the A50 China Tracker will be distributed in accordance with provisions of the Trust Deed annually. Under the applicable terms of the Index CAAPs held on behalf of the A50 China Tracker from time to time, the dividend payment will be the US dollar equivalent of the Rmb dividend on the relevant A Shares to which the Index CAAPs relate (less foreign exchange costs and expenses and an amount deemed appropriate to take account of any withholding taxes or other charges which may be incurred by the QFII). The foreign exchange rate will be the mid Rmb/US exchange rate quoted on Reuters page "SAEC" at the closing of the Shanghai Stock Exchange or the Shenzhen Stock Exchange on the dividend payment date (which for this purpose is the Business Day falling 5 Business Days following the day the QFII would have received the actual A Share dividend). The Manager will receive distributions equal to the A Share dividends under the Index CAAPs in US dollars and convert these amounts to Hong Kong dollars prior to any distribution to Unitholders.

Net Asset Value

The Net Asset Value of the A50 China Tracker shall be determined in accordance with the Trust Deed as described on page 21 subject to the following. Although the CAAPs are listed on the Luxembourg Stock Exchange, for the purposes of determining the Net Asset Value the Trustee shall value the Index CAAPs held by the A50 China Tracker according to the price determined by the relevant calculation agent (as calculated under the terms of each CAAP) which is published on Bloomberg. The value of each CAAP will be the Rmb closing price on the Shanghai Stock Exchange or the Shenzhen Stock Exchange of the A Share to which the Index CAAP is linked converted into US dollars, as adjusted under the terms of the CAAP, and then converted into Hong Kong dollars (the base currency of the A50 China Tracker). The Valuation Point is the close of the market on the Shenzhen Stock Exchange and the Shanghai Stock Exchange.

No Certificates

Certificates will not be issued in respect of the Units of the A50 China Tracker. After listing all Units will be registered in the name of HKSCC Nominees Limited by the Registrar. The register of Unitholders of the A50 China Tracker is the evidence of ownership. Any beneficial interest in the Units of the A50 China Tracker will be established through an account with a Participating Dealer or a participant in CCASS.

Dealing by Retail Investors

Purchasing and Selling Units by Retail Investors

Retail investors cannot create or redeem Units in the A50 China Tracker.

However, as the A50 China Tracker is listed on the SEHK, investors can place an order to buy Units during the trading day through a broker on the SEHK as one would in the case of a share listed on the SEHK, at any time after dealings in the Units commence. The trading price of Units of the A50 China Tracker may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Retail investors may place an order with a broker to sell their Units on the SEHK at any time during the trading day. To sell Units – or to buy new ones – a retail investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers. There are also one or more exchange participants that will make a market for the Units in the secondary trading market. These market makers will facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK.

No money should be paid to any intermediary in Hong Kong who is not licensed for type 1 regulated activity under the Securities and Futures Ordinance.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Units. Please see the section headed "Fees Payable by Retail Investors Dealing in Units on the SEHK" below.

Creation and Redemption by Participating Dealers

Continuous Offering of Units

Units in the A50 China Tracker are continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines. The dealing period on any Dealing Day commences at 12.00 noon and ends at the Dealing Deadline at 3.00 pm.

Application Size

Units in the A50 China Tracker are offered and issued at their Net Asset Value only in aggregations of a specified number of Units (each, an "Application Unit") generally in exchange for a basket of Securities representing the Underlying Index (in the case of the A50 China Tracker, Index CAAPs) together with the payment of a specified cash payment ("Cash Component"). Units in the A50 China Tracker may only be created in Application Unit size, which is currently 200,000 Units (or whole multiples thereof). Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum holding of Units is one Unit.

Procedures for Creation of Application Unit Size

Only Participating Dealers may create Units. The Manager shall instruct the Trustee to effect, for the account of the Trust, the creation of Units in the A50 China Tracker in Application Unit size in exchange for delivery, by the Participating Dealer or to the Participating Dealer's order, to or for the account of the Trustee of Index CAAPs constituting an Application Basket for the relevant Units, a cash amount equivalent to any Duties and Charges payable plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Cash Component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the Participating Dealer. In the event that the A50 China Tracker has insufficient cash required to pay any Cash Component payable by the A50 China Tracker, the Manager may effect sales of the Deposited Property of the A50 China Tracker, or may borrow moneys to provide the cash required provided that the Manager shall have the right to reject or suspend a Creation Application if (i) in the opinion of the Manager, acceptance of the Index CAAPs constituting an Application Basket would have certain adverse tax consequences for the A50 China Tracker; (ii) the Manager reasonably believes that the acceptance of the Index CAAPs constituting an Application Basket would be unlawful; (iii) the acceptance of the Index CAAPs constituting an Application Basket would otherwise, in the opinion of the Manager, have an adverse effect on the A50 China Tracker; (iv) circumstances outside control of the Manager make it for all practicable purposes impossible to process Creation Applications, or (v) the Manager has suspended the rights of Participating Dealers pursuant to the Trust Deed.

Once the Units are created, the Manager shall effect, for the account of the Trust, the issue of Units to a Participating Dealer in accordance with the Operating Guidelines.

Units are denominated in Hong Kong dollars and no fractions of a Unit shall be created or issued by the Trustee.

An application for the creation and issue of Units shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

The creation and issue of Units pursuant to a Creation Application shall be effected as at the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended.

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The Dealing Deadline for the A50 China Tracker is 3.00 pm.

No Units shall be issued to any Participating Dealer unless (i) the application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines, (ii) the Trustee and the Manager receive copies of the certifications required under the Participation Agreement in respect of the creation of new Units, and (iii) the Trustee and the Manager receive such other certifications and opinions of counsel as each may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation and issue of Units which are the subject of the Creation Application.

The Manager may charge a Transaction Fee in respect of Creation Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers in respect of the A50 China Tracker). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units (and may be set off and deducted against any Cash Component due to the Participating Dealer in respect of such Creation Application(s)) for the benefit of the Trustee and/or the Service Agent.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Deposited Property.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions, in regard to the issue of Units, are being infringed.

Cancellation of Units in the A50 China Tracker

The Trustee shall cancel Units in the A50 China Tracker created and issued in respect of a Creation Application if all the Index CAAPs constituting the Application Basket deposited for exchange have not been vested by or on the relevant Settlement Day in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee; or the full amount of (i) the Cash Component (if applicable) and (ii) any Duties and Charges and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines provided that the Manager may at its discretion, with the approval of the Trustee, extend the settlement period (either for the Creation Application as a whole or for a particular Index CAAP or Index CAAPs) such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager may determine.

Upon the cancellation of any Units as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, in respect of the A50 China Tracker such Index CAAPs constituting the Application Basket (or equivalent Index CAAPs of the same type) as have been vested in the Trustee and any cash received by or on behalf of the Trustee in connection with a Creation Application (in either case in respect of such cancelled Units) shall be redelivered to the Participating Dealer and the relevant Units shall be deemed for all purposes never to have been created and the applicant therefor shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- the Manager may charge the Participating Dealer for the account of the Trustee and/or the Registrar an Application Cancellation Fee, currently HK$10,000;

- the Manager may at its discretion require the Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application;

- the Trustee and/or the Service Agent shall be entitled to the Transaction Fee payable in respect of a Redemption Application; and

- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Procedures for Redemption of Application Unit Size

Only Participating Dealers may redeem Units. The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Operating Guidelines, by notice in writing to the Trustee to effect a reduction of the Trust Fund on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

A Redemption Application shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received. The Dealing Deadline for the A50 China Tracker is 3.00 pm.

The Manager shall, on receipt of an effective Redemption Application for the A50 China Tracker from a Participating Dealer, effect the redemption of the relevant Units and shall require the Trustee to transfer to the Participating Dealer the appropriate number of Index CAAPs constituting the Application Basket for the Units in the A50 China Tracker plus, where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. In the event that the A50 China Tracker has insufficient cash required to pay any Cash Component payable by the A50 China Tracker, the Manager may effect sales of the Deposited Property of the A50 China Tracker, or borrow moneys to provide the cash required. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Trustee.

To be effective, a Redemption Application must:

- be given by a Participating Dealer in accordance with a Participation Agreement;
- specify the number of Units which is the subject of the Redemption Application; and
- include the certifications required in the Operating Guidelines in respect of redemptions of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager. The Registrar may charge a Unit Cancellation Fee in connection with each accepted Redemption Application.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit in the A50 China Tracker rounded to the nearest 2 decimal places.

The Manager may deduct from and set off against any Cash Component payable to a Participating Dealer on the redemption of Units such sum (if any) as the Manager may consider represents the appropriate provision for Duties and Charges and the Transaction Fee. To the extent that the Cash Component is insufficient to pay such Duties and Charges and the Transaction Fee payable on such redemption the Participating Dealer shall promptly pay the shortfall in the currency of account for the A50 China Tracker to or to the order of the Trustee. The Trustee shall not be obliged to deliver (and shall have a general lien over) the Index CAAPs constituting the Application Basket to be transferred in respect of the relevant Redemption Application until such shortfall and any Cash Component, Transaction Fee and Extension Fee payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Value in connection with any redemption or cancellation of Units but shall be entitled at any time before the audited accounts of the Trust, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.

Any Index CAAPs transferable and Cash Component payable (less any amount deducted) to a Participating Dealer in respect of a Redemption Application relating to Units in the A50 China Tracker may be transferred or paid sooner but shall be transferred and paid, on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and, where any amount is to be paid by telegraphic transfer to a bank account in Hong Kong or New York State, verified in such manner as may be required by, and to the satisfaction of, the Trustee) has been received in accordance with the Operating Guidelines and provided further that the Manager shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any Cash Component payable by the Participating Dealer and any Duties and Charges and the Transaction Fee payable have been deducted or otherwise paid in full.

Provided that on the relevant Settlement Day in relation to an effective Redemption Application:–

- the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- the Trust Fund shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and
- the name of the holder of such Units shall be removed from the register in respect of those Units on the relevant Settlement Day,

the Trustee shall transfer the Index CAAPs constituting the Application Basket relevant to the Redemption Application out of the Deposited Property of the Fund to the Participating Dealer and shall pay any Cash Component (with such deductions as are permitted by the Trust Deed) payable by the Trustee.

No Index CAAPs shall be transferred and no Cash Component shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Manager for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally. In the event that Units, which are the subject of a Redemption Application, are not delivered to the Manager for redemption in accordance with the foregoing:

- the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by the Trustee and/or the Service Agent;
- the Manager may charge the Participating Dealer for the account of the Trustee and/or the Registrar an Application Cancellation Fee, currently HK$10,000;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the A50 China Tracker, in respect of each Unit Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if a Participating Dealer had, on the final day permitted for delivery of Units the subject of the Redemption Application, made a Creation Application; and
- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with approval of the Trustee, may at its discretion extend the settlement period such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application.

The Manager may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers in respect of the A50 China Tracker). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any Cash Component due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee and/or the Service Agent.

Risk Factors relating to the A50 China Tracker

In addition to the principal risk factors common to all Index Funds set out in Section 1 of this prospectus, investors should also note the following additional risk factors associated with investing in the A50 China Tracker. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer advice on the suitability of investing in the A50 China Tracker. Investors should carefully consider the risk factors described below together with all of the other information included in this prospectus before deciding whether to invest in Units of the A50 China Tracker. Authorisation of the A50 China Tracker by the SFC does not imply official approval or endorsement of the Index by the SFC.

General Risk Factors

Counterparty risk of issuers of the Index CAAPs

The A50 China Tracker is not presently able to hold A Shares directly and so will seek to track the Index through buying and selling Index CAAPs rather than A Shares. The Index CAAPs constitute direct, general and unsecured contractual obligations of the issuer of the CAAPs. The Index CAAPs do not provide the A50 China Tracker (or the Manager) with any legal or equitable interest of any type in the underlying A Shares comprising the Index and, although QFII sub accounts at the PRC custodian of the QFII may be permitted in the future, there can be no guarantee this may be allowed during the life of the A50 China Tracker. Accordingly each A Share in the Index is merely represented by an Index CAAP designed to replicate the economic benefit of holding it. At present, the A50 China Tracker have only two Participating Dealers and there can be no assurance that others will be appointed. As a result, all of the A50 China Tracker's Index CAAPs will be issued by the two CAAP issuers and, if one Participating Dealer retires, by the same CAAP issuer. The value of the A50 China Tracker's assets will, and may always, therefore depend entirely on the credit risk of the issuer or issuers of all the Index CAAPs held by the A50 China Tracker. Investors should note that the number of financial instruments (including CAAPs) issued by any CAAP issuer may be substantial.

Possible limited duration of the A50 China Tracker

The CAAPs are of limited duration and those CAAPs issued at the launch of the A50 China Tracker may settle automatically in the fifth year following their issue. Whilst it has been agreed that the Index CAAPs to be bought by and sold to the A50 China Tracker from time to time may be "rolled over" for the same period again (so as to extend the exercise period) absent the occurrence of an event effectively preventing this after the first term expires (see under "Index CAAPs" on page 31), there is no assurance that the relevant Connected Person of the Participating Dealer will agree to continue this arrangement indefinitely. Accordingly, the duration of the A50 China Tracker depends upon the ability of the A50 China Tracker to renew the expiration period of the relevant CAAPs held by it each year after 2014. Although the Manager believes that one or more CAAP issuers will be willing to do this, such renewal cannot be guaranteed and such renewal may be uneconomical for the A50 China Tracker. In the event that no satisfactory alternative to tracking the Index through Index CAAPs is available, the A50 China Tracker may in such circumstance redeem all Units outstanding and the Manager would terminate the A50 China Tracker. Such termination may cause outstanding Units to be redeemed at a discount to Net Asset Value.

Dependence on the Participating Dealer(s)

For so long as the A50 China Tracker cannot, under PRC law and regulation, hold A Shares directly or through QFII segregated sub-accounts, the operation of the A50 China Tracker and the Manager's ability to track the Index depends upon the continuing appointment of the Participating Dealer or Participating Dealers whose respective group companies are QFIIs and issuers of the CAAPs. In the event that the A50 China Tracker has more than one Participating Dealer, any cessation of the issuance of CAAPs or termination of a Participating Dealer's appointment should not affect the operation of the A50 China Tracker. However, where the A50 China Tracker has only one Participating Dealer, the ability of the A50 China Tracker to achieve its investment objective (absent changes in relevant PRC law and regulation) may depend wholly on the continued performance by the Participating Dealer and its Connected Person CAAP issuer and QFII of their respective roles. As stated above under "Index CAAPs" on page 31 and under "CAAP Issuer" on page 40, in certain limited circumstances such as (i) adverse changes to applicable PRC law and regulation or (ii) the CAAP issuer ceasing to possess a satisfactory credit rating, a CAAP issuer will no longer issue CAAPs to the A50 China Tracker and the QFII (or its Connected Person) will no longer be required to buy the Index CAAPs from or sell the Index CAAPs to the A50 China Tracker or the A50 China Tracker may no longer be able to hold the relevant CAAPs. In such circumstance, the A50 China Tracker may be terminated.

Participating Dealers connected to Issuers of the CAAPs

Investors should note that the Index CAAPs are issued by Connected Persons of the Participating Dealers. In addition members of the same groups of companies as the Participating Dealers act as the calculation agents of the CAAPs and/or the entities who will buy and sell the Index CAAPs to the A50 China Tracker. Although the valuation methodology for the issue and settlement price of the CAAPs is prescribed under their terms, the possibility of conflicts of interest arising cannot be wholly eliminated. If any conflicts of interest arise the Manager will seek to ensure that Unitholders are treated fairly.

QFII system generally

The QFII system was introduced within the last three years and is relatively new. Although the CSRC may in due course relax QFII eligibility requirements, making investment in A Shares easier and more widespread, this cannot be guaranteed. It is not possible to predict the future development of the QFII system and the CSRC may even impose restrictions on QFII's operations. Such restrictions may adversely affect the issuance of Index CAAPs and/or cause Units in the A50 China Tracker to trade at a discount on the SEHK. In particular, in the event the relevant QFII ceases to hold its status as such, the relevant CAAP issuer ceases to be under an obligation to extend the duration of the CAAPs or to issue further CAAPs.

QFII tax risk

There is a risk that the PRC State Administration of Taxation (the "SAT") may seek to impose PRC Business Tax (presently chargeable at a rate of 5 per cent) on all of a QFII's profits arising from dealings in A Shares. Although there is, as yet, no guidance on how such tax may be applied, it is possible that gains generated by sales of A Shares will be subject to this tax and the amount of tax in respect of each transaction may be withheld by the relevant PRC custodian of the QFII. Because only the QFIIs' interests in A Shares are recognised under PRC law, this tax liability would, if it arises, be payable by the QFII. However, in such event, under the terms of the CAAPs or as otherwise agreed, any tax levied on and payable by the QFII in the PRC would be passed on to and borne by the A50 China Tracker if (i) the A50 China Tracker settles the CAAP, (ii) when the CAAP settles at expiry, (iii) when distributions are made by the CAAP issuer to the A50 China Tracker or (iv) upon demand by the QFII or its Connected Person. In addition when the Manager sells a CAAP, the sale price would take account of the QFII's tax liability. In such circumstance the Net Asset Value per Units and the value of CAAPs held by the A50 China Tracker may be reduced against the value of the underlying A Shares to which the Index CAAPs are linked because, ultimately, the PRC tax liability, if any, will be borne by the A50 China Tracker.

QFII repatriation

The CAAPs are issued outside the PRC and there is no necessity for a CAAP issuer to repatriate US dollars from the PRC and, accordingly, restrictions on or suspension of the ability of QFIIs in general to repatriate US dollars should not affect the operation of A50 China Tracker (although Participating Dealers may choose not to create or redeem Units as a result). However, any further restrictions on or suspension of the ability of QFIIs in general to repatriate US dollars from the PRC may cause Units in the A50 China Tracker to trade at a discount on the SEHK.

QFII investment quota

Under the QFII system, a QFII must obtain SAFE approval to increase its investment quota. Whilst the Manager believes the two QFIIs (who are Connected Persons of the Participating Dealers) have sufficient investment quota, in the event that any QFII wishes to increase its respective investment quota from time to time, such increase may take time to obtain SAFE approval. Where insufficient investment quota is available, additional Index CAAPs may not be available in which case, because the A50 China Tracker cannot buy more Index CAAPs, further Units in the A50 China Tracker cannot be created. Although the continued operation of the A50 China Tracker should not be affected, where further increases in QFII investment quota is restricted, suspended or halted, the supply of PRC A Share access products, such as CAAPs, will be affected and this may cause Units in the A50 China Tracker to trade at a premium to Net Asset Value.

QFII investment restrictions

Although the Manager does not anticipate that QFII investment restrictions will impact the ability of the A50 China Tracker to achieve its investment objective, investors should note that the relevant PRC laws and regulations may limit the ability of the QFII to acquire A Shares in certain PRC issuers from time to time and, in addition, a QFII may not be able to acquire A Shares to hedge the Index CAAPs. In such case, this may accordingly restrict the issuance, and therefore the purchase, of Index CAAPs linked to these A Shares by the A50 China Tracker. This may occur in a number of circumstances, such as (i) where the QFII holds in aggregate 10 per cent of the total share capital of a listed PRC issuer (regardless of the fact that the QFII may hold its interest on behalf of a number of different ultimate clients), and (ii) where the aggregated holdings of all QFIIs (whether or not connected in any way to the A50 China Tracker) already equal 20 per cent of the total share capital of a listed PRC issuer. In the event that these limits are exceeded the relevant QFIIs will be required to dispose of the A Shares in order to comply with the relevant requirements and, in respect of (ii), each QFII will dispose of the relevant A Shares on a "last in first out" basis. As a consequence, in such circumstances, the Manager may need to adopt a Representative Sampling Strategy in order to achieve the A50 China Tracker's investment objective. This may cause increased tracking error in general.

Foreign exchange risk

The A50 China Tracker is denominated in Hong Kong dollars whilst the Index CAAPs are denominated in US dollars and the underlying A Shares represented by the Index CAAPs are denominated in Rmb. Accordingly the ability of the A50 China Tracker to track the Index is in part subject to foreign exchange fluctuations as between the Hong Kong dollar, the US dollar and the Rmb. Although the CAAP issuer of the Index CAAPs may or may not be the QFII, the terms of the CAAPs require the payment of the US dollar equivalent of the Rmb distributions and dividends received by the QFII. Accordingly the A50 China Tracker is exposed to foreign exchange risk and fluctuations in value between the US dollar and Rmb (and between the US dollar and the Hong Kong dollar when the Manager makes any distribution to Unitholders). Notwithstanding the foregoing, investors should note that the QFII is not required, by virtue of the issuance of the CAAPs, to remit or repatriate US dollars out of the PRC. In addition the A50 China Tracker will buy and sell the Index CAAPs in Hong Kong dollars. Accordingly PRC foreign exchange restrictions will not impact the purchase and sale of the Index CAAPs by the A50 China Tracker or the payment of distributions in US dollars by the CAAP issuer to the A50 China Tracker.

Disruption of creation and redemption

Index CAAPs will only be bought from, or sold to, the A50 China Tracker from time to time where the corresponding A Shares may be sold or purchased by the QFII on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the A Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that the underlying A Shares may not be dealt.

Liquidation of CAAPs

Although the Index CAAPs to be held by the A50 China Tracker are listed on the Luxembourg Stock Exchange, the CAAPs have no active secondary market. In addition, the Manager may have to agree with each QFII that, in any event, the Manager will not sell any CAAP to (i) any Taiwanese person or (ii) to any PRC individual, PRC corporate, PRC bank, or insider of the issuer of the A Share to which a CAAP is linked or (iii) to investors whose source of funding for the CAAP is derived or originates from the PRC, in compliance with applicable PRC law. Accordingly the A50 China Tracker will rely entirely on a Connected Person of the Participating Dealer or the Participating Dealer to liquidate its holdings of the CAAPs from time to time.

Euroclear/Clearstream settlement cycle

The Index CAAPs are cleared and settled in Euroclear and Clearstream. In order to match the HKSCC settlement cycle in Hong Kong, Participating Dealers will need to achieve fast settlement on a "T + 2" basis in Euroclear and Clearstream (which is normally achieved on a "T + 3" basis). Although small, there is a risk that the Participating Dealers may not always be able to do this for all new issues to the A50 China Tracker of the Index CAAPs when the Manager needs to rebalance the A50 China Tracker's holding of CAAPs.

Participating Dealers will only deal in their own CAAPs

CAAPs are issued by a Connected Person of each Participating Dealer to the A50 China Tracker to reflect a holding (by the QFII which is also a Connected Person of the Participating Dealer) of the relevant A Shares. Although the terms of CAAPs issued by different Participating Dealer's groups will be materially the same, investors should note that where the A50 China Tracker has more than one Participating Dealer, the A50 China Tracker will not be able to sell an Index CAAP to any Participating Dealers (or its Connected Person) other than the Participating Dealer (or its Connected Person) which issued the relevant CAAP. As such each Participating Dealer may only redeem Units up to a ceiling of the number of Units created by that Participating Dealer. This arrangement may cause additional administration and so incur additional expenses to be borne by the A50 China Tracker.

Tracking error due to CAAP structure

The tracking error of the A50 China Tracker may be increased by the overall costs of maintaining the CAAPs. Such costs include the CAAP Commission and the CAAP maintenance charge (please see under "CAAP Commission" below) as well as the spread and foreign exchange costs to the A50 China Tracker from investing in the CAAPs. As a result of such costs the value of the CAAPs represented by a Unit may differ from the price of the A Shares to which such CAAPs are linked, leading to an increased tracking error, although the Manager does not believe that this will be significant.

Right of the SFC to withdraw authorisation of the Fund

The A50 China Tracker seeks to provide investment results that closely correspond with the performance of the Index. The A50 China Tracker has been authorised as a collective investment scheme under the Code by the SFC pursuant to section 104 of the Securities and Futures Ordinance. The SFC however reserves the right to withdraw the authorisation of the A50 China Tracker if the Index is no longer considered acceptable to the SFC.

No prior trading market in the Units

Although the Units are listed on the SEHK and one or more market makers have been appointed, investors should be aware that there may be no liquid trading market for the Units or such market marker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Index.

Dealing risk

Following listing on the SEHK, it is likely that the Units will initially not be widely held. Accordingly any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. In order to address such dealing risk, one or more market makers have been appointed.

Risk of spread despite market making

The trading spread of an ETF typically depends on the supply and demand imbalance. In the case of the A50 China Tracker, since the supply and demand imbalance can only be addressed by the Participating Dealer(s) creating and redeeming additional Units, the liquidity of the underlying A Share market and the nature of the QFII regime will likely result in the A50 China Tracker trading at a wider spread than may normally be the case for an ETF.

Operating risk

There is no assurance that the performance of the A50 China Tracker will be identical to the performance of the Index. The level of fees and expenses payable by the A50 China Tracker will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the A50 China Tracker can be estimated, the growth rate of the A50 China Tracker, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the A50 China Tracker or the actual level of its expenses. Under the terms of the Trust Deed, the Manager may terminate the A50 China Tracker if after three years from the date of the Trust Deed the aggregate Net Asset Value of Units either outstanding in the Trust is less than HK$150 million, or outstanding in the A50 China Tracker is less than the Hong Kong dollar equivalent of US$10 million. On the termination of the A50 China Tracker, the A50 China Tracker will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie. Please see the section entitled "Termination".

Dividends are contingent on dividends paid on Index CAAPs

The ability of the A50 China Tracker to pay dividends on the Units is subject to the Manager's distribution policy and also depends on dividends declared and paid by the relevant PRC companies (whose A Shares are replicated by the Index CAAPs held by the A50 China Tracker) and the level of fees and expenses payable by the A50 China Tracker. Dividend payment rates of companies which issue the underlying A Shares are based on numerous factors, including their current financial condition, general economic conditions and their dividend policies. There can be no assurance that such companies will declare dividends or make other distributions without which no distribution is payable on the Index CAAPs. In addition, changes to the composition of the Index (for example, the substitution of one constituent stock in the Index with another paying higher or lower dividends) will affect the level of dividends received by the A50 China Tracker. To the extent possible, the A50 China Tracker's fees and expenses will be paid out of the dividends it receives. To the extent dividends received by the A50 China Tracker are insufficient to meet its fees and expenses, the excess will be met by disposing of part of the A50 China Tracker's portfolio of Index CAAPs or by borrowing. Any such disposition of Index CAAPs or borrowing may cause the Net Asset Value to fall, and may adversely affect the trading price of the Units. Investors may not therefore receive any distributions. Investors will not receive any dividends or other distributions directly from Index CAAPs or the PRC companies to whose A Shares the Index CAAPs relate.

Dependence upon trading market for A Shares

The existence of a liquid trading market for the A Shares may depend on whether there is supply of, and demand for, such A Shares. The price at which the Index CAAPs may be purchased or sold by the A50 China Tracker upon any rebalancing activities or otherwise and the Net Asset Value of the A50 China Tracker may be adversely affected if trading markets for the A Shares are limited or absent. Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which A Shares are traded are undergoing development and the market capitalisation of, and trading volumes on, those exchanges are lower than those in more developed financial markets. Market volatility and settlement difficulties in the A Share markets may result in significant fluctuations in the prices of securities traded on such markets and thereby changes in the value of the A50 China Tracker.

Trading in Units on the SEHK may be suspended

Investors will not be able to purchase or sell Units on the SEHK during any period that the SEHK suspends trading in the Units. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SEHK is suspended. The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. The A50 China Tracker may be terminated if Units are delisted from the SEHK. Dealings of Units on the SEHK may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the A50 China Tracker.

The A50 China Tracker is different from a typical unit trust offered to the public in Hong Kong

Investors should note that the A50 China Tracker is not like a typical unit trust offered to the public in Hong Kong. Units may only be created and redeemed in Application Unit sizes by Participating Dealers and Units may not be subscribed for, or redeemed, by retail investors. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Index is not compiled or published. Investors may generally only realise the value of their Units by selling their Units on the SEHK. These features are not usually present in a typical unit trust offered to the public in Hong Kong, where units can generally be purchased and redeemed directly by the retail public.

Creation and Redemption through Participating Dealers only

Investors may generally not create or redeem Units and in any event can only create or redeem Units through Participating Dealers who are under no obligation to agree to do so on behalf of any investor. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. The willingness of any Participating Dealer to create Units may depend upon, but is not limited to, that Participating Dealer's group QFII's ability to purchase A Shares to hedge itself in respect of the Index CAAPs required to be issued to constitute an Application Basket. If an investor has been allowed to create Units through a Participating Dealer, such investor may only request a redemption of the Units through the same Participating Dealer and the relevant Participating Dealer may, in its absolute discretion, refuse to accept a redemption request from an investor. The willingness of a Participating Dealer to redeem Units may depend upon, but is not limited to, that Participating Dealer's ability to sell the relevant A Shares to which the Index CAAPs (to be returned to it at redemption) are linked as well as any agreement which may be reached between the investor and the Participating Dealer. Accordingly where an investor buys Units in the A50 China Tracker on the SEHK, an investor will be very unlikely to be able to redeem such Units through a Participating Dealer.

Risk Factors Relating to the Index

The Index is subject to fluctuations

The performance of the Units should correspond closely with the performance of the Index. The Index is relatively newly established and may experience periods of volatility in the future. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

Composition of and weightings in the Index may change

The companies which comprise the Index are changed by FTSE/Xinhua from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Index may also change if one of the constituent companies were to delist its shares or if a new eligible company were to list its shares and be added to the Index. If this happens, the weighting or composition of the Index CAAPs owned by the A50 China Tracker would be changed as considered appropriate by the Manager in order to achieve the Investment Objective. Thus, an investment in Units will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Appendix II – "The FTSE/Xinhua China A Share Indices" describes how the Index is compiled.

Licence to use the Index may be terminated

The Manager has been granted a licence pursuant to an Index licence agreement dated 1 July 2004 by FTSE/Xinhua, on a non-exclusive basis, to use the Index in connection with the operation, marketing and promotion of the A50 China Tracker. The Index licence agreement has a term of 5 years which may be renewed at the option of the Manager. FTSE/Xinhua may terminate the Index licence agreement forthwith by notice if the Manager breaches the Index licence agreement, if the Manager is convicted of a criminal offence, if the Manager is found to be in breach of any law or any material rules (such as those of the SFC), or if a resolution is adopted for the winding up of the Manager. Further, the Index licence agreement will terminate if FTSE/Xinhua ceases to calculate and publish the Index and does not make available a substitute index which the Manager chooses to use. In addition to the above, the Manager may terminate the Index licence agreement on three months' notice without cause or upon 30 days notice if FTSE/Xinhua is in material breach of its duties under the Index licence agreement. Where FTSE/Xinhua ceases to calculate and publish the Index it must use its best endeavours to give the Manager at least 6 months' prior written notice (or as much notice as is possible in the circumstances) and shall in such circumstances advise the Manager if a replacement or substitute index is available. The A50 China Tracker may be terminated if the Index licence agreement is terminated and the Manager is unable to identify or agree with any index provider terms for the use of a suitable replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Index in respect of A Shares and which meets the acceptability criteria under Rule 8.6(e) of the Code. Any such replacement index will be notified to Unitholders, subject to the prior approval of the SFC under the Code. Accordingly prospective investors should note that the ability of the A50 China Tracker to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

Compilation of the Index

No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by FTSE/Xinhua without notice.

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Each of FTSE/Xinhua, FTSE and Xinhua, their employees and the members of the FTSE/Xinhua Index Committee is not intending to offer or solicit to buy or sell any such securities through its involvement in the compilation of the Index or through activities performed by the FTSE/Xinhua Index Committee. FTSE/Xinhua has no responsibility as to the contents of this prospectus.

To the maximum extent permissible by law, none of FTSE/Xinhua, FTSE, Xinhua, their employees nor the members of the FTSE/Xinhua Index Committee shall be liable for any loss, damage, costs or expenses (including legal expenses), whether direct or indirect, special or consequential (including without limitation loss of profits, anticipated savings or wasted expenditure) incurred by the A50 China Tracker or arising directly or indirectly out of the interpretation and application of the Ground Rules, the operation or management of the Index or the operation and management of the FTSE Global Classification System.

Neither FTSE/Xinhua, FTSE, Xinhua, or the LSE or FT or their employees nor the members of the FTSE/Xinhua Index Committee, in operating, managing or giving advice in relation to the Index or otherwise:

- make any warranty, expressly or impliedly, as to the merchantability or fitness for a particular purpose of the Index, the FTSE Global Classification System, the Ground Rules of the Index or this prospectus; and

- are under any obligation to advise any person of any error or omission in the Index and shall not be liable (whether in negligence or otherwise) to any person for any error in the Index, the Ground Rules of the Index or the FTSE Global Classification System, nor

- give any assurance or warranty regarding the continued calculation or publication of the Index, the methodology used in the calculation of the Index, the FTSE Global Classification System or any changes to the constituents of the Index.

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Risk Factors Relating to the PRC

World Trade Organisation (the "WTO") increases competition for PRC companies

China's accession to the WTO occurred on 11 December 2001. As a member of the WTO, China is required to significantly reduce the trade barriers for imports that have historically existed and that currently exist in China, such as: reducing restrictions on trading for certain kinds of products on foreign companies; lifting prohibitions, quantitative restrictions or other measures maintained against imports over time and significantly reducing tariffs. Any present or future increase in foreign competition may have a material adverse effect on PRC companies and their business operations.

PRC economic, political and social conditions as well as government policies

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities of the A50 China Tracker. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the A50 China Tracker.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the A Shares in the Index.

PRC government control of currency conversion and future movements in exchange rates

Although the Index CAAPs are denominated in Hong Kong dollars, the distributions made under the Index CAAPs will reflect the dividends and distributions received by the QFII in Rmb and are converted at the prevailing foreign exchange rate (see "Distribution Policy" above).

Various PRC companies derive their revenues in Rmb but have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated debt; purchases of imported equipment and payment of any cash dividends declared in respect of e.g. H shares and N shares.

The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy and when the PRC government will allow free conversion of the Rmb to foreign currency.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to significant foreign exchange controls and require the approval of the

State Administration for Foreign Exchange. Since 1994, the conversion of Rmb into Hong Kong dollars and United States dollars has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. Although the Rmb to Hong Kong dollar exchange rate has been relatively stable since 1994, the Manager cannot predict nor give any assurance of its future stability. Fluctuations in exchange rates may adversely affect the A50 China Tracker's Net Asset Value and any declared dividends.

PRC laws and regulations

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Legal System of the PRC

The legal system of the PRC is based on written laws and regulations. Despite the PRC government's effort in improving the commercial laws and regulations, many of these laws and regulations are still at an experimental stage and the implementation of such laws and regulations remains unclear.

Potential Market Volatility

Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange in which A Shares are traded are undergoing development and the market capitalisation and trading volume are much lower than those in more developed financial markets. Market volatility may result in significant fluctuation in the prices of securities traded on such markets and thereby changes in the Net Asset Value of the A50 China Tracker.

Accounting and Reporting Standards

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

Taxation in the PRC

The PRC Government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies.

Termination of the A50 China Tracker

In addition to the termination circumstances applicable to the A50 China Tracker specified on page 27 of this prospectus (including (i) where the Net Asset Value of the A50 China Tracker at any time is less than the Hong Kong dollar equivalent of US$10 million, (ii) where the Index or any suitable replacement index is no longer available to the A50 China Tracker, (iii) where the Units in the A50 China Tracker are no longer listed on the SEHK, and (iv) where the Trust can no longer operate (for example due to the incapacity of the Manager and the Trustee being unable to find an acceptable replacement, if in the opinion of the Trustee it becomes illegal, impractical or inadvisable to continue the trust or if the Trustee retires and no new trustee has been appointed)), the Manager may also terminate the A50 China Tracker if:

(a) at any time, the A50 China Tracker ceases to have any Participating Dealer (for whatever reason, including termination by the Manager for example where the CAAP issuer which is a Connected Person of the Participating Dealer ceases to meet the eligibility criteria for continuing to issue CAAPs which may be held by the A50 China Tracker); or

(b) if, upon the expiry of any Index CAAP held by the A50 China Tracker, the issuer of the CAAPs is unwilling to extend the expiry date in respect of such Index CAAPs held by the A50 China Tracker.

Where (b) applies the A50 China Tracker may no longer be able to achieve its investment objective and, if the Manager determines that this is the case, the A50 China Tracker will be terminated (in effect the A50 China Tracker will sell or settle all the Index CAAPs). Unless the Manager and the Trustee agree that another method of holding, or replicating holding, A Shares constituting the Index is (1) possible, feasible as well as practicable, and (2) in the best interests of the Unitholders, the Units then in issue shall be compulsorily redeemed at Net Asset Value and the A50 China Tracker terminated. In such event, the Manager will notify the SFC in advance and agree with the SFC appropriate methods of notification of Unitholders prior to such redemption and termination in accordance with the Code.

Any notification to Unitholders where the A50 China Tracker is to be terminated shall be given upon not less than three months' notice prior to termination. Any such notice will also be published on the Manager's website www. iShares.com. hk.

Additional Conflicts of Interest

In addition to the possible conflicts of interest disclosed on page 27 of this prospectus, it should be noted that, each Participating Dealer is a Connected Person of the issuer of the relevant Index CAAPs, which will comprise substantially all of the Deposited Property of the A50 China Tracker. Accordingly a Connected Person of each the Participating Dealer will be a counterparty of the A50 China Tracker. Where the A50 China Tracker buys and sells the Index CAAPs, the person with whom it deals will be a Connected Person of the Participating Dealer. In addition, the QFIIs which will be Connected Persons of each Participating Dealer, may deal in A Shares to which the Index CAAPs are linked as agent on behalf of other clients and as principal from time to time. CAAPs linked to A Shares (which may, or may not, have similar terms to the Index CAAPs held by the A50 China Tracker) may also be issued, settled, bought or sold in transactions with other clients from time to time.

Each of the Manager, BCAL (a Participating Dealer) and Barclays (a CAAP issuer and QFII) is a Connected Person of the other. Although Manager, BCAL and Barclays are all members of the Barclays PLC group, the Manager operates independently of BCAL and Barclays in its capacity as manager of, and with regard to their dealings with, the A50 China Tracker. In the event of any conflict of interest arising, these will be managed in a commercially reasonable manner and each of the Manager, BCAL and Barclays will endeavour to ensure that such conflict is resolved fairly in the interest of the Unitholders.

Mr Joseph Ho, a director of the Manager, is a member of the FTSE/Xinhua Index Committee.

Fees Payable

Manager's Fee

The Manager is entitled to receive a management fee, currently at the rate of 0.99 per cent per annum of the Net Asset Value of the A50 China Tracker accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Registrar's Fee and Service Agent's Fee

Apart from the Application Cancellation Fee, Extension Fee, and Transaction Fee, the Manager will pay all other fees chargeable by the Trustee and the Registrar in connection with the A50 China Tracker, including the Registrar's fee and the Service Agent's fee.

CAAP Commission

The QFII charges a 0.5 per cent commission on each purchase and sale of each CAAP acquired for the account of the A50 China Tracker. The CAAP Commission is included in the purchase price per CAAP and the sale price per CAAP payable or receivable respectively by the A50 China Tracker and is accordingly an expense borne by the A50 China Tracker. When the A50 China Tracker buys an Index CAAP from the QFII, the relevant CAAP price payable by the A50 China Tracker will equal the US dollar equivalent of the Rmb price for the relevant A Share, plus the additional CAAP Commission of 0.5 per cent thereon converted from US dollars to Hong Kong dollars. When the A50 China Tracker sells an Index CAAP to the QFII, the relevant CAAP price receivable by the A50 China Tracker will equal the US dollar equivalent of the Rmb price for the relevant A Share, less the CAAP Commission of 0.5 per cent thereof, converted from US dollars to Hong Kong dollars.

In addition to the CAAP Commission, the QFII shall also be entitled to deduct a CAAP maintenance charge, payable at the end of each quarter pro rated for the period's number of actual days, out of distributions payable by the QFII under the Index CAAPs, equal to 0.3 per cent per annum of the average net asset value (at the close of business) of the Index CAAPs held by the A50 China Tracker during the previous 12 months. Please see Appendix IV for a worked example of the CAAP Commission and the method of valuation of the CAAPs.

General Expenses

The costs of establishing the A50 China Tracker, the costs of preparation of this prospectus and the costs of seeking and obtaining SFC authorisation as well as the SEHK listing and all initial legal and printing costs in respect of the A50 China Tracker are not anticipated to exceed HK$750,000 (and any amount in excess of this amount shall be borne by the Manager). The costs of calculating and publishing a RUPV, if any, may be borne by the A50 China Tracker. At present, however, it is not intended to publish RUPV in respect of the A50 China Tracker.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the A50 China Tracker are summarised as follows:

Creation of Units:	
Transaction Fee	See Note 1
Registrar Transaction Fee	HK$30,000[2] per annum
Service Agent Fee	HK$60,000[2] per annum
Daylight settlement	HK$10,000[3] per Application
Application Cancellation Fee	HK$10,000[3] per Application
Extension Fee	HK$10,000[3] per Application
Partial delivery request fee	HK$10,000[3] per Application
Stamp duty	Nil
Transaction levy and trading fee	Nil

Redemption of Units:	
Transaction Fee	See Note 1
Registrar Transaction Fee	HK$30,000[2] per annum
Service Agent Fee	HK$60,000[2] per annum
Application Cancellation Fee	HK$10,000[3] per Application
Extension Fee	HK$10,000[3] per Application
Ad valorem stamp duty	Nil

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the A50 China Tracker on the SEHK summarised as follows:

Brokerage	Market rates
Transaction levy	0.005%[4]
Trading fee	0.005%[5]
Stamp duty	0.2%[6]
Investor compensation levy	0.002%[7]

The information presented in Appendices I to IV has been extracted from publicly available documents that have not been prepared or independently verified by the Manager, the Trustee or the Listing Agent or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of such Appendices.

1 A Transaction Fee is payable by the Participating Dealer to the Manager for the benefit of the Registrar and the Service Agent. The Registrar and the Service Agent will charge a fee for each Application which will be met out of the Transaction Fee. The Registrar and the Service Agent's fees will be a fixed fee of HK$15,000 per Application and HK$1,000 per Application, respectively.

2 Payable to the Registrar and the Service Agent by the Manager.

3 Such fee is payable by the Participating Dealer on each occasion that the Manager grants the Participating Dealer's request for daylight real time settlement, partial delivery, cancellation or extended settlement in respect of such Application. The daylight settlement fee is payable when the Participating Dealer fails to complete a creation by the Settlement Date and so opts to use daylight settlement available at Euroclear to settle trades on the same day.

4 Transaction levy of 0.005% of the price of the Units, payable by the buyer and the seller.

5 Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.

6 Stamp duty of 0.2% of the price of the Units, one half is payable by the buyer and the other half payable by seller. Approval has been given by Financial Services and the Treasury Bureau on 18 November 2004 for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in A50 China Tracker.

7 Investor compensation levy of 0.002% of the price of the Units, payable by the buyer and the seller.

Appendix I – The Index

As at 8 September 2005, the 10 largest constituent stocks of the Index (all 50 of such constituents which are listed below in order of market capitalization), represented 51.55 per cent. of the total market capitalisation, based on total shares in issue, of the Index.

Rank	SEDOL	Constituent Name	Mkt. Cap. after investibility weight (Rmb)	% of Index
1.	6711630	China Yangtze Power (A)	25,247,898,758	8.67%
2.	6307954	Baoshan Iron & Steel (A)	23,168,376,000	7.95%
3.	6518723	China Merchants Bank (A)	21,171,153,416	7.26%
4.	6547998	China United Telecommunications (A)	17,042,063,184	5.85%
5.	6373728	China Petroleum & Chemical (A)	14,893,375,563	5.11%
6.	6104780	Shanghai International Airport (A)	12,810,416,784	4.40%
7.	6803708	China Vanke (A)	10,965,424,050	3.77%
8.	6802006	Shenzhen Development Bank (A)	9,223,196,280	3.17%
9.	6073062	ZTE (A)	8,423,944,704	2.89%
10.	6310747	China Minsheng Banking (A)	7,243,355,893	2.48%
11.	6191340	China International Marine Containers (A)	7,202,520,486	2.47%
12.	6414832	Kweichow Moutai (A)	7,082,747,100	2.43%
13.	6182043	Shanghai Pudong Development Bank (A)	6,686,820,000	2.30%
14.	6267638	Shanghai Port Container (A)	6,625,756,800	2.27%
15.	6109901	Yibin Wuliangye (A)	6,426,029,376	2.21%
16.	6165011	Wuhan Iron and Steel (A)	5,768,768,000	1.98%
17.	6683438	Hua Xia Bank (A)	5,418,000,000	1.86%
18.	6086974	Shanghai Automotive (A)	5,110,557,972	1.75%
19.	6107284	GD Power Development (A)	4,723,029,492	1.62%
20.	6110271	Sinopec Yangzi Petrochemical (A)	4,650,680,000	1.60%
21.	6817958	Shenergy (A)	4,599,270,720	1.58%
22.	6015569	Shenzhen Yantian Port Holding (A)	4,381,155,000	1.50%
23.	6314932	Yantai Wanhua Polyurethane (A)	4,066,682,880	1.39%
24.	6087331	Angang New Steel (A)	3,763,058,072	1.29%
25.	6780403	Shenzhen Energy Investment (A)	3,602,674,421	1.24%
26.	6664972	China Southern Airlines (A)	3,596,800,000	1.23%
27.	6422136	Huaneng Power International (A)	3,510,000,000	1.21%
28.	6377098	Beijing Capital (A)	3,498,000,000	1.20%
29.	6281519	Shanxi Xishan Coal and Electricity Power (A)	3,490,560,000	1.19%
30.	6517021	Shandong Infrastructure (A)	3,229,248,000	1.11%
31.	6817129	Shanghai Oriental Pearl (A)	3,172,914,536	1.09%
32.	6344627	China Shipping Development (A)	3,138,380,000	1.08%
33.	6817367	Shanghai RAW Water Supply (A)	3,097,945,380	1.06%
34.	6313854	Shanghai Zhenhua Port Machinery (A)	2,873,511,024	0.99%
35.	6802794	Sinopec Shanghai Petrochemical (A)	2,753,985,000	0.95%
36.	6106418	Qilu Petrochemical (A)	2,733,900,000	0.94%
37.	6579355	Citic Securities (A)	2,486,463,000	0.85%

Rank	SEDOL	Constituent Name	Mkt. Cap. after investibility weight (Rmb)	% of Index
38.	6579366	Anhui Expressway (A)	2,388,314,400	0.82%
39.	6388551	Guangdong Electric Power DEV (A)	2,169,541,632	0.74%
40.	6119289	Yanzhou Coal Mining (A)	1,971,360,000	0.68%
41.	6193948	Chongqing Changan Automobile (A)	1,970,593,537	0.67%
42.	6709828	Shanghai Electric Power (A)	1,885,587,030	0.65%
43.	6550930	Maanshan Iron & Steel (A)	1,847,863,381	0.63%
44.	6441595	Anhui Conch Cement (A)	1,781,491,680	0.61%
45.	6902854	Tsingtao Brewing (A)	1,743,910,500	0.60%
46.	6803463	Shenzhen Chiwan Wharf Holdings (A)	1,734,888,496	0.60%
47.	6012816	Guangzhou Development Industry Holdings (A)	1,733,846,400	0.59%
48.	6242390	Beijing Shougang (A)	1,626,240,000	0.56%
49.	6434551	Jiangxi Copper (A)	1,594,994,460	0.55%
50.	6085261	China Eastern Airlines (A)	917,400,000	0.31%

Source: The constituent list of the Index is updated and available for public viewing on FTSE's website at www.ftse.com

Investors should note that, in tracking the Index, the Manager may adopt a Representative Sampling Strategy in lieu of a Replication Strategy. A Representative Sampling Strategy may be more appropriate in view of the comparative illiquidity and possible settlement difficulties which may be experienced with certain A Shares comprised in the Index. This means that the A50 China Tracker may not hold all shares in all the constituent companies of the FTSE/Xinhua China A50 Index. However, the Manager may swap between the strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the A50 China Tracker by tracking the Index as closely as possible for the benefit of investors.

Appendix II – The FTSE/Xinhua China A Share Indices

The A50 China Tracker is not in any way sponsored, endorsed, sold or promoted by FTSE/Xinhua Index Limited ("FTSE/Xinhua"), FTSE International Limited ("FTSE") or Xinhua Financial Network Limited ("Xinhua") or by The Stock Exchange of Hong Kong Limited (the "SEHK") or by The Financial Times Limited ("FT") and neither FTSE/Xinhua, FTSE, Xinhua nor the Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE/Xinhua China A50 Index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by or on behalf of FTSE/Xinhua. However, neither FTSE/Xinhua or FTSE or Xinhua or the SEHK or FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE/Xinhua, FTSE, Xinhua or the SEHK or FT shall be under any obligation to advise any person of any error therein.

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General

The FTSE Xinhua Index Series (the "Series") is designed to represent the performance of the mainland Chinese market that is available to A Share investors. The Series comprises a number of A Share indices including the Index. References to index names in the Series are to the simplified names effective from 29 October 2004.

The Series is calculated and published in Rmb for real time calculation and Rmb, US dollars and Hong Kong dollars for end of day. The Index and FTSE Xinhua 200 Index is published every 15 seconds. The remaining FTSE/Xinhua indices are published every minute. Total return indices are published at the end of each working day. The total return indices are based on ex dividend adjustments. The description set out below in respect of the Series applies to the Index.

The Index opens at 9.30 am and closes at 3.00 pm each day on which the Shanghai Stock Exchange and the Shenzhen Stock Exchange are open.

Ground Rules

FTSE/Xinhua is responsible for the operation of the Series. FTSE/Xinhua will maintain records of the market capitalisation of all constituents and reserve companies, and will make changes to the constituents and their weightings in accordance with specified rules (the "Ground Rules"). The Ground Rules and news concerning the Index may be viewed on FTSE's website at www.ftse.com.

FTSE/Xinhua will carry out a quarterly review of the Index. Changes to constituent weightings are made by FTSE/Xinhua in accordance with the Ground Rules. FTSE/Xinhua will inform the FTSE/Xinhua Index Committee of all changes to constituent weightings as soon as possible after the new weightings have been determined. FTSE/Xinhua is responsible for publicising changes to constituent weightings. FTSE/Xinhua is also responsible for monitoring the performance of the Series throughout the day and will determine whether the status of each index should be 'firm', 'indicative', 'held' or 'part'. It will inform the FTSE/Xinhua Index Committee of all occasions when an index is not firm in the Official Index Period and will inform the FTSE/Xinhua Index Committee of the reasons for all such occasions at the next regular meeting.

For the purposes of the above: "firm" means the index uses the trade prices from the relevant stock exchange for all constituents during the hours the index is open; "indicative" means that there is a system problem or a situation in the market judged to be affecting the quality of the constituent prices (the message "IND" will be displayed against the index value); "held" means, during a firm period, an index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem (the message "HELD" will be displayed against the index value); and "part" means the index is being calculated during the normal index open hours but there are less than seventy five per cent of the constituents by capitalisation available with firm prices (the message "PART" will be displayed against the index to indicate only a portion of the prices are included. With the exception of this message, the index will continue to be displayed and calculated as if it were firm).

Eligible Securities

All A Share classes of equity in issue are eligible for inclusion in the Series subject to conforming with the Ground Rules as described below. The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to the following free float restrictions:

(A) Free float restrictions include:

(1) trade investments in an index constituent either by another constituent (i.e. cross-holdings) or non-constituent company or entity,

(2) significant long term holdings by founders, their families and/or directors,

(3) employee share schemes (if restricted),

(4) government holdings,

(5) portfolio investments subject to a lock in clause, for the duration of that clause.

(B) The following are not considered as restricted free float:

(1) portfolio investments,

(2) nominee holdings (including those supporting ADRs and GDRs), unless they represent restricted free float as defined in (A) above,

(3) holdings by investment companies.

(C) Free flat restrictions are calculated using available published information. The initial weighting of a constituent in the index will be applied in the following bands.

(1)	free float less than or equal to 15%	=	see (D) below
(2)	free float greater than 15% but less than or equal to 20%	=	20%
(3)	free float greater than 20% but less than or equal to 30%	=	30%
(4)	free float greater than 30% but less than or equal to 40%	=	40%
(5)	free float greater than 40% but less than or equal to 50%	=	50%
(6)	free float greater than 50% but less than or equal to 75%	=	75%
(7)	free float greater than 75%	=	100%

(D) However, a company that has a free float greater than 5 per cent or a company ranking in the top 5 by full market value that has a free float greater than 3 per cent, but less than or equal to 15 per cent will be eligible for the index providing its full market capitalisation is greater than US$2.5 billion or local currency equivalent, and it qualifies in all other respects. The actual free float will be rounded up to the next highest whole percentage number.

Treatment of Constituents

(1) Constituent companies that have free float greater than or equal to 5 per cent but less than or equal to 15 per cent will be deleted from the Index if their full market capitalisation is less than US$1.5 billion or local currency equivalent at the time of the review.

(2) Constituent companies that have a free float greater than or equal to 3 per cent, but less than 5 per cent will be deleted from the Index if they are ranked below 10th place by full market value, or their full market capitalisation is less than US$ 1.5 billion or local currency equivalent at the time of the review.

(3) Constituent companies that have a free float less than 3% will be deleted from the index.

Treatment of Non-constituents

(4) At the time of the review, a non-constituent company that has a free float greater than or equal to 5 per cent will be eligible for inclusion in the index providing its full market capitalisation is greater than US$2.5 billion or local currency equivalent, and it qualifies in all other respects.

(5) A non-constituent company that has a free float greater than or equal to 3 per cent, but less than 5 per cent with a full marked capitalisation greater than US$2.5 billion or local currency equivalent will be eligible for inclusion in the index if it ranks in the top 5 by full market capitalisation.

(E) The Series is periodically reviewed for changes in free float. These reviews will coincide with the quarterly reviews for the Index.

(F) A constituent's free float will also be reviewed and adjusted if necessary following a corporate event. If the corporate event includes a corporate action which affects the index, any change in free float will be implemented at the same time as the corporate action. If there is no corporate action, the change in free float will be applied as soon as practicable after the corporate event.

(G) Following the application of an initial free float restriction, a constituent's free float will only be changed if its actual free float moves to more than 5 percentage points above the minimum or 5 percentage points below the maximum of an adjacent new band. This 5 percentage points threshold does not apply if the change is greater than one band; therefore a movement of 10 percentage points for the banks between 20 per cent and 50 per cent and 25 percentage points for the bands between 50 per cent and 100 per cent or to the 15 per cent limit in (C)(1) and (C)(2) above will not be subject to the 5 percentage point threshold.

Where a company's shares are issued partly, or nil, paid and the call dates are already determined and known, the market price will, for the purposes of calculating its market capitalisation, be adjusted so as to include all such calls (i.e. the fully paid price).

Liquidity criteria

Securities must be sufficiently liquid to be traded. The following criteria are used to ensure that illiquid securities are excluded:

(A) *Price* – The FTSE/Xinhua Index Committee must be satisfied that an accurate and reliable price exists for the purposes of determining the market value of a company. The FTSE/Xinhua Index Committee may exclude a security from the Series if it considers that an 'accurate and reliable' price is not available. The Series uses the last trade prices from the relevant stock exchanges, when available.

(B) *Size* – All eligible companies will be included in the Series. The FTSE/Xinhua Index Committee will determine which companies are included on an annual basis at its meeting held in July. The largest eligible companies ranked by full market capitalisation, i.e. before the application of any investablility weightings, comprising 95 per cent of all companies will be included in the FTSE Xinhua A All-Share Index. The decision will take effect on the next trading day following the third Friday in July.

(C) *Liquidity* – Securities in the Series will be reviewed annually for liquidity. Securities which do not turnover at least 1.0 per cent of their shares in issue, after the application of any free float restrictions (see above), per month for ten of the twelve months prior to an annual July review by the FTSE/Xinhua Index Committee will not be eligible for inclusion in the Series. An existing constituent failing to trade at least 1.0 per cent of its shares in issue, after the application of any free float restrictions, per month for more than four of the twelve months prior to an annual July review will be removed after close of the index calculation on the next trading day following the third Friday in July (see Appendix B for details of trading volume sources and calculations). Any period when a share is suspended will be excluded from the above calculation. For indices which are reviewed quarterly, the liquidity is tested on annual basis.

(D) Securities becoming eligible for addition to the FTSE Xinhua A All-Share Index at the quarterly reviews in January, April, July and October, must turnover a minimum of 1 per cent of their shares in issue, after the application of any free float restrictions, per month in at least ten of each of the twelve months prior to the quarterly review.

(E) New issues, which do not qualify as early entrants to the Series on the basis of the size of a new issue (see below), will become eligible for inclusion at the next quarterly review of constituents providing they have, since the commencement of official non-conditional trading, a minimum trading record of at least 20 trading days prior to the date of the review and turnover of a minimum of 1.0 per cent of their shares in issue, after the application of any free float restrictions, per month in each month. At the subsequent annual review, newly listed companies added to the FTSE Xinhua A All-Share at a quarterly review or as Fast Entries will have their liquidity assessed on a pro-rata basis.

(F) The inclusion of "early entries", will not require a minimum trading record. Such early entries are included where the FTSE/Xinhua Committee views a new issue as so large (i.e. its full market capitalisation amounts to 0.5% or more of the FTSE Xinhua A All-Share Index, before the application of individual constituent investability weightings) that the effectiveness of the Index as a market indicator would be significantly and adversely affected by its omission.

(G) In assessing liquidity, data will be obtained from a constituent's primary exchange. If the constituent fails the liquidity screen on this basis, data may (at the discretion of the FTSE/Xinhua Index Committee) also be reviewed from other eligible markets and the trading volumes aggregated for this purpose.

(H) In exceptional market conditions, if trading volumes are very low, the FTSE/Xinhua Index Committee any reduce the percentage figure stated in (C) above in order to avoid a large number of constituents being removed from the FTSE Xinhua Index Series. This discretion may not be applied to individual securities. If the FTSE/Xinhua Index Committee intends to exercise this discretion, it must make a public statement to that effect at least two weeks prior to its annual review.

In addition to the eligibility screens as set in (A) to (H), there are potential stocks that are not suitable for trade under certain Chinese market situations. A sub-committee under the FTSE/Xinhua Index Committee has been set up to exclude these ineligible stocks from the Index. The Chairman and the Vice-chairman of the FTSE/Xinhua Index Committee assign the members of the sub-committee.

Review Dates

The quarterly review of the Index constituents takes place in January, April, July and October. The meeting to review the constituents will be held on the Tuesday after the first Friday of January, April, July and October using data from the close of the third Friday in December, March, June and September. Any constituent changes will be implemented on the next trading day following the third Friday of the same month of the review meeting. Details of the outcome of the review and the dates on which any changes are to be implemented, will be published as soon as possible after the FTSE/Xinhua Index Committee meeting has concluded.

Rules for Addition and Deletion at the Quarterly and Annual Review

The rules for inserting and deleting companies at the quarterly and annual reviews are designed to provide stability in the selection of constituents of the Series while ensuring that the Index continues to be representative of the market by including or excluding those companies which have risen or fallen significantly. A security will be inserted in the Index at the periodic review if it rises above 40 by market value. A security will be deleted from the Index at the periodic review if it falls to 61 or below ranked by market value.

A constant number of constituents will be maintained for the Index. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest ranking companies which are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.

Where a company is deleted after the FTSE/Xinhua Index Committee has met and approved periodic changes to the index but before the periodic changes have been implemented, the highest ranking company from the new reserve list, excluding current index constituents, will replace the deleted company.

Removal and Replacement

If a constituent ceases to be an eligible constituent of an index, is delisted, or ceases to have a firm quotation, or is subject to a takeover or has, in the opinion of the Chairman and Deputy Chairman of the FTSE/Xinhua Index Committee (or their nominated deputies), ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents and, in the case of the Index be replaced by the highest ranking company by full market capitalization eligible in the appropriate reserve list as at the close of the index calculation two days prior to the deletion.

The removal and replacement are effected simultaneously, before the start of the index calculation on the day following the day on which the event justifying removal was announced. Announcements made after the close of the index calculation are normally deemed to be made on the following business day. In the case of a takeover, the qualifying event is an announcement that the offer has been approved by any appropriate regulatory body, confirmation that at least 75 per cent acceptance levels have been received and that any new shares of the bidding company (if applicable) are listed. Constituents removed, but which continue to trade thereafter will be considered for re-inclusion to the index at the next review, subject to at least 6 months having passed between deletion and the implementation date of the changes arising from the review.

Mergers, Restructuring and Complex Takeovers

If the effect of a merger or takeover is that one constituent in the Index is absorbed by another constituent, the resulting company will remain a constituent of the appropriate index, and a vacancy will be created. This vacancy will be filled by selecting the highest ranking security in the appropriate reserve list as at the close of the index calculation two days prior to the deletion.

If a constituent company in the Index is taken over by a non-constituent company, the original constituent will be removed and replaced by the highest ranking non-constituent on the appropriate reserve list. Any eligible company resulting from the takeover will be eligible to become the replacement company if it is ranked higher than any company on the reserve list.

If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the appropriate indices based on their respective full market capitalisations i.e. before the application of any investability weightings and if they qualify in all other respects, e.g. an Index constituent split into two companies may result in one or both of these companies remaining in the Index.

New Issues

If, in the view of the FTSE/Xinhua Index Committee, a new issue is so large (i.e. its full market capitalisation amounts to 0.5 per cent or more of the full capitalisation of the FTSE Xinhua All-Share Index, before the application of individual constituent investability weightings) that the effectiveness of the index as a market indicator would be significantly and adversely affected by its omission, the FTSE/Xinhua Index Committee will normally decide to include the new issue as a constituent of the Index after the close of business on the first day of official trading. In all cases, advance notification confirming the timing of the inclusion of the new constituent will be given accordingly. The security which is the lowest ranking constituent of the indices in Index will be selected for removal and related indices adjusted in accordance with the Ground Rules.

New issues of companies which do not qualify for early entry but which meet the criteria for eligible securities will be eligible for inclusion in the next quarterly review if large enough to become constituents of the Index.

For these purpose, a company which is relisted following suspension or is reorganised or renamed or which arises from a demerger or complex reorganisation of another company which is not an existing constituent, shall not be considered to be a new issue. However, an IPO which arises from a demerger shall be considered as a new issue. A China "B" share company that for the first time issues A Shares onto the Shanghai or Shenzhen Stock Exchange will, for the Series, be considered a new issue and will be eligible for entry into the Series. If the FTSE/Xinhua Index Committee decides to include a new issue as a constituent security other than as part of the normal periodic review procedure, this decision must be publicly announced at the earliest practicable time.

Suspension of Dealing

Where a suspension of a constituent of the Index lasts beyond noon on the second trading day, the FTSE/Xinhua Index Committee will convene (if possible, after market hours on the second day) to consider whether the constituent should be removed. When a stock has been suspended for ten consecutive trading days (and the FTSE/Xinhua Index Committee has not exercised an earlier discretion to remove it), it will normally be deleted from the Index on the eleventh trading day. When a stock is removed following suspension of its quotation, the stock will be removed at its suspension price unless otherwise decided by the FTSE/Xinhua Index Committee.

Relisting of Suspended Constituents

Where a suspended constituent which has been removed from the indices is subsequently relisted, the following rules shall apply:

(1) securities which were removed from the Index, which on relisting are larger than the smallest constituent of the Index when suspended, shall be re-instated in the Index at the price at which they were removed and the lowest ranking constituent by full market capitalization of the Index will be selected for removal and related indices adjusted in accordance with the Ground Rules. The addition and deletion of stocks occur simultaneously, such that there are always 50 constituent companies of the Index;

(2) securities which on relisting are smaller than the smallest constituent of the index from which they were removed when suspended shall then be re-instated in the same index at the price at which they were removed after the close of the index calculation on the trading day prior to relisting. After the close of the index calculation on the first day of trading following relisting, the security shall be deleted from the index from which it was originally removed and included in the index of which it then qualifies to be a constituent. Consequently the Index may have 51 constituents for one day only.

Changes to Constituent Weighting

For the purposes of computing the Series and to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1 per cent on a cumulative basis. If a corporate action is applied to a constituent of the index which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action. Changes of shares in issue not arising from corporate actions, amounting to less than 10 per cent of the number of shares in issue but more than 1 per cent will be made quarterly after the close of business on the third Friday of March, June, September and December. If accumulated changes in the number of shares in issue add up to 10 per cent or more, they are implemented between quarters. A minimum of 4 days' notice will be given to users of the index. All adjustments are made before the start of the index calculations on the day concerned, unless market conditions prevent this.

Appendix III – QFII

Introduction

Each Participating Dealer is a Connected Person of a QFII. The QFII Measures were introduced on 1 December 2002. The QFII Measures allow certain large approved non-PRC financial institutions to invest directly in certain domestic PRC securities issues. In particular the QFII Measures (and related regulations) permit direct investment by QFII's in:

- A Shares;
- PRC listed treasury, convertible and corporate bonds (subject to temporary restrictions discussed below); and
- other financial products approved by the CSRC, which includes both closed-end and open-ended securities investment funds, additional share issues, rights issues and initial public offerings.

These permitted investments are, however, restricted in a number of ways. The restrictions include:

- a 10 per cent limit on a QFII's holding of the issued shares in any single listed company;
- a 20 per cent limit on the aggregate holdings by all QFIIs of the issued shares in any single listed company;
- a prohibition on investment in sectors in which foreign investment is not presently allowed; and
- no waiver of existing foreign holding limits – so that QFII investments may not exceed existing foreign investment limits.

Both the Shanghai and Shenzhen Implementing Rules specify rules for monitoring the 10 per cent limit and the 20 per cent aggregate limit. Any QFII exceeding these limits will have five trading days in which to reduce its holding. In the case of the aggregate limit, the most recent purchaser must reduce its holding within five trading days. There are no corresponding limits on investments in closed-end and open-ended securities investment funds.

Eligibility

QFII applicants must maintain prudent financial systems, a good reputation and risk management and internal control procedures and must not have been subject to any substantial penalties by its home regulator in the preceding 3 years prior to the application. The home country regulator of QFII applicants must also have entered into a memorandum of co-operation with the CSRC. There are 21 such countries, including the United States, Hong Kong, Japan, England, Netherlands, Germany, France, Australia and Canada. In addition, QFII applicants must satisfy certain assets (securities) under management ("AUM") tests, which include requirements on operating history and share capital. The AUM and track record tests for QFII applicants depend on the nature of the applicant. The tests are as follows:

- fund managers: AUM of no less than US$10 billion in the most recent financial year and a minimum five-year operating history (there is no requirement as to paid-up share capital);
- insurance companies: AUM of no less than US$10 billion in the most recent financial year, a minimum thirty-year operating history and a paid up share capital of at least US$1 billion;
- securities companies: AUM of no less than US$10 billion in the most recent financial year, a minimum thirty-year operating history and a paid up share capital of at least US$1 billion;
- commercial banks: to be ranked within the world's top 100 in terms of total assets and have AUM of no less than US$10 billion in the most recent financial year.

In addition, the CSRC Statement allows foreign trust institutions and foreign government-owned investment institutions to apply for QFII status. Both foreign trust institutions and foreign government-owned investment institutions must have at least US$10 billion AUM. Group AUM may be used to satisfy the AUM requirements if the QFII application is made in the name of the group. If, on the other hand, an application is lodged in the name of a particular subsidiary then the QFII applicant itself must satisfy the AUM requirements.

QFII licences

Separate applications for QFII status must be made to both the CSRC and SAFE. Both applications must be made through a licensed custodian bank. Any non-Chinese language document in an application to the CSRC for a QFII licence must be accompanied by a Chinese translation or extract. Upon receipt of an application, the CSRC has fifteen days to determine whether or not to grant a QFII licence. After receipt of its QFII licence, the QFII must apply to SAFE for an investment quota (see below). SAFE will determine whether or not to approve the investment quota within fifteen days of its receipt of the application. If the application is approved, a foreign exchange registration certificate will be issued. Failure to apply to SAFE within one year of the grant of the QFII licence will cause the QFII licence to lapse.

SAFE will inspect QFII licences in April each year. The SAFE inspection will focus on the QFII special Rmb account, inward and outward remittances and compliance with foreign exchange regulations. A QFII's licence must be submitted for inspection through its custodian. The custodian is also obliged to send an annual financial report on the QFII's investment activities. A QFII that fails to pass the annual inspection will have its QFII licence cancelled and will be required to exit the Chinese securities market.

Investment quotas

The QFII Forex Provisions stipulate that the minimum investment quota is US$50 million. The maximum investment quota is US$800 million. SAFE may adjust the investment quota minimum and maximum according to the needs of the capital market and China's foreign exchange balance. The amount approved as the investment quota is the amount to be paid in as the investment principal. The investment principal may be paid in any convertible currency approved by the SAFE, though it must be calculated in US dollars. A QFII is allowed to transfer its investment quota to other QFIIs, subject to prior SAFE approval. An application to transfer must include an application letter, the transfer contract and the foreign exchange registration certificate. SAFE will determine whether or not to grant approval within fifteen days of receiving an application.

Custodian banks

Each QFII must appoint a licensed custodian bank to act in respect of its holdings. Only one custodian may be appointed per QFII. A custodian bank must be approved by each of the CSRC, the China Banking Regulatory Commission ("CBRC") of the PRC and SAFE. Branches of foreign commercial banks in China, having more than a three-year operating history in the China, may also apply to be licensed custodians. A custodian bank is responsible not only for the custody of QFII assets but also has reporting obligations to the CSRC, CBRC and SAFE. In order to qualify as a QFII custodian, a bank must have:

- a specific fund custody department;
- paid-up capital of no less than Rmb 8 billion;
- sufficient personnel who are familiar with the custodial business;
- the ability to properly manage the QFII funds;
- the ability to conduct foreign exchange and Rmb business; and
- no material breach of foreign exchange regulations during the most recent three years.

In addition, a domestic branch of a foreign-invested bank in China must have more than three years of continual operation in order to qualify as a QFII custodian. The paid-up capital of a domestic branch of a foreign-invested bank in China may be based on the paid-up capital of its overseas parent. The custodian bank, on behalf of each of its QFII customers, is responsible for opening a securities account and a securities settlement account with the China Securities Registration and Clearing Company. The custodian bank must also open a special Rmb account for each of its QFII customers.

Disclosure obligations

The CSRC has stated that QFII are subject to the same disclosure obligations as other market participants in respect of changes in shareholding. These disclosure rules apply to changes in the ownership or control of listed company shares. Under the rules a QFII is required to lodge reports with the relevant stock exchange and the CSRC when its shareholding changes by an amount of 5 per cent of the issued shares of a listed company. A public announcement must also be made. Thus a QFII will be required to lodge a report and make a public announcement each time its shareholding in a listed company reaches either 5 per cent or 10 per cent of the issued shares of the listed company. As noted above, the maximum permissible shareholding of a QFII is 10 per cent of the issued shares of any listed company. A public announcement must be made in respect of changes of at least 1 per cent resulting from stock exchange trading.

Foreign exchange

Under the QFII Measures, the investment principal must be paid into the QFII's custodian account within three months of the issuance of the QFII licence. If the total investment principal is not paid in within three months of the issuance of the foreign exchange registration certificate, the initial approval lapses with respect to the amount of the shortfall. Some variation of the payment schedule is permissible although the QFII Forex Provisions require an application to be made to SAFE.

A QFII must apply to SAFE five working days in advance in order to repatriate funds out of China. QFIIs (apart from Funds) need only wait one year to repatriate money. No such repatriation may exceed 20 per cent of the total QFII investment and the interval between repatriations may not be less than three months. In addition to the foregoing, the recipient of any repatriation (both for closed-end investment funds and other QFII) must be the overseas QFII itself. SAFE is able to adjust the time frames for repatriations in accordance with the needs of China's foreign exchange balance.

Appendix IV – The CAAPS

Introduction

Each Participating Dealer will deliver and will procure, through a Connected Person, the sale of Index CAAPs to the A50 China Tracker. Each Participating Dealer must be a Connected Person of a QFII. Each QFII may buy and sell A Shares of PRC companies listed on the Shenzhen Stock Exchange or Shanghai Stock Exchange pursuant to the QFII Measures. Issuance of the CAAPs provides non-QFIIs access to China's domestic A Share market. By purchasing, holding and selling Index CAAPs, the A50 China Tracker will therefore seek to achieve its investment objective of tracking the Index.

As at the date of this prospectus, the Manager has appointed Citigroup Global Markets Asia Limited ("CGMAL") and Barclays Capital Asia Limited ("BCAL") as Participating Dealers. Index CAAPs are either issued by Citigroup Global Markets Holdings, Inc. ("CGMHI") or Barclays Bank PLC ("Barclays"). In respect of Index CAAPs issued by CGMHI, the relevant QFII and calculation agent is Citigroup Global Markets Limited ("CGML"). Barclays itself is the relevant QFII and calculation agent in respect of Index CAAPs issued by Barclays.

Additional Participating Dealers may be appointed from time to time. In the event further Participating Dealers are appointed, such appointment will be conditional upon the relevant Participating Dealer issuing, or procuring the issuance by a Connected Person of, CAAPs the commercial terms of which are similar in all material respects to those described in this Appendix.

The following information is accordingly a description of the Index CAAPs issued by CGMHI ("CGMHI Index CAAPs") and the Index CAAPs issued by Barclays ("Barclays Index CAAPs"). Prospective investors should note that CAAPs issued by future Participating Dealers will be unlikely to be identical to those described below.

Legal Form of the Index CAAPs

The CGMHI Index CAAPs are low strike price US-style transferable call warrants linked to underlying shares which comprise the constituent stocks from time to time of the Index. The strike price of the CGMHI Index CAAPs is notional, being only US$0.00001. This means that settlement of the CGMHI Index CAAPs, although structured as warrants, does not require additional funding by the A50 China Tracker. The Barclays Index CAAPs are certificates linked to underlying A Shares which comprise the constituent stocks from time to time of the Index. Settlement of the Barclays Index CAAPs does not require additional notional payment by the A50 China Tracker as the Barclays Index CAAPs are structured as certificates. The settlement price of both the CGMHI Index CAAPs and Barclays Index CAAPs is broadly equivalent to the amount of the notional sale proceeds of the A Shares to which the relevant Index CAAP is linked subject to certain adjustments (see below). As such the price per CAAP linked to an A Share should reflect the price of that A Share and should correspond to price movements in the price of that A Share.

The CAAPs are denominated in US dollars, although the Index CAAPs settlement price will be converted automatically into Hong Kong dollars by the calculation agent for the assistance of the A50 China Tracker. All the Index CAAPs are transferable securities, listed on the Luxembourg Stock Exchange settled through Euroclear and Clearstream. CAAPs seek to provide the full economic benefits of the underlying A Shares in terms of price appreciation, corporate actions and dividends. As such the A50 China Tracker will have no actual ownership rights in respect of any A Shares by virtue of holding the CAAPs. In addition CAAPs do not carry any voting rights relating to the underlying A Shares (although the Manager does not believe that this is material to the operation of an ETF such as the A50 China Tracker). The terms and conditions of each CAAP are governed by English law.

The Index CAAPs can be cash settled at the A50 China Tracker's discretion. On cash settlement, the settlement price is calculated by reference to the arithmetic average of the Rmb actual gross sale prices of the underlying shares during the exercise/valuation day less fees (converted to US dollars at a specified rate). Although the terms of the CGMHI Index CAAPs provide for physical settlement (in addition to cash settlement), due to restrictions on non-QFII foreign ownership of A Shares, in practice the CGMHI Index CAAPs cannot be physically settled by the A50 China Tracker and so the A50 China Tracker is unlikely to own A Shares in the foreseeable future. The terms of the Barclays Index CAAPs provide for cash settlement only.

Buying and Selling CAAPs

The following is an illustration of how the A50 China Tracker may purchase Index CAAPs in respect of A Shares of a constituent member of the Index ("Listco"):

- The Manager places an order on behalf of the A50 China Tracker with the Participating Dealer to buy 1,000,000 Index CAAPs in respect of Listco
  - the Participating Dealer will procure the purchase of CAAPs, through its Connected Persons, the QFII and the CAAP issuer
  - the QFII, a Connected Person of the Participating Dealer, accordingly buys 1,000,000 A Shares in Listco at a price of Rmb10.56 each
  - the QFII buys 10,560,000 Rmb using the Rmb/US$ FX rate
  - the FX rate is determined by taking the official published "SAEC" rate (for example US$1:Rmb8.2768) plus a 0.05 per cent spread, which gives a rate of US$1:Rmb8.2727
- Execution including 0.5 per cent CAAP Commission:
  - the initial price per CAAP is US$1.2829 ([Rmb 10.56 / 8.2727] x [100.5] per cent)
  - the settlement amount payable by the A50 China Tracker is US$1,282,900 (US$1.2829 x 1,000,000)
- The CAAP issuer then issues 1,000,000 Listo linked Index CAAPs based on the execution of the underlying Listco A Shares
- The A50 China Tracker BUYS 1,000,000 Listco-linked Index CAAPs on T-date at a price of US$1.2829 per CAAP for settlement on T+2
- The Participating Dealer or a Connected Person converts the US dollar settlement amount payable by the A50 China Tracker into Hong Kong dollars at the prevailing HK$:US$ FX rate (say, HK$1:US$0.1287). Accordingly the A50 China Tracker pays the Participating Dealer in Hong Kong dollars the amount of HK$9,968,143 (US$1,282,900 / 0.1287)

The following is an illustration of how the A50 China Tracker may sell Index CAAPs:

- The Manager places an order on behalf of the A50 China Tracker to sell 1,000,000 Index CAAPs in respect of Listco
  - in certain circumstances, the Participation Dealer, through its Connected Person the QFII, exercises or sells the Index CAAPs on behalf of the A50 China Tracker
  - the CAAP issuer asks the QFII to sell the underlying A Shares
  - the QFII sells 1,000,000 A Shares at a price of Rmb10.56 each
  - the QFII sells 10,560,000 Rmb using the Rmb/US$ FX rate
  - the FX rate is determinated by taking the official published "SAEC" rate (for example US1$:Rmb8.2768) less a 0.05 per cent spread, which gives a rate of US$1:Rmb8.2809

- Execution including 0.5 per cent CAAP Commission:
  - the sale price per CAAP is US$1.2688 ([Rmb10.56 / 8.2809] x 99.5 per cent)
  - the settlement amount payable by the Participating Dealer is US$1,268,800 (US$1.2688 x 1,000,000)
- The A50 China Tracker SELLS 1,000,000 Listco-linked Index CAAPs on T-date at a price of US$1.2688 for settlement on T+2
- The Participating Dealer or a Connected Person converts the US dollar settlement amount payable to the A50 China Tracker into Hong Kong Dollars at the prevailing HK$:US$ FX rate (say, HK$1:US$0.1287). Accordingly the Participating Dealer pays the A50 China Tracker in Hong Kong dollars the amount of HK$9,858,586 (US$1,268,800 / 0.1287)

On settlement, the Participating Dealer will report execution to holder via e-mail. The Participating Dealer will also send confirmation for the transaction with its ISIN number to the A50 China Tracker. The A50 China Tracker and the Participating Dealer will enter settlement instructions in Euroclear/Clearstream. If both instructions match, the Index CAAPs are settled.

Summary of Index CAAPs' Terms and Conditions

CGMHI Index CAAPs

The following is a summary of the salient terms and conditions of the CGMHI Index CAAPs:

(A) Style and Type

The CGMHI Index CAAPs are low strike price American style call warrants linked to the ordinary class A Shares of companies listed on the Shenzhen Stock Exchange or Shanghai Stock Exchange issued under a warrant programme of Citigroup Global Markets Holdings Inc. (formerly Salomon Smith Barney Holdings Inc.). Each CGMHI Index CAAP is linked to one A Share. This enables the A50 China Tracker to buy and sell the CGMHI Index CAAPs as a substitute for the actual A Shares.

(B) Expiry

The expiration of each CGMHI Index CAAP is up to five years following issuance and each CAAP will expire at the same time as other CAAPs issued by CGMHI in that year. CAAPs issued by CGMHI during any year will have a common expiry date. For example all CGMHI Index CAAPs issued during 2004 (which may be in February, March and December 2004) will have an exercise period expiring on 17 January 2009. At the expiry date if the CGMHI Index CAAPs have not been exercised, such CGMHI Index CAAPs are automatically cash settled. As a result of the limited duration of the CAAPs it is possible that, should no further CGMHI Index CAAPs be issued, the A50 China Tracker may be terminated by the Manager as early as 2009.

(C) Currency

The issue price of each CGMHI Index CAAP is denominated in US dollars. The settlement currency of the CGMHI Index CAAPs is also US dollars, subject to conversion to Hong Kong dollars, as indicated above, by the Participating Dealer. The Manager does not believe that this will affect the interests of Unitholders in any material way as both the US dollar and Hong Kong dollar are freely convertible.

(D) Exercise Price

The exercise price for each CGMHI Index CAAP is US$0.00001. Accordingly, at any time during the exercise period up to and including at the expiry date, the holder of a CGMHI Index CAAP may settle the CGMHI Index CAAP in consideration of the payment by the CGMHI Index CAAP holder (i.e. the A50 China Tracker) of this amount per CAAP. It is not anticipated that the A50 China Tracker will chose to settle the CGMHI Index CAAPs during the course of its operations as it will generally buy and sell the CGMHI Index CAAPs from the Participating Dealer (or a Connected Person of the Participating Dealer). However, because of the nominal exercise price, the facility to settle the CGMHI Index CAAPs provides the CGMHI Index CAAPs held by A50 China Tracker with greater liquidity.

(E) Underlying A Shares per CGMHI Index CAAP

Each CGMHI Index CAAP represents one specified underlying A Share. The terms of the CGMHI Index CAAPs do not require that the CGMHI obtains or procures the purchase of the underlying A Share to which the CGMHI Index CAAP is linked. As a result neither the A50 China Tracker nor any Unitholder will have any legal, beneficial or equitable interest in the A Shares represented by the CGMHI Index CAAPs.

(F) Settlement Price

The settlement price (being the amount in cash payable by the CGMHI to the A50 China Tracker upon exercise of the CGMHI Index CAAP or at the expiration of the CGMHI Index CAAP) will be the amount calculated by the calculation agent in accordance with the formula:

$$A \quad X \quad \frac{C}{B}$$

Where:

"A" means 99.5 per cent;

"B" means the relevant Rmb:US$ exchange rate; and

"C" means the average price per A Share arising from a notional or the actual sale by the QFII/calculation agent of the A Shares at such times on the exercise day (or where, not a trading day, the next trading day) as determined by the QFII/calculation agent in its commercially reasonable judgment.

As a result of the above formula, the value of a CGMHI Index CAAP when sold or settled will be slightly less than the price of the relevant A Share, and the cost of a CGMHI Index CAAP when bought or issued will be slightly higher than the price of the relevant A Share. These differences reflect the administrative, brokerage, custody and other costs incurred by the issuer of the CGMHI Index CAAP and its group. Were the A50 China Tracker able to invest directly in A Shares, such costs, ultimately borne by Unitholders, may be less.

(G) Valuation Period

The average price per A Share used to calculate the settlement price of the relevant CGMHI Index CAAP is determined during the valuation period which is usually the exercise day of the CGMHI Index CAAP (or the expiry date of the CGMHI Index CAAP, as appropriate). Where, because of a "market disruption event", the A Shares cannot (or could not) be sold on the relevant exercise day, the valuation period ends on the business day on which the QFII/calculation agent does or would have completed the sale of the required number of underlying A Shares as soon thereafter as determined by the QFII/calculation agent in its commercially reasonable judgment. The valuation period allows the calculation agent to determine a price for the CGMHI Index CAAP which reflects the prices which the QFII would (or does) receive on a disposal of the relevant A Shares.

For these purposes a "market disruption event" means the occurrence or existence on a trading day (on the Shanghai Stock Exchange or the Shenzhen Stock Exchange) during the one half hour period that ends at the relevant valuation time, of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) on either exchange if the calculation agent determines, in such case, that the suspension or limitation is material. The calculation agent is required to notify the A50 China Tracker as soon as a market disruption event has occurred.

(H) Foreign Exchange Conversion

For the purpose of determining the settlement price in respect of a CGMHI Index CAAP, the applicable exchange rate of conversion will be the sum of (i) the Rmb/US$ exchange rate quoted on Reuters page "SAEC" at the closing time of the Shanghai Stock Exchange or Shenzhen Stock Exchange, as appropriate, on the final business day of the relevant valuation period, plus (ii) a 0.05 per cent spread. The 0.05 per cent spread is in effect a cost borne by the A50 China Tracker.

(I) Dividends

Under the terms of the CGMHI Index CAAPs, the CGMHI Index CAAP issuer will pay an amount equal to any cash dividend paid on the underlying A Shares to which the CGMHI Index CAAP is linked, less an "Applicable Amount" being determined by CGMHI and equal to 10 per cent of a dividend or, less such percentage determined by CGMHI, deemed necessary to take account of any tax, duty, withholding, deduction or other charge incurred by CGMHI or any affiliate or foreign investor, such as the A50 China Tracker) provided the ex-dividend date has occurred during the term of the CGMHI Index CAAPs, converted to US dollars at the foreign exchange conversion rate. Such amount will be paid to the A50 China Tracker five business days following the day a QFII would have received actual cash payment of the relevant dividend or such earlier date at the sole discretion of the calculation agent. In effect this means that any dividend declared by the issuer of the A Shares represented in the Index, will only be paid to the A50 China Tracker by CGMHI if its QFII actually receives that amount.

(J) Stock Dividends and Right Issues

In the event of a stock dividend or rights issue, a number (adjusted to reflect PRC withholding tax, as appropriate in respect of the A Shares) of additional CGMHI Index CAAPs will be distributed to the A50 China Tracker as CGMHI Index CAAP holder on the relevant ex-date. In the case of a rights issue, the equivalent of the underlying A Shares' subscription price will be payable. All such distributions and adjustments will be determined by the calculation agent. In this way the A50 China Tracker's entitlement to CGMHI Index CAAPs in such situations mimicks the entitlement of a person who holds the A Shares directly.

(K) Settlement

The CGMHI Index CAAPs may be settled for cash at the settlement price or, subject to PRC law and regulations, by delivery of the underlying A Shares. Because the A50 China Tracker is not (and is unlikely ever to be) a QFII, only cash settlement of the CGMHI Index CAAPs is possible. Accordingly unless PRC law changes in this respect, the A50 China Tracker will continue to track the Index through holding CGMHI Index CAAPs. However, if PRC law does change, the A50 China Tracker may settle all the CGMHI Index CAAPs for actual A Shares and become a directly invested exchange traded index fund. The permissibility of physical delivery of the A Shares is, however, subject to the discretion of the QFII/calculation agent. In respect of cash settlement, there is no minimum exercise number of CGMHI Index CAAPs linked to a particular issuer's A Shares. As a result, the A50 China Tracker should be able to rebalance as if it holds the A Shares themselves.

CGMHI Index CAAPs are settled at any time during the exercise period (from the date of issue to the expiry date) by the holder delivering an exercise notice in the prescribed form to the CGMHI or its specified agent. Consequently the A50 China Tracker can settle any CAAP during its exercise period at any time.

Cash settlement will occur two business days (in Hong Kong, Shanghai and London) after the end of the valuation period.

(L) Taxation

The aggregate of (i) all withholding taxes, capital gains taxes and other duties, levies and taxes whatsoever in effect which the calculation agent determines as would be payable by or on behalf of foreign institutional investor had such foreign institutional investor owned the underlying shares and sold such underlying shares on any day during the relevant valuation period; and (ii) all increases introduced in the rates of stamp duties in China, will be payable by the holder of the CGMHI Index CAAP. Consequently prospective investors should note that the A50 China Tracker bears the risk of any adverse change in taxation imposed on QFIIs or increases in PRC stamp duty with regard to A Shares, notwithstanding the fact that the A50 China Tracker will own CGMHI Index CAAPs and not A Shares. This may cause the Net Asset Value per Unit to fall materially below the price of the constituent A Shares represented by a Unit in the A50 China Tracker.

Barclays Index CAAPs

The following is a summary of the salient terms and conditions of the Barclays Index CAAPs:

(A) Type

The Barclays Index CAAPs are certificates issued by Barclays Bank PLC ("Barclays") linked to the ordinary class A Shares of companies contained in the Index and listed on the Shenzhen Stock Exchange or Shanghai Stock Exchange. They are issued under the certificate programme of Barclays Capital (Cayman) Limited and Barclays Bank PLC. Each Barclays Index CAAP is linked to one A Share. This enables the A50 China Tracker to buy and sell the Barclays Index CAAPs as a substitute for the actual A Shares.

(B) Redemption by Issuer

Each Barclays Index CAAP may be automatically redeemed five years following issuance and will redeem at the same time as other Barclays Index CAAPs issued by Barclays in that year. Barclays has the right to extend the term of the certificates and has agreed to use its best efforts to extend them for a further five years. On the redemption date, the Barclays Index CAAPs will be redeemed by Barclays by payment of the cash settlement amount as calculated on the valuation date or, in certain circumstances, during the valuation period. As a result of the limited duration of the Barclays Index CAAPs it is possible that, should no further Barclays Index CAAPs be issued, the A50 China Tracker may be terminated by the Manager as early as 2010. There is no option, however, for a holder of a Barclays Index CAAP to redeem its Barclays Index CAAP prior to the stated redemption date. However it is anticipated that the A50 China Tracker will buy and sell the Barclays Index CAAPs from the Participating Dealer (or a Connected Person of the Participating Dealer). However, in the event Barclays cannot continue to issue the Barclays Index CAAPs, to the extent these Barclays Index CAAPs are not redeemed, BCAL has agreed to purchase these provided normal market conditions exist at the same price (adjusted for fees and any CAAP Commission) as would be determined by the calculation agent if the CAAPs were being purchased by the issuer. Without limiting the generality of the foregoing, "normal market conditions" shall not include any of the following:

(i) the occurrence or existence of any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the relevant Exchange in relation to any A share or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in any A share and/or options or futures contracts on any of the A shares if that suspension or limitation is, in the determination of BCAL, material; or

(ii) any material technical problem which prevents BCAL from determining the relevant Barclays Index CAAP prices; or

(iii) such day is a Disrupted Day (as such term is defined in the Barclays Index CAAP conditions) in respect of the relevant A share.

(C) Currency

The issue price of each Barclays Index CAAP is payable in US dollars. The settlement currency of the Barclays Index CAAPs is also US dollars, subject to conversion to Hong Kong dollars, as indicated above, by the Participating Dealer. The Manager does not believe that this will affect the interests of Unitholders in any material way as both the US dollar and Hong Kong dollar are freely convertible.

(D) Underlying A Shares per Barclays Index CAAP

Each Barclays Index CAAP represents one specified underlying A Share. The terms of the Barclays Index CAAPs do not require that Barclays obtains or procures the purchase of the underlying A Share to which the Barclays Index CAAP is linked. As a result neither the A50 China Tracker nor any Unitholder will have any legal, beneficial or equitable interest in the A Shares represented by the Barclays Index CAAPs.

(E) Settlement Amount

The settlement amount (being the amount in cash payable by Barclays to the A50 China Tracker upon redemption of the Barclays Index CAAP) will be the amount in the settlement currency calculated by the calculation agent in accordance with the following formula:

$$(A \times C/B) - D$$

Where:

"A" means 100 per cent;

"B" means the relevant Rmb:US$ exchange rate on the relevant valuation date (as set out in paragraph (F) below);

"C" means the average price per A Share as determined by the calculation agent arising from a notional or the actual sale by Barclays and/or any of its affiliates of the A Shares at such times on the valuation date (as set out in paragraph (F) below) or, in certain circumstances during the valuation period (as set out in paragraph (F) below) as determined by the calculation agent in its commercially reasonable judgment ("settlement price"); and

"D" means such Barclays Index CAAPs pro rata share of expenses, if any, (as set out in paragraph (K) below).

(F) Valuation Date and Valuation Period

The average price per A Share used to calculate the settlement price of the relevant Barclays Index CAAP is determined in relation to such numbers of A Shares as may be sold and at such times as Barclays in its commercially reasonable judgement determines to be appropriate on the valuation date, which is approximately five years from the date the Barclays Index CAAP was issued (the "original valuation date") or, if Barclays gives notice to the holders, the date approximately ten years from the date the Barclays Index CAAP was issued or provided that Barclays and/or any of its affiliates shall have the discretion not to sell or, procure the sale, on the Shanghai Stock Exchange or Shenzhen Stock Exchange, as applicable, of all or any of the A Shares on the valuation date (if such day is a disrupted day or for any other reason as set out in the terms and conditions of the Barclays Index CAAPs) and those A Shares comprising the Barclays Index CAAPs not sold on the valuation date shall be sold on the Shanghai Stock Exchange or Shenzhen Stock Exchange, as applicable, as soon as practicable thereafter as Barclays and/or any of its affiliates determines in its commercially reasonable judgement to be appropriate and the prices at which such A Shares are sold shall be included in such calculation of the average price per A Share for the purposes of calculating the settlement price. The period of scheduled trading days from and including such valuation date to the trading day on which all the relevant A Shares have been sold shall be the "valuation period".

For these purposes "disrupted day" means any scheduled trading day on which the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as applicable, fails to open for trading during its regular trading session or on which a market disruption event occurs.

(G) Foreign Exchange Conversion

For the purpose of determining the cash settlement amount in respect of a Barclays Index CAAP, the applicable exchange rate will be the sum of (i) the Rmb/US$ exchange rate quoted on Reuters page "SAEC" at the closing time of the Shanghai Stock Exchange or Shenzhen Stock Exchange, as appropriate, on the final business day of the relevant valuation period plus (ii) a 0.05 per cent spread. The 0.05 per cent spread is a cost borne by the A50 China Tracker.

(H) Dividends

Under the terms of the Barclays Index CAAPs, Barclays will pay an amount equal to any cash dividend paid on the underlying A Shares to which the Barclays Index CAAP is linked, less such pro rata share of "expenses" (as set out in paragraph (K) below) provided the ex-dividend date has occurred during the term of the Barclays Index CAAPs, converted to US dollars at the foreign exchange conversion rate. Such amount will be paid to the A50 China Tracker five business days following the day a foreign investor in shares would have received actual cash payment of the relevant dividend. In effect this means that any dividend declared by the issuer of the A Shares represented in the Index, will only be paid to the A50 China Tracker by Barclays if it actually receives that amount as QFII.

(I) Stock Dividends and Right Issues

Subject as provided below, in the event of a stock dividend or rights issue, a number (adjusted to take into account expenses (as set out in paragraph (K) below) of additional Barclays Index CAAPs will be distributed to the A50 China Tracker as Barclays Index CAAP holder as soon as practicable following the date on which the relevant stock dividend or new shares, as applicable, should be received by a foreign investor. In the case of a rights issue, in order to receive the additional Barclays Index CAAP the equivalent of the underlying A Shares' subscription price will be payable. All such distributions and adjustments will be determined by the calculation agent. In this way the A50 China Tracker's entitlement to CAAPs in such situations mirrors the entitlement of a person who holds the A Shares directly.

In the event that the date due on which the relevant stock dividend or new shares would be received by a foreign investor falls less than four calendar months prior to the redemption date of the Barclays Index CAAPs, then in lieu of delivery of additional Barclays Index CAAPs Barclays shall pay to each holder of Barclays Index CAAPs a cash settlement amount, calculated by the calculation agent equal to the market value of those additional A Shares distributed in relation to such stock dividend or rights issue, determined by the calculation agent in its sole and absolute discretion less "expenses" (as set out in paragraph (K) below), such amount, if a "foreign exchange disruption event" has not occurred, to be converted into USD at the foreign exchange conversion rate.

(J) Settlement

The Barclays Index CAAPs will be redeemed on the redemption date by payment of the cash settlement amount by Barclays.

Cash settlement will occur two business days (in Hong Kong, Shanghai and London) after (i) the valuation date or, in certain circumstances (ii) the last scheduled trading day in the valuation period.

(K) Taxation and Expenses

A holder of Barclays Index CAAPs must pay all present, future of contingent capital gain, profit, transactional or business tax or other similar tax or duty (including stamp duty) and/or expenses (including any applicable depositary charges, transaction charges, issue, registration, transfer and/or other expenses) which the calculation agent determines (i) may be, or may have been (a) withheld by the Peoples Republic of China (or any political subdivision of taxing authority thereof or therein) ("China") or (b) payable in China by or on behalf of a foreign investor or its agent, in either case in respect of the A Shares or any rights, distributions or dividends appertaining to such A Shares had such investor or agent purchased, owned, held, realised, sold or otherwise disposed of A Shares in such number as it in its sole and absolute discretion determined to be appropriate as its hedge or related trading position in connection with the Barclays Index CAAPs (ii) may arise or may have arisen on redemption of the Barclays Index CAAPs or (iii) may arise or may have arisen in respect of any payments in respect of the Barclays Index CAAPs or delivery of further Barclays Index CAAPs resulting from any rights, distributions or dividends appertaining to the A Shares, in each case pursuant to the terms of the Barclays Index CAAPs. As of the date of this Prospectus, these expenses are estimated to be zero.

Consequently prospective investors should note that Barclays will deduct expenses (including, inter alia, taxes and/or expenses which the calculation agent determines may be or may have been payable in China by or on behalf of an investor or its agent in connection with A Shares purchased, owned, held, realised, sold or otherwise disposed of as a hedge or related trading position in connection with the Barclays Index CAAPs) from all amounts payable and/or Barclays Index CAAPs deliverable. Consequently prospective investors should note that the A50 China Tracker bears these tax risks notwithstanding the fact that the A50 China Tracker will own Barclays Index CAAPs and not A Shares. This may cause the Net Asset Value per Unit to fall below and in some cases materially below the price of the constituent A Shares represented by a Unit in the A50 China Tracker.