PAragon CSI RAFI 50 ETF* (Stock Code : 2818)

CSI RAFI 50

PAragon CSI RAFI 50 ETF*
(* This is a synthetic ETF)

Manager

中国平安资产管理(香港)
PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

Exchange Traded Fund

IMPORTANT:

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The directors of the Manager accept full responsibility for the accuracy of the information contained in the offering document as at the date of its publication and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement therein misleading as at the date of publication.

Authorization by the Securities and Futures Commission is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

If you are in doubt about the contents of this Announcement, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

PAragon CSI RAFI 50 ETF*
(*This is a synthetic ETF)

a sub-fund of the PAragon Trust
(a Hong Kong unit trust authorized under
section 104 of the Securities and Futures Ordinance
(Cap. 571 of the laws of the Hong Kong SAR))
(Stock Code: 2818)

Announcement on Change of Name, Stock Short Name and Reduction of Application Unit Size

The manager of the PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF) (the "**Sub-Fund**"), Ping An of China Asset Management (Hong Kong) Company Limited (the "**Manager**"), hereby announces the following changes to the PAragon Trust (the "**Trust**") and the Sub-Fund with effect from 12 October 2011:

Change of name of the Trust and the Sub-Fund

As part of the re-branding exercise of the Manager, the name of the Trust and the Sub-Fund shall be changed as follows:

1. The English name of the "PAragon Trust" shall be changed to "**Ping An of China Trust**", and the Chinese name of the "普盛基金" shall be changed to "**中國平安基金**".

2. The English name of "PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF)" shall be changed to "**Ping An of China CSI RAFI A-Share 50 ETF*** (*This is a synthetic ETF)" and the Chinese name of "普盛 CSI RAFI 50 ETF* (*此基金爲一項合成交易所買賣基金)" shall be changed to "**中國平安 CSI RAFI A 股 50 ETF*** (*此基金爲一項合成交易所買賣基金)".

The Trust Deed of the Trust has been amended to reflect the aforementioned changes.

Change of Stock Short Name

3. The stock short name of the Sub-Fund shall be changed from "X PARAGON CSR50" to "**X PING AN CRA50**" in English, and from "X 普盛 CSR50" to "**X 平安 CRA50**" in Chinese.

Reduction of Application Unit Size of the Sub-Fund

To facilitate primary creation and redemption of Units of the Sub-Fund, the Manager has decided to reduce the Application Unit size for the Sub-Fund.

4. The Application Unit size for creation or redemption of Units of the Sub-Fund through Participating Dealers shall be reduced to 500,000 units from 2,000,000 units.

The Manager hereby issues an Addendum to the Prospectus and Product Key Facts Statement of the Sub-Fund (the "**Addendum**"). The Addendum is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the "Products" page of the website of the Manager at http://asset.pingan.com.hk.

Investors who have any enquires regarding the above may contact the Paragon CSI RAFI 50 ETF* Hotline at (+852) 3762 9228 or visit us at http://asset.pingan.com.hk.

Ping An of China Asset Management (Hong Kong) Company Limited
12 September 2011

Terms not defined in this Announcement shall have the meanings as are given to such terms in the Prospectus.

IMPORTANT:

*This Addendum is supplemental to and forms part of the Prospectus (the "**Prospectus**") and Product Key Facts Statement (the "**KFS**") of the PAragon CSI RAFI 50 ETF*(*This is a synthetic ETF) dated 13 July 2011 and 24 May 2011 respectively (collectively referred as the "**Offering Document**"). Unless otherwise defined herein, words and expressions defined in the Prospectus shall have the same meaning when used in this Addendum.*

If you are in doubt about the contents of the Offering Document and this Addendum, you should consult your stockbroker, bank manager, solicitor or accountant or other financial adviser.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Addendum, 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 Addendum.

Authorization by the Securities and Futures Commission is not a recommendation or endorsement of the product nor does it guarantee the commercial merits of the product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

PAragon CSI RAFI 50 ETF*
(*This is a synthetic ETF)

a sub-fund of the PAragon Trust
(a Hong Kong unit trust authorized under
section 104 of the Securities and Futures Ordinance
(Cap. 571 of the laws of the Hong Kong SAR))
(Stock Code: 2818)

Addendum to the Prospectus and Product Key Facts Statement

The Prospectus and KFS of the PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF) (the "**Sub-Fund**") are hereby supplemented as follows with effect from 12 October 2011:

Re-naming of the umbrella trust and the Sub-Fund

1. The Trust shall be renamed from "PAragon Trust" in English and "普盛基金" in Chinese to "**Ping An of China Trust**" in English and "**中國平安基金**" in Chinese, and all references to "PAragon Trust" or "普盛基金" in the Offering Document shall be renamed accordingly.

2. The Sub-Fund shall be renamed from “PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF)” in English and “普盛 CSI RAFI 50 ETF* (*此基金爲一項合成交易所買賣基金)” in Chinese to “**Ping An of China CSI RAFI A-Share 50 ETF***(*This is a synthetic ETF)” in English and “**中國平安 CSI RAFI A股 50 ETF*** (*此基金爲一項合成交易所買賣基金)” in Chinese, and all references to “PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF)” or “普盛 CSI RAFI 50 ETF* (*此基金爲一項合成交易所買賣基金)” in the Offering Document shall be renamed accordingly.

Reduction in Application Unit Size

3. The Application Unit size for the Sub-Fund shall be reduced from a minimum of 2,000,000 Units (or multiples thereof) to 500,000 Units (or multiples thereof). Accordingly, the section on “Application Unit size for Creation/Redemption by Participating Dealers” under the “Key Information Table” in “Part 2 – Information relating to the CSI RAFI 50 ETF* (*This is a synthetic ETF)” is amended and restated as follows:

Application Unit size for Creation/Redemption by Participating Dealers	Minimum 500,000 Units (or multiples thereof)

The directors of the Manager accept full responsibility for the accuracy of the information contained in this Addendum as at the date of its publication.

The Offering Document may only be distributed if accompanied by this Addendum.

Ping An of China Asset Management (Hong Kong) Company Limited

12 September 2011

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The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and confirm, having made all reasonable enquiries, that to the best of its knowledge opinions expressed in this Announcement have been arrived at after due and careful consideration.

If you are in doubt about the contents of this Announcement, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

PAragon CSI RAFI 50 ETF*

(*This is a synthetic ETF)

Stock Code: 2818

Announcement on Change of Directors

Issued by

Ping An of China Asset Management (Hong Kong) Company Limited

(as the Manager)

The manager of the PAragon CSI RAFI 50 ETF* (the "**Manager**"), Ping An of China Asset Management (Hong Kong) Company Limited, announces a change in the composition of the board of directors of the Manager.

The Manager hereby issues an Addendum to the Prospectus of the PAragon CSI RAFI 50 ETF* (the "**Addendum**"). The Addendum is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the website of the Manager at http://asset.pingan.com.hk under "Products".

Investors who have any enquires regarding the above may contact the PAragon CSI RAFI 50 ETF* Hotline at (+852) 3762 9228 or visit us at http://asset.pingan.com.hk

Ping An of China Asset Management (Hong Kong) Company Limited

7 September 2011

IMPORTANT:

This Addendum is supplemental to and forms part of the Prospectus of the PAragon CSI RAFI 50 ETF dated 24 May 2011 (the "Prospectus"). Unless otherwise defined herein, words and expressions defined in the Prospectus shall have the same meaning when used in this Addendum.

If you are in doubt about the contents of the Prospectus and this Addendum, you should consult your stockbroker, bank manager, solicitor or accountant or other financial adviser.

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PAragon CSI RAFI 50 ETF*
(*This is a synthetic ETF)

Stock Code: 2818

Addendum to the Prospectus

The Prospectus is hereby supplemented as follows:

1. Under the section headed "PARTIES" on page 7 of the Prospectus, the directors of the Manager are amended and restated as follows:

   Directors of the Manager
   WANG Liping
   LO Sai Lai
   YAO Jun
   YAO Bo Jason
   CAI Fangfang
   MAK Wai Lam William
   CHAN Tak Yin
   RUDD Benjamin Jeremy Kenneth
   TUNG Hoi
   WAN Fang
   YU Wenjie

2. Under the sub-section headed "Directors of the Manager" on page 21 of the Prospectus:

   (a) the name "TORNBERG Martin" and the corresponding biographical details are deleted.

The directors of the Manager accept responsibility of the accuracy of the information contained in this Addendum as at the date of publication.

The Prospectus may only be distributed if accompanied by this Addendum.

Ping An of China Asset Management (Hong Kong) Company Limited
7 September 2011

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The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and confirm, having made all reasonable enquiries, that to the best of its knowledge opinions expressed in this Announcement have been arrived at after due and careful consideration.

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PAragon CSI RAFI 50 ETF*
(*This is a synthetic ETF)

Stock Code: 2818

Announcement on Change of Directors

Issued by
Ping An of China Asset Management (Hong Kong) Company Limited
(as the Manager)

The manager of the PAragon CSI RAFI 50 ETF* (the "**Manager**"), Ping An of China Asset Management (Hong Kong) Company Limited, announces a change in the composition of the board of directors of the Manager.

The Manager hereby issues an Addendum to the Prospectus of the PAragon CSI RAFI 50 ETF* (the "**Addendum**"). The Addendum is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the website of the Manager at http://asset.pingan.com.hk under "Products".

Investors who have any enquires regarding the above may contact the PAragon CSI RAFI 50 ETF* Hotline at (+852) 3762 9228 or visit us at http://asset.pingan.com.hk

Ping An of China Asset Management (Hong Kong) Company Limited

13 July 2011

IMPORTANT:

This Addendum is supplemental to and forms part of the Prospectus of the PAragon CSI RAFI 50 ETF dated 24 May 2011 (the "Prospectus"). Unless otherwise defined herein, words and expressions defined in the Prospectus shall have the same meaning when used in this Addendum.

If you are in doubt about the contents of the Prospectus and this Addendum, you should consult your stockbroker, bank manager, solicitor or accountant or other financial adviser.

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PAragon CSI RAFI 50 ETF*

(*This is a synthetic ETF)

Stock Code: 2818

Addendum to the Prospectus

The Prospectus is hereby supplemented as follows:

1. Under the section headed "PARTIES" on page 7 of the Prospectus, the directors of the Manager are amended and restated as follows:

   Directors of the Manager
   WANG Liping
   LO Sai Lai
   YAO Jun
   YAO Bo Jason
   CAI Fangfang
   MAK Wai Lam William
   CHAN Tak Yin
   RUDD Benjamin Jeremy Kenneth
   TUNG Hoi
   WAN Fang
   TORNBERG Martin
   YU Wenjie

2. Under the sub-section headed "Directors of the Manager" on page 21 of the Prospectus:

   (a) the name "YANG Xiaohua" and the corresponding biographical details are deleted.

   (b) the name "YU Wenjie" and the following biographical details are inserted:

"**YU Wenjie** Deputy General Manager of Ping An Asset Management Co., Ltd since May 2005. Ms. Yu joined the Ping An group in March 1993. From August 2003 to May 2005, Ms. Yu was Vice President of Ping An Asset Management Center and Head of Credit Evaluation Group of Ping An Investment Committee. Prior to that, she served as Deputy General Manager of Bond Investment Department of Ping An Asset Management Center from February 1998 to August 2002, and from June 1994 to February 1998 as Assistant General Manager of Asset Management Department of Ping An Securities Company. When she first joined, she was engaged in investment banking as project manager of Ping An Securities Company from March 1993 to June 1994. Ms. Yu has a Master's Degree from Zhejiang University."

The directors of the Manager accept responsibility of the accuracy of the information contained in this Addendum as at the date of publication.

The Prospectus may only be distributed if accompanied by this Addendum.

Ping An of China Asset Management (Hong Kong) Company Limited

13 July 2011

PRODUCT KEY FACTS

PAragon CSI RAFI 50 ETF*
(*This is a synthetic ETF)
May 2011

This is an exchange traded fund.
This statement provides you with key information about this product.
This statement is a part of the offering document and should be read in conjunction with the prospectus.
You should not invest in this product based on this statement alone.

Quick facts

Stock code:	**2818.HK**	**Trading board lot size:**	100 units
Fund Manager:	Ping An of China Asset Management (Hong Kong) Company Limited	**Underlying index:**	CSI RAFI 50 Index
		Dividend policy:	Annually (if any) subject to the Manager's discretion
Trustee:	HSBC Institutional Trust Services (Asia) Limited	**Financial year end of this fund:**	31 December
Total expense ratio:	1.91% p.a.#	**ETF website:**	"Products" page at http://asset.pingan.com.hk
Base currency:	Hong Kong Dollars		

What is this product?

The **PAragon CSI RAFI 50 ETF*** (*This is a synthetic ETF) (the "**CSI RAFI 50 ETF**") is a sub-fund of the PAragon Trust*, which is an umbrella unit trust established under Hong Kong law.

The units of the **CSI RAFI 50 ETF** are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The **CSI RAFI 50 ETF** is an index-tracking fund which seeks to track the performance of the CSI RAFI 50 Index (the "Underlying Index").

Strategy

The **CSI RAFI 50 ETF** may adopt either a "synthetic representative sampling" strategy or a "synthetic replication" strategy for the **CSI RAFI 50 ETF**. Investors should note that the **CSI RAFI 50 ETF** does not invest in A Shares directly.

A "synthetic representative sampling" strategy involves investing in financial derivative instruments (such as warrants, notes or participation certificates) (the "**Base Securities**"), linked to a representative sample of the securities of the Underlying Index, whereas a "synthetic replication" strategy involves investing in Base Securities linked to securities in substantially the same weightings as those securities comprised in the Underlying Index.

Under both strategies, the **CSI RAFI 50 ETF** will invest substantially all of the net proceeds of any issue of units of the **CSI RAFI 50 ETF** in Base Securities issued by Base Securities Issuers. The Manager may switch 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 **CSI RAFI 50 ETF**.

The total expense ratio does not represent the estimated tracking error and does not include any variable and extraordinary items borne by the **CSI RAFI 50 ETF** and not reflected in the value of the Base Securities. Please refer to the section headed "Total Expense Ratio" under the section headed "Fees and Charges" in the prospectus.

Objective and Investment Strategy (cont'd)

Under the terms of the Base Securities, Base Securities Issuers will provide the **CSI RAFI 50 ETF** with an exposure to the economic gain/loss in the performance of the A Shares comprised in the Underlying Index net of fees and charges (if applicable).

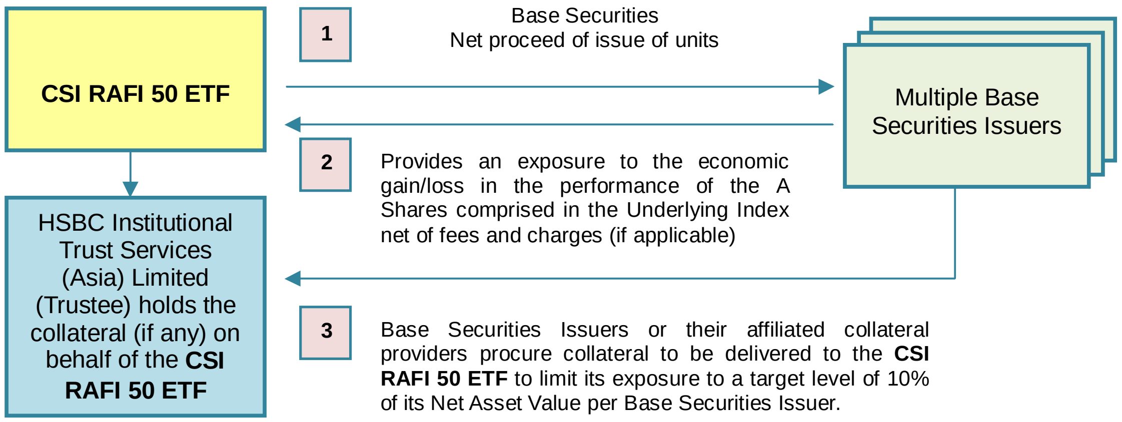
The Manager is required to manage the **CSI RAFI 50 ETF** with a single counterparty net exposure of no more than 10% of the Net Asset Value of the **CSI RAFI 50 ETF**. Where the gross exposure to a Base Securities Issuer exceeds 10% by the end of each trading day, the relevant Base Securities Issuer or its affiliated collateral provider(s) has to procure collateral to be delivered to the **CSI RAFI 50 ETF** to limit the net exposure of the **CSI RAFI 50 ETF** to the counterparty risk of the relevant Base Securities Issuer to no more than 10% of the Net Asset Value of the **CSI RAFI 50 ETF**.

In order to mitigate the potential counterparty risks with an aim to reducing the net exposure of the **CSI RAFI 50 ETF** to each Base Securities Issuer to no more than 10% of the Net Asset Value of the **CSI RAFI 50 ETF**, the Manager and the Trustee (acting in accordance with the direction of the Manager) have, on behalf of the **CSI RAFI 50 ETF**, entered into collateral arrangements with each respective Base Securities Issuer or its affiliate for the provision of collateral.

The **CSI RAFI 50 ETF** will not invest in any structured products and financial derivative instruments other than the Base Securities. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the **CSI RAFI 50 ETF** will not enter into any repurchase agreements, stock lending transactions or other similar over-the-counter transactions.

How does it work?

The investment strategy of the **CSI RAFI 50 ETF** is illustrated in the diagram below:



Collateral

The securities contained in the collateral will be determined by the Manager following negotiations with the Base Securities Issuer from time to time but may consist of cash and/or constituent stocks in the Hang Seng Index, Hang Seng China Enterprises Index and/or Hang Seng Composite Index or such other stock which the Manager, in its reasonable opinion, considers acceptable as collateral.

Please refer to the website of the **CSI RAFI 50 ETF** for the composition of the collateral which will be updated on a monthly basis.

Base Securities Issuers

A Base Securities Issuer must meet all of the following criteria: (i) it must be a qualified foreign institutional investor ("QFII") or belong to a QFII group; (ii) it (or its guarantor) must be a financial institution with a minimum paid up capital of the equivalent of HK$150 million; (iii) it (or its guarantor) is a bank or a member company of a group (including a bank) prudentially supervised in a jurisdiction acceptable to the Trustee and the Manager; and (iv) it must have 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. In the event the credit rating of a Base Securities Issuer falls below A– by Standard & Poor's or equivalent rating given by Moody's or by Fitch, the Manager will notify Unitholders and require the relevant Base Securities Issuer to provide or procure additional credit support. The Manager may also cease to accept Base Securities issued by the relevant Base Securities Issuer until such time its credit rating meets the minimum criteria.

The value of the Base Securities and the collateral is marked to market on a daily basis. The Manager will seek to ensure the net exposure to each Base Securities Issuer will not exceed 10% of the Net Asset Value of the **CSI RAFI 50 ETF**.

Please refer to the website of the **CSI RAFI 50 ETF** for the gross and net exposure to each Base Securities Issuer.

Underlying Index

The Underlying Index is a diversified index consisting of 50 constituent A Shares compiled and managed by the China Securities Index Co., Ltd. As at 31 December 2010, the following were the top 10 index constituents:

Index Constituent	Weighting in index	Index Constituent	Weighting in index
1. Baoshan Iron & Steel Co Ltd	5.42%	6. China Minsheng Banking Corp Ltd	4.15%
2. Bank of Communications Co Ltd	5.05%	7. Industrial Bank Co Ltd	3.76%
3. China Merchants Bank Co Ltd	5.01%	8. Industrial and Commercial Bank of China Ltd	3.66%
4. China United Network Communications Co Ltd	4.83%	9. Shanghai Pudong Development Bank Co Ltd	3.37%
5. Ping An Insurance (Group) Company of China Ltd	4.49%	10. China Vanke Co Ltd	3.35%

For details (including the latest index level and other important news), please refer to the index website at www.csindex.com.cn.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

1. Synthetic replication, counterparty and liquidity risk

- The **CSI RAFI 50 ETF** does not invest in or hold A Shares directly. The **CSI RAFI 50 ETF** invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as Base Securities, are issued by Base Securities Issuers and are intended to provide the **CSI RAFI 50 ETF** an exposure to the economic gain/loss in the performance of the individual constituent stock of the Underlying Index net of fees, charges and indirect costs (if applicable).

- The **CSI RAFI 50 ETF** is subject to counterparty risk associated with each Base Securities Issuer and may suffer losses equal to the full value of the Base Securities issued by a Base Securities Issuer net of any collateral provided if such Base Securities Issuer fails to perform its obligations under the Base Securities. Any loss would result in a reduction in the Net Asset Value of the **CSI RAFI 50 ETF** and impair the ability of the **CSI RAFI 50 ETF** to achieve its investment objective to track its Underlying Index.

What are the key risks? (cont'd)

- In the event of any default by Base Securities Issuers, dealing in the units of the **CSI RAFI 50 ETF** may be suspended and the units of the **CSI RAFI 50 ETF** may not continue to trade. The **CSI RAFI 50 ETF** may also ultimately be terminated.

- While the **CSI RAFI 50 ETF** holds, or has recourse to, collateral to mitigate its exposure to each Base Securities Issuer, this is subject to the risk of the Base Securities Issuer or collateral provider not fulfilling its obligations. Furthermore, the collateral may not comprise any constituents of the Underlying Index. Accordingly, if the **CSI RAFI 50 ETF** needs to exercise its rights over the collateral upon any default of the Base Securities Issuers, there is a risk that the value of the collateral may be substantially lower than the amount secured and so the **CSI RAFI 50 ETF** may suffer significant losses.

2. Emerging market risk

- The Base Securities track the performance of A Shares which have a substantial exposure to the PRC. Generally investments in emerging markets such as the PRC are subject to a greater risk of loss compared with investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.

3. Mainland China tax risk

- PRC withholding tax is not currently enforced on capital gains realised by QFIIs on the sale of A Shares. There is a risk that the PRC tax authorities may seek to collect tax on capital gains without giving any prior warning, and possibly, on a retrospective basis. Any capital gains tax levied on and payable by a QFII may be passed on to the **CSI RAFI 50 ETF** to the extent that the tax is attributable to its holdings of Base Securities. The Base Securities Issuer(s) may withhold an amount equal to 10% of any gain on a Base Security on account of the PRC capital gain tax. Tax provisions are not made at the Index Fund level but are made by the Base Securities Issuer(s), and therefore any retrospective enforcement of capital gain tax which exceeds the amount withheld by the Base Securities Issuer(s) may result in a substantial loss to the **CSI RAFI 50 ETF**. In the worst case scenario where the assets of the **CSI RAFI 50 ETF** are not sufficient to meet the tax liability, the fund may become insolvent and may have to be terminated.

4. Concentration risk

- The exposure of the **CSI RAFI 50 ETF** is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy.

5. Risk related to QFII policy

- The laws and regulations imposed by the PRC government on the QFII system are subject to change and may have significant adverse impact on the **CSI RAFI 50 ETF**. In the worst case scenario where the Base Securities Issuers can no longer issue or maintain the Base Securities, the **CSI RAFI 50 ETF** may have to be terminated.

6. Passive investment

- The **CSI RAFI 50 ETF** is not actively managed and will not adopt any temporary defensive position against any market downturn. Therefore when there is a decline in the Underlying Index, the **CSI RAFI 50 ETF** will also decrease in value. Investors may suffer significant losses accordingly.

7. Tracking error risk

- Changes in the Net Asset Value of the **CSI RAFI 50 ETF** may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index.

What are the key risks? (cont'd)

8. Trading risk

- Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the **CSI RAFI 50 ETF** is subject to market forces and may trade at a substantial premium/discount to the net asset value. Differences in trading hours between the market to which the index constituents belong and the Hong Kong Stock Exchange may increase the trading premium/discount too.

Is there any guarantee?

The **CSI RAFI 50 ETF** does not have any guarantees. You may not get back the amount of money you invest.

What are the fees and charges?

Charges incurred when trading the ETF on SEHK

Fee	What you pay
Brokerage fee	At each broker's discretion
Transaction levy	0.003%[1]
Trading fee	0.005%[2]
Stamp duty	Nil[3]

1. Transaction levy of 0.003 per cent (0.003%) of the price of the Units, payable by the buyer and the seller.
2. Trading fee of 0.005 per cent (0.005%) of the price of the Units, payable by the buyer and the seller.
3. Approval has been given by the Financial Services and the Treasury Bureau 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 **CSI RAFI 50 ETF**. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer.

Ongoing fees payable by the fund

The following expenses will be paid out of the fund. They affect you because they reduce the Net Asset Value of the **CSI RAFI 50 ETF** which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee[##]	0.97% p.a. of NAV
Trustee fee[##]	0.15% p.a. for the first HK$800 million of the NAV 0.12% p.a. for the next HK$800 million of the NAV 0.10% p.a. for the remaining balance of the NAV Subject to a monthly minimum of HK$70,000
Administration fee	Nil

[##] The fees listed above may be increased to their specified permitted maximum levels by giving unitholders one month's notice.

What are the fees and charges? (cont'd)

Other costs borne by the Fund

Apart from the ongoing fees payable by the **CSI RAFI 50 ETF** such as trustee fee, management fee, general expenses, maintenance fee, index licence fee and execution commission charged by the Base Securities Issuers, there are other variable items such as costs and charges associated with the collateral or credit support arrangement and various hedging and transactional costs associated with the Base Securities, and extraordinary items such as litigation, change of law, credit events of any of the Base Securities Issuers and extreme market conditions. Such costs and charges may have a substantial adverse impact on the NAV and performance of the **CSI RAFI 50 ETF** and may result in higher tracking errors.

Please refer to the prospectus for details.

Additional Information

You can find the following information on the **CSI RAFI 50 ETF** at the following website:
http://asset.pingan.com.hk

- The **CSI RAFI 50 ETF**'s offering document and this statement
- Latest financial reports
- Daily closing Net Asset Value and Net Asset Value per unit and monthly holdings
- Identity of each Base Securities Issuer and Participating Dealer
- Gross and net exposure to each Base Securities Issuer
- Composition of the collateral
- Notices and announcements

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

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(*This is a synthetic ETF)

a sub-fund of the PAragon Trust* (*This is a trust with a synthetic ETF)
a Hong Kong unit trust authorized under
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong

Stock Code: 2818

PROSPECTUS

LISTING AGENT
Citigroup Global Markets Asia Limited

24 May 2011

- The PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF) (the "CSI RAFI 50 ETF") is an index-tracking fund, the investment objective of which is to track the performance of the CSI RAFI 50 (an A Share index). The CSI RAFI 50 ETF aims to achieve its investment objective by investing in Base Securities, (each of which is a financial derivative) which tracks the performance of the constituent A Shares of the CSI RAFI 50 by a representative sampling strategy.

- Investment in the CSI RAFI 50 ETF is not the same as an investment in the underlying A Shares of the CSI RAFI 50. The CSI RAFI 50 ETF will not invest directly in A Shares and all or substantially all of the non-cash assets shall be invested in Base Securities, which do not provide the CSI RAFI 50 ETF any legal or equitable interest of any type in the underlying A Shares.

- The CSI RAFI 50 ETF is exposed to the credit and counterparty risk associated with the Base Securities Issuers, and may suffer losses potentially equal to the full value of the Base Securities issued by the Base Securities Issuers if the Base Securities Issuers fail to perform their obligations under the Base Securities. Any loss would result in a reduction in the net asset value of the CSI RAFI 50 ETF and may impair the ability of the CSI RAFI 50 ETF to achieve its investment objective to track the CSI RAFI 50. In the event of any default by the Base Securities Issuers, dealing of the units may be suspended and the units of the CSI RAFI 50 ETF may not continue to trade.

- In order to mitigate the counterparty risk in relation to the Base Securities, the Manager will seek to obtain collateral or credit support to secure part of the Base Securities Issuers' obligations under the Base Securities held by the Trustee such that the net exposure of the CSI RAFI 50 ETF to any Base Securities Issuer shall not exceed 10% of the net asset value of the CSI RAFI 50 ETF with the value of the collateral marked to market by the end of each trading day. However, this is subject to the risk of the collateral provider not fulfilling its obligations. There is a further risk that in the event that the Trustee may need to exercise its right against the collateral, its market value could be substantially less than the amount secured.

- The units of the CSI RAFI 50 ETF may trade at a discount or premium to the net asset value of the units.

- PRC withholding tax is not currently enforced on capital gains realised by QFIIs on the sale of A Shares. There is a risk that the PRC tax authorities may seek to collect tax on capital gains without giving any prior warning, and possibly, on a retrospective basis. Any capital gains tax levied on and payable by a QFII may be passed on to the CSI RAFI 50 ETF to the extent that the tax is attributable to its holdings of Base Securities. The Base Securities Issuers may withhold an amount equal to 10% of any gain on a Base Security on account of the PRC capital gain tax. Tax provisions are not made at the Index Fund level but are made by the Base Securities Issuers, and therefore any retrospective enforcement of capital gain tax which exceeds the amount withheld by the Base Securities Issuers may result in a substantial loss to the CSI RAFI 50 ETF. In the worst case scenario where the assets of the CSI RAFI 50 ETF are not sufficient to meet the tax liability, the fund may become insolvent and may have to be terminated.

- The laws and regulations imposed by the PRC government on the QFII system are subject to change and may have significant adverse impact on the CSI RAFI 50 ETF. In the worst case scenario where the Base Securities Issuers can no longer issue or maintain the Base Securities, the CSI RAFI 50 ETF may have to be terminated.

- Generally, investments in emerging markets (such as Mainland China) are subject to a greater risk of loss than investments in a developed market due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.

Note: Investment involves risks and the CSI RAFI 50 ETF may not be suitable for everyone. Investors should read this prospectus as amended and supplemented from time to time (this “Prospectus”) carefully for further details including product features and risk factors, and should consider their own investment objectives and other circumstances before investing in the CSI RAFI 50 ETF.

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 PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF) has been authorised as a collective investment scheme by the Hong Kong Securities and Futures Commission. Authorisation by the Securities and Futures Commission is not a recommendation or endorsement of the CSI RAFI 50 ETF nor does it guarantee the commercial merits of the CSI RAFI 50 ETF or its performance. It does not mean that the CSI RAFI 50 ETF is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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PARTIES

Manager

Ping An of China Asset Management (Hong Kong) Company Limited
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8 Connaught Road, Central
Hong Kong

Directors of the Manager

WANG Liping
LO Sai Lai
YAO Jun
YAO Bo Jason
CAI Fangfang
MAK Wai Lam William
CHAN Tak Yin
RUDD Benjamin Jeremy Kenneth
YANG Xiaohua
TUNG Hoi
WAN Fang
TORNBERG Martin

Investment Adviser

Ping An Asset Management Co., Ltd
6th Floor, No. 2
1288 Shang Feng Road
Pudong, Shanghai
PRC 201201

Trustee, Custodian and Registrar

HSBC Institutional Trust Services (Asia) Limited
1 Queen’s Road Central
Hong Kong

Service Agent

HK Conversion Agency Services Limited
2nd Floor, Vicwood Plaza
199 Des Voeux Road, Central
Hong Kong

Listing Agent
Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Legal Adviser to the Manager
Baker & McKenzie
Solicitors
23rd Floor, One Pacific Place
88 Queensway
Hong Kong

Auditors
Ernst & Young
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

PRELIMINARY

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF) (the "**CSI RAFI 50 ETF**") a sub-fund of PAragon Trust* (*This is a trust with a synthetic ETF) (the "**Trust**") an umbrella unit trust established under Hong Kong law by a trust deed dated 19 April 2010 between Ping An of China Asset Management (Hong Kong) Company Limited (the "**Manager**") and HSBC Institutional Trust Services (Asia) Limited (the "**Trustee**").

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the enclosed Product Key Facts Statement (the "**Product KFS**"), and confirms that this Prospectus and the Product KFS include 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 CSI RAFI 50 ETF and that, having made all reasonable enquiries, the Manager confirms that, to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this Prospectus or the Product KFS misleading, whether of fact or opinion; any inferences that might reasonably be drawn from any statement in the Prospectus or the Product KFS are true and are not misleading; and all opinions and intents expressed in this Prospectus and the Product KFS have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation of this Prospectus and is therefore not responsible for its contents, apart from descriptions of or relating to HSBC Institutional Trust Services (Asia) Limited as the Trustee, Custodian and Registrar of the Trust on pages 24 and 25 of this Prospectus.

The Trust and the CSI RAFI 50 ETF 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 CSI RAFI 50 ETF or for the correctness of any statements made or opinions expressed in this Prospectus. Authorisation by the SFC is not a recommendation or endorsement of the CSI RAFI 50 ETF nor does it guarantee the commercial merits of the CSI RAFI 50 ETF or its performance. It does not mean that the CSI RAFI 50 ETF is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investor.

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 CSI RAFI 50 ETF on the SEHK commenced on 7 May 2010. Units in the CSI RAFI 50 ETF 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 7 May 2010.

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 CCASS with effect from the date of commencement of dealings in the Units in other Index Funds on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between the participants of the SEHK is required to take place in CCASS on the second business day (in this context, means a business day on which the settlement services of CCASS are open for use by participants of CCASS) after the relevant Dealing Day. 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 or the distribution of this Prospectus in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized.

In particular:

(a) Units in the CSI RAFI 50 ETF have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act).

(b) The CSI RAFI 50 ETF has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

(c) Units in the CSI RAFI 50 ETF 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 any retirement plan subject to Title 1 of the United States Employee Retirement Income Securities Act of 1974, as amended or any individual retirement account plan subject to section 4975 of the United States Internal Revenue Code of 1986, as amended.

The Manager shall have the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units in an Index Fund is acquired or held by an Unqualified Person (as defined in the "Definitions" section on page 12).

Potential applicants for Units in the CSI RAFI 50 ETF should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units in the CSI RAFI 50 ETF.

Any amendment or addendum to this Prospectus will be posted on the SEHK's website (www.hkex.com.hk) and under "Products" on the Manager's website (http://asset.pingan.com.hk).

DEFINITIONS

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

"**A Share**" means domestic shares listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange in the PRC, which are available to domestic investors and QFII.

"**Application**" means, in respect of an Index Fund, a Creation Application and a Redemption Application.

"**Application Cancellation Fee**" means the fee payable by a Participating Dealer in respect of cancellation of an Application as set out in the Trust Deed, and the rate for which is set out in Part 2 of the Prospectus in respect of the relevant Index Fund.

"**Application Unit**" means, in relation to each Index Fund, such number of Units of a class or multiples thereof as specified in the 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 the Participating Dealers, either generally or for a particular class or classes of Units.

"**Auditors**" means the auditor or auditors of the Trust from time to time appointed by the Manager with the prior written approval of the Trustee pursuant to the provisions of the Trust Deed.

"**Base Currency**" means the currency of account of an Index Fund as specified by the Manager from time to time.

"**Base Security**" means a Security which is a financial derivative (including, without limitation, a warrant, a note, or a participation certificate) which tracks the performance of an Index Share or a Basket.

"**Base Securities Issuer**" means an issuer of Base Securities.

"**Basket**" means, in respect of an Index Fund, a portfolio of Base Securities and/or Index Shares and/or non-Index Shares, which seeks to benchmark the Underlying Index by representative sampling strategy or otherwise provided that such portfolio shall comprise only whole numbers of Base Securities and/or Index Shares and/or non-Index Shares and no fraction or, if the Manager determines, shall comprise only round lots and not odd lots.

"**Basket Value**" means, in respect of an Index Fund, the aggregate value of the Index Shares, non-Index Shares or the Base Securities (as the case may be) constituting the

Basket at the Valuation Point on the relevant Dealing Day as determined in accordance with the provisions of the Trust Deed.

"**Business Day**" means, unless the Manager and the Trustee otherwise agree, a day on which (a) (i) the SEHK is open for normal trading; and (ii) the relevant securities market on which the Index Shares, non-Index Shares, or the Base Securities which track the performance of the Index Shares, are traded is open for normal trading; (iii) if applicable, the relevant commodities market on which any Commodities held by an Index Fund are traded is open for normal trading; or (iv) if there are more than one (1) such securities or commodities market, the securities or commodities market designated by the Manager is open for normal trading, and (b) the Underlying Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities or commodities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

"**Cancellation Compensation**" means an amount payable by a Participating Dealer in respect of cancellation of an Application pursuant to the Trust Deed.

"**Cash Component**" means, in respect of an Application, the aggregate Net Asset Value of all the relevant Units less the relevant 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.

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

"**collective investment scheme**" has the same meaning given to such term in Section 1 of Part I of Schedule 1 of the Securities and Futures Ordinance.

"**Commodities**" means all precious metals and all other commodities or merchandise of any nature (other than case and any other merchandise which would fall within the definition of "Securities") and includes any futures contract and any financial futures contract each a "**Commodity**".

"**Connected Person**" in relation to a company, means:

(a) any person or company beneficially owning, directly or indirectly, twenty per cent (20%) or more of the ordinary share capital of that company or able to exercise, directly or indirectly, twenty per cent (20%) or more of the total votes in that company;

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a) above;

(c) any member of the group of which that company forms part; or

(d) any director or other officer of that company or of any of its Connected Persons as defined in (a), (b) or (c) above.

"**Creation Application**" means, an application by a Participating Dealer for the creation of Units of an Index Fund in accordance with the relevant procedures set out in the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement.

"**CSI**" means China Securities Index Co., Ltd.

"**CSI RAFI 50**" means CSI RAFI 50 Index, the Underlying Index in respect of the CSI RAFI 50 ETF.

"**CSI RAFI 50 ETF**" means the PAragon CSI RAFI 50 ETF* (*This is a synthetic ETF), an Index Fund of the Trust.

"**Custodian**" means person (or persons) who is duly appointed to be custodian (or custodians) of the Trust. In the absence of the appointment of a custodian, the Trustee shall be the custodian.

"**Dealing Day**" means each Business Day during the continuance of the Trust, and/or such other Business Day or Business 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, provided that if any recognized commodities market or recognized securities market on which, in the opinion of the Manager, all or part of the Index Shares, non-Index Shares or the Base Securities (as the case may be) of an Index Fund are quoted, listed or dealt in is on any day not open for trading, the Manager may without notice to the Unitholders of the Index Fund determine that such day shall not be a Dealing Day in relation to such Index Fund.

“**Dealing Deadline**” in relation to any Dealing Day, shall be such time as the Manager may from time to time with the approval of the Trustee determine generally or in relation to a particular class or classes of Units or any particular place for submission of Application(s) by a Participating Dealer.

“**Deposited Property**” means, in respect of each Index Fund, all the assets (including cash) for the time being held or deemed to be held by or to the order of the Trustee upon the trusts of the Trust Deed for the account of the 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).

“**Extension Fee**” means any fee payable by a Participating Dealer to the Trustee for its own account and benefit on each occasion the Manager grants the request of such Participating Dealer for extended settlement in respect of an Application.

“**HKSCC**” means the Hong Kong Securities Clearing Company Limited or its successors.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.

“**Hong Kong dollar**” or “**HK$**” means the lawful currency for the time being and from time to time of Hong Kong.

“**IFRS**” means the International Financial Reporting Standards.

“**Income Property**” means, in respect of each Index Fund, (a) all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors), 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 Cash Component payments received or receivable by the Trustee for the account of the relevant Index Fund; (c) all Cancellation Compensation received by the Trustee for the account of the relevant Index Fund; and (d) all interest and other sums received or receivable by the Trustee in respect of (a), (b) or (c) of this definition, 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 Fund**” means a segregated pool of assets and liabilities established under the Trust, including the CSI RAFI 50 ETF.

"**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 Shares**" means shares of all or any of the constituent companies of the relevant Underlying Index.

"**Issue Price**" means, in respect of each Index Fund, the issue price per Unit calculated pursuant to the Trust Deed at which Units are from time to time issued or to be issued.

"**Listing Agent**" means Citigroup Global Markets Asia Limited or its successors.

"**Manager**" means Ping An of China Asset Management (Hong Kong) Company Limited or any other person (or persons) who for the time being is duly appointed as manager (or managers) of the Trust and being approved by the SFC as qualified to act as such for the purposes of the Code.

"**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 an Index Fund, the operating guidelines governing the Participating Dealers, including without limitation, the procedures for creation and redemption of Units.

"**Participating Dealer**" means, in respect of an Index Fund, a broker or 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.

"**Participation Agreement**" means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications.

"**QFII**" means a qualified foreign institutional investor approved under the "Regulations on Domestic Securities Investments by Qualified Foreign Institutional Investors" issued by the China Securities Regulatory Commission, the People's Bank of China and the State Administration of Foreign Exchange and effective from 1 September 2006.

"**Redemption Application**" means, in respect of an Index Fund, an application by a Participating Dealer for the redemption of Units in accordance with the relevant procedures set out in the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines.

“**Redemption Price**” means, in respect of a Unit of an Index Fund, the redemption price per Unit of a particular class calculated in accordance with the Trust Deed at which Units are from time to time redeemed.

“**Register**” means the register of Unitholders to be kept pursuant to the Trust Deed.

“**Registrar**” means, such person as may from time to time be appointed by the Manager to keep the Register and in default of any such appointment shall mean the Trustee.

“**RMB**” means the lawful currency for the time being and from time to time of the PRC.

“**Securities**” has the meaning given to such term in Section 1 of Part I of Schedule 1 of the Securities and Futures Ordinance.

“**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.

“**Settlement Day**” means the Business Day which is two (2) 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.

“**Service Agent**” means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to an Index Fund.

“**SFC**” means the Securities and Futures Commission of Hong Kong or its successors.

“**Transaction Fee**” means, in respect of an Index Fund, the fee which may at the discretion of the Trustee be charged for the account and benefit of the Trustee to each Participating Dealer under the Trust Deed, the level of which shall be determined by the Trustee with the consent of the Manager from time to time and set out in this Prospectus.

“**Trust**” means the unit trust constituted by the Trust Deed and called the PAragon Trust* (*This is a trust with a synthetic ETF) or such other name as the Trustee and the Manager may from time to time determine.

“**Trust Deed**” means the trust deed dated 19 April 2010 constituting the Trust, as amended and supplemented from time to time.

“**Trustee**” means HSBC Institutional Trust Services (Asia) Limited or such other person (or persons) who for the time being is duly appointed to be trustee (or trustees) of the Trust.

“**Underlying Index**” means, in respect of an Index Fund, the index against which the relevant Index Fund is benchmarked and in respect of the CSI RAFI 50 ETF, means the CSI RAFI 50.

“**Unit**” means such number of undivided shares or such fraction of an undivided share of an Index Fund to which a Unit relates as is represented by a Unit of the relevant class and except where used in relation to a particular class of Unit a reference to Units means and includes Units of all classes.

“**Unitholder**” means the person for the time being entered on the Register as the holder of a Unit or Units including, where the context so admits, persons jointly so registered.

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

“**Unqualified Person**” means:

(a) a person who by virtue of any law or requirement of any country or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or might result in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action; or

(b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action.

“**Valuation Point**” means, in respect of an Index Fund, the official close of trading on: (a) the securities market on which the Index Shares, non-Index Shares or the Base Securities which track the performance of the Index Shares, are listed; or (b) the commodities market on which any Commodities held by an Index Fund (if any) are traded, on each Dealing Day and, in the case of an Index Fund investing in Index Shares trading on more than one (1) securities market, the official close of trading on the last relevant securities or commodities 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 determination of the Net Asset Value of the Index Fund pursuant to the provisions of the Trust Deed.

PART 1- GENERAL INFORMATION RELATING TO THE TRUST

This Prospectus provides the information you need to make an informed decision about investing in the CSI RAFI 50 ETF. It contains important facts about the Trust as a whole and the CSI RAFI 50 ETF. Part 1 of this Prospectus includes general information concerning the Trust and its Index Funds, including the CSI RAFI 50 ETF. Part 2 includes specific information relevant to the CSI RAFI 50 ETF only.

THE TRUST

This Prospectus relates to the Trust, under which each Index Fund is an exchange traded fund managed by the Manager and authorized as a collective investment scheme by the SFC. The Trust is an umbrella unit trust constituted by way a trust deed dated 19 April 2010 between Ping An of China Asset Management (Hong Kong) Company Limited as Manager and HSBC Institutional Trust Services (Asia) Limited as Trustee. The terms of the Trust Deed is governed by the laws of Hong Kong.

The Trust has been established initially with only one Index Fund, the CSI RAFI 50 ETF, of which only one (1) class of Units shall initially be issued. The Manager reserves the right to issue further classes of Units for the CSI RAFI 50 ETF or to establish other Index Funds in the future. To the extent permissible by law, all assets and liabilities attributable to each Index Fund shall be segregated from the assets and liabilities of any other Index Funds, and shall not be used for the purpose of, or borne by the assets of, any other Index Fund (as the case may be).

MANAGEMENT AND ADMINISTRATION

Manager

Ping An of China Asset Management (Hong Kong) Company Limited is the manager of the Trust. Ping An of China Asset Management (Hong Kong) Company Limited is a wholly owned subsidiary of China Ping An Insurance Overseas (Holdings) Limited which in turn is a wholly owned subsidiary of Ping An Insurance (Group) Company of China, Ltd.

Ping An of China Asset Management (Hong Kong) Company Limited is licensed by the SFC in Hong Kong for types 4 (advising on securities), 5 (advising on futures contracts) and 9 (asset management) regulated activities under the Securities and Futures Ordinance.

Directors of the Manager

The directors of the Manager are WANG Liping, LO Sai Lai, YAO Jun, YAO Bo Jason, CAI Fangfang, MAK Wai Lam William, CHAN Tak Yin, RUDD Benjamin Jeremy Kenneth, YANG Xiaohua, TUNG Hoi, WAN Fang and TORNBERG Martin. Their biographical details are as follows:-

WANG Liping Senior Vice President of Ping An Insurance (Group) Company of China, Ltd. since January 2004, Ms. Wang joined Ping An in June 1989 and served as Vice Chief Insurance Business Officer from July 2006 to January 2007. From August 2005 to July 2006, Ms. Wang was the Chairman and President of Ping An Annuity. From 2002 to 2004, she served as the Chairman and Chief Executive Officer of Ping An Life. From 1998 to 2002, she served as Vice President and Senior Vice President of the group successively. From 1995 to 1997, she served as the General Manager of the Management Department and Vice President of the life insurance business of the group. From 1994 to 1995, she served as the President of the Securities Department of the group. Ms. Wang has a Master’s degree in Monetary & Banking from Nankai University.

LO Sai Lai Senior Vice President and Chief Information Officer of Ping An Insurance (Group) Company of China, Ltd. since January 2007 and February 2006, and President and Chief Executive Officer of Ping An Technology since August 2008, Mr. Lo joined Ping An in June 2002. From February 2006 to January 2007, he served as the Vice President of the group. From October 2003 to February 2006, he served as Head of Information Technology. From 2002 to 2008, he served as General Manager of the Data Center and General Manager of the Information Management Center of the group. From 2001 to 2002, Mr. Lo worked as Senior Consultant of the Systems Development Center of the group. From 1993 to 2001, Mr. Lo worked as a researcher at the University of Cambridge, a research engineer at the Olivetti Research Laboratory, a senior researcher at the Olivetti and Oracle Research Laboratories and a senior researcher at AT&T Laboratories – Cambridge. Mr. Lo has a Ph.D. in Computer Science from the University of Cambridge.

YAO Jun Secretary of the Board of Ping An Insurance (Group) Company of China, Ltd. since October 2008, Chief Legal Officer since September 2003, General Manager of Legal Department of the group since April 2007, and Joint Company Secretary from June 2004 to May 2008, Mr. Yao joined Ping An in September 2003. He was previously a partner of Commerce & Finance Law Offices. Mr. Yao is a Fellow of The Institute of Chartered Secretaries and Administrators (FCIS) and Fellow of The Hong Kong Institute of Chartered Secretaries (FCS), and has an L.L.M. degree from Peking University.

YAO Bo Jason Mr. Yao has been the Chief Financial Officer and Assistant to the General Manager and the Chief Actuarial Officer of Ping An Insurance (Group) Company of China, Ltd since March 2008 and January 2007 respectively, and was appointed as the Executive Director and Senior Vice President of the Company in June 2009. Mr. Yao joined the Company in May 2001, and since served as the Vice Chief Financial Officer from

February 2004 to January 2007, the Vice Chief Actuarial Officer from December 2002 to January 2007 and the Vice General Manager of the Product Centre of Ping An Insurance Company of China, Ltd. from 2001 to 2002. Prior to that, Mr. Yao served in Deloitte Touche Tohmatsu as a senior manager of actuarial consultancy. Mr. Yao is a member of FSA and MAAA, and the holder of a MBA degree from New York University.

CAI Fangfang Ms. Cai has been the General Manager of Ping An Insurance (Group) Company of China, Ltd., Compensation & Planning Department, since February 2010 and Deputy General Manager since September 2009. Before that, Ms. Cai served in the Group Centre of Human Resources in Investment Business. She joined Ping An in July 2007. Before joining Ping An, she worked in Societe General, KBC Bank NV, Echo Investment, BSI and Watson Wyatt. Ms. Cai holds a Master Degree of International Accounting from University of New South Wales, Australia.

MAK Wai Lam William Mr Mak has been the Qualified Accountant and Deputy Chief Financial Officer of Ping An Insurance (Group) Company of China, Ltd. since December 2006 and March 2007, and General Manager of Financial Department and Accounting Department of the group from May 2007. Before that, Mr. Mak served as Vice President and Chief Financial Officer of Ping An Life. Mr. Mak joined the group in December 2005. Before joining the group, he worked in various insurance companies including New York Life International LLC, Sun Life Financial (Hong Kong) Ltd., Bank of China Group Life Insurance Co. Ltd., American International Assurance Co. Ltd. successively. Mr Mak has a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. Mr. Mak is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Fellow member of the Association of Chartered Certified Accountants of England.

CHAN Tak Yin Chairman of Ping An Asset Management Co.,Ltd since 2006, Vice Chief Investment Officer of Ping An Insurance (Group) Company of China, Ltd. and Chairman of Ping An of China Asset Management (Hong Kong) Co. Ltd since 2008, Mr. Chan joined the group in 2005. Before joining the group, he worked in various financial institution including SHK, BNP PARIBAS and Barclays. Mr. Chan holds a Bachelor Degree of Arts from University of Hong Kong.

RUDD Benjamin Jeremy Kenneth Mr. Rudd has been Executive Director and Head of Overseas Investment at Ping An of China Asset Management (HK) since September 2010 and April 2010 respectively. He oversees the Hong Kong-based investment team and directly manages several portfolios. Mr. Rudd is a member of the Shanghai-based asset allocation committee for Ping An. Mr. Rudd joined Ping An in September 2008 as Head of Global Investment Strategy. Before joining the group, he held a number of positions including director at the private wealth company Acacia Asset Management in London where he managed the investment team and absolute return portfolios, Head of Macro

Research (London) and Portfolio Manager at Caxton Asset Management in London, Head of Asia Pacific Investment Strategy for ABN AMRO Asia in Hong Kong and Head of Emerging Markets Strategy and Global Multi-Asset Strategist at HSBC Investment Bank in London. Mr. Rudd has a M.Sc. in Economics from the School of Oriental and African Studies (SOAS), University of London and is a CFA charterholder.

YANG Xiaohua Mr. Yang has been the Deputy Managing Director of Ping An Of China Asset Management (H.K.) Co., Ltd. since November 2009. Prior to that, he served as the Managing Director of China Ping An Insurance (H.K.) Co., Ltd. from September 1997 to October 2009. Mr. Yang joined Ping An in September 1989, and he has served as the General Manager of Claims and Underwriting Control Department of Ping An Property & Casualty, and the Deputy General Manager of International Business Department. Mr. Yang holds a Master Degree of Maritime Law from Dalian Maritime University and a MBA Degree from University of South Australia.

TUNG Hoi Mr Tung has been Chairman and Chief Executive Officer of China Ping An Trust Co., Ltd. since September 2004. Prior to joining Ping An, Mr. Tung was an executive director of Goldman Sachs (Asia) L.L.C., advising major financial institutions in the Asia Pacific region on restructuring, mergers and acquisitions, and capital markets activities. From 1995 to 1998, he was a management consultant with McKinsey & Company. Mr. Tung holds a Master's degree in Engineering Science from the University of Oxford and an MBA from INSEAD.

WAN Fang The General Manager of Ping An Asset Management Co., Ltd since April 2007, Mr. Wan joined Ping An in 1993. He was previously the Vice General Manager of Ping An Future, the General Manager of Ping An Securities branch, the Vice President of Investment Banking Department of Ping An Securities, Director of Board Office of the Ping An Group. Mr. Wan has a Master’s degree in Automation Control from Huazhong University of Science and Technology.

TORNBERG Martin Mr. Tornberg is Executive Director and Responsible Officer in charge of Overseas Business Development & Operations of Ping An of China Asset Management (Hong Kong) Company Limited. Mr. Tornberg joined Ping An in 2007 as Director of Strategic Development and Investments after five years at Asian Development Bank (“ADB”), where he was responsible for direct investments in financial institutions and infrastructure projects, as well as for providing advice to Governments on capital markets and financial sector development. Prior to joining ADB, Mr. Tornberg was a vice president for the investment company Speed Ventures, and an Associate in Merrill Lynch’s investment banking division, in Hong Kong, Singapore and London, where he executed a variety of mergers & acquisitions and capital raisings in a range of industries and countries. Mr. Tornberg holds an MSc (BA and Economics) from Stockholm School of Economics and a CEMS master from Ecole des Hautes Etudes Commerciales (HEC) in France.

Investment Adviser

Ping An Asset Management Co., Ltd is the investment adviser to the Trust. Ping An Asset Management Co., Ltd is responsible for providing from time to time investment advice to the Manager.

Ping An Asset Management Co., Ltd, a company incorporated in the PRC and established on 27 May 2005, is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. Regulated by the China Insurance Regulatory Commission, Ping An Asset Management Co., Ltd is licensed to operate and manage the insurance funds of the Ping An Group and to undertake funds management and fund management advisory businesses.

It manages insurance funds as well as the investment assets of the group, and also provides investment products and asset management services for other third party investors through various channels.

As at 31 December 2010, Ping An Asset Management Co., Ltd had US$107 billion assets under management.

Listing Agent

Citigroup Global Markets Asia Limited is the listing agent of the CSI RAFI 50 ETF.

Citigroup Global Markets Asia Limited is incorporated in Hong Kong and is regulated by the SFC. It is licensed by the SFC to conduct the following regulated activities in Hong Kong: Type 1 (Dealing in Securities), 4 (Advising on Securities), 6 (Advising on Corporate Finance) and 7 (Providing Automated Trading Services).

Trustee, Custodian and Registrar

The trustee and custodian of the Trust is HSBC Institutional Trust Services (Asia) Limited, which is a registered trust company in Hong Kong. The Trustee is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust, and such assets will be dealt with as the Trustee may think proper for this purpose. The Trustee may, from time to time and as the Trustee thinks fit, appoint such person or persons (including a Connected Person) as Custodian or co-Custodians of the whole or any part of the assets of an Index Fund and may empower any such Custodian or co-Custodian to appoint sub-Custodians. The Trustee will not be liable for any act or omission of any agent, nominee, Custodian or co-Custodian appointed in respect of a market or markets which the Trustee may determine and notify to the Manager from time to time as being emerging markets unless such agent, nominee, Custodian or co-Custodian (as the case may be) is an associate of the Trustee. In respect of the assets of CSI RAFI 50 ETF, the Trustee does not intend to appoint any Custodian or co-Custodian in respect of emerging market(s). The fees and expenses of such Custodian, co-Custodian and sub-Custodians shall be paid out of the relevant Index Fund. The Manager and Trustee will take reasonable care to ensure that such fees are reasonable and align with prevailing market rates as and when such appointment is necessary.

In respect of an Index Fund which is authorized by the SFC, the Trustee will take reasonable care to ensure that (a) all applicable reporting requirements (including the preparation of annual reports) in relation to each Index Fund or any conditions under which an Index Fund is authorized by the SFC, will be duly complied with; (b) the issue, redemption and cancellation of units are carried out in accordance with the provisions of the Trust Deed; (c) the methods adopted by the Manager in calculating the value of units are adequate to ensure that the issue price and redemption price are calculated in accordance with the provisions of the Trust Deed; (d) the instructions of the Manager in respect of investments are carried out unless they are in conflict with the provisions of the Trust Deed; (e) the investment and borrowing limitations set out in the Trust Deed are complied with; and (f) such other relevant and applicable obligations, functions and duties imposed on the Trustee by all applicable law and regulations are complied with.

The Trustee will remain as the trustee of the Trust until the Trustee retires or is removed by the Manager. The circumstances under which the Trustee may be removed are set out in the Trust Deed (please refer to “Removal and Retirement of the Trustee and the Manager” section of the Prospectus for a summary extract). Any change in the trustee of the Trust is subject to the SFC’s prior approval, and Unitholders will be duly notified of any such changes in accordance with the requirements prescribed by the SFC.

The Trustee will also act as the Registrar of the CSI RAFI 50 ETF under the terms of the Trust Deed. As the registrar, HSBC Institutional Trust Services (Asia) Limited provides services in respect of the establishment and maintenance of the Register of the Unitholders of the CSI RAFI 50 ETF. 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 Manager may appoint a Registrar other than the Trustee.

Service Agent

HK Conversion Agency Services Limited is the service agent of the CSI RAFI 50 ETF under the terms of the service agreement entered into among the Manager, the Trustee, HK Conversion Agency Services Limited, the HKSCC, the Registrar and each Participating Dealer. The HK Conversion Agency Services Limited will perform certain services in connection with the creation and redemption of Units by Participating Dealer(s).

Auditors

The auditors of the CSI RAFI 50 ETF is Ernst & Young.

INVESTMENT OBJECTIVES AND POLICIES

Each Index Fund is an index-tracking fund, the investment objective of which is to track the performance of its Underlying Index. In general, an Index Fund will aim to achieve its investment objective by adopting either a Replication Strategy or a Representative Sampling Strategy as described further below under the section titled “Principal Investment Strategies of the Index Funds”.

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. Generally speaking, the performance of an index should reflect the performance of the companies in the market segment or specific industry sector which the index covers.

There can be no assurance that each Index Fund will achieve its investment objective.

Indexing Investment Approach

Unlike traditional “active” investment management, which needs the manager’s own investment judgment from time to time, there is no active investment judgment involved in index investment approach.

Indexing investment approach aims to achieve an investment performance that closely corresponds with the underlying index, either by a Replication Strategy or by a Representative Sampling Strategy as described under “Principal Investment Strategies of the Index 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. 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 generally seeks to achieve the objective of each Index Fund primarily by investing (directly or indirectly) in Securities comprised in the relevant Underlying Index adopting either a Replication Strategy or a Representative Sampling Strategy as described further below under the section titled "Principal Investment Strategies of the Index Funds".

The Manager cannot assure that any Index Fund will achieve its investment objective.

Each Index Fund will not be actively managed; as such, the expectation of 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 Securities or the same weight of the securities in the Underlying Index. Some Index Funds may, if in the Manager's opinion it is in the interest of the relevant Index Fund and subject to applicable investment restrictions, even invest in Securities (either directly or indirectly) that are not in their Underlying Indices.

Investment of Assets

Each Index Fund has a policy to remain as fully invested as practicable. Each Index Fund will normally have at least 95 per cent of its total assets invested (directly or indirectly) in Securities comprised in the Underlying Index, based on one of the principal investment strategies described below, except, in limited circumstances, to help meet Redemption Applications.

The Manager may, subject to applicable investment restrictions, invest an Index Fund's assets 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 which the Manager believes will help the Index Fund achieve its investment objective.

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

The Replication Strategy and Representative Sampling Strategy are the two most common indexing strategies used by index-tracking funds to pursue their investment objective.

Replication Strategy

Using a Replication Strategy, an Index Fund will invest in substantially all the Securities constituting the Underlying Index (either directly or indirectly), in substantially the same weightings (i.e. proportions) as these Securities have in the Underlying Index. When the constituents of the Underlying Index changed, the portfolio of the index fund will change accordingly.

Representative Sampling Strategy

An Index Fund may not hold (either directly or indirectly) 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 performance of Underlying Indices after considering the liquidity of such securities, high trading costs, tax and other regulatory restrictions etc.

Under the Representative Sampling Strategy, the Manager uses quantitative models to evaluate the inclusion of each security and its weight in an index Fund based on its contribution to certain risk factors, industry and fundamental investment characteristics.

The Manager may regularly 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 may switch 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 synthetically by investing in the Base Securities.

RISK FACTORS

Investments involve risks. Each Index Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of each Index Fund and the income from them may go down as well as up.

The performance of each Index Fund will be affected by a number of risk factors, including those set out below. Some or all of the risk factors may adversely affect an Index Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective.

There is no assurance that an Index Fund will achieve its investment objective. Investors should carefully consider the risks of investing in an Index Fund in light of their financial circumstances, knowledge, experience and other circumstances, and should seek independent professional advice as appropriate. Additional risks associated with the relevant Index Fund are further discussed in Part 2 below.

Principal Risk Factors Common to All Index Funds

- *Market Risk*. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectations, etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Any options, warrants and derivatives in an Index Fund may also expose the Index Fund significantly to the fluctuations in the market. Market movements may therefore result in substantial fluctuations in the Net Asset Value per unit of the Index Fund. 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.

- *Tracking Error Risk*. An Index Fund's returns may deviate from the Underlying Index due to a number of factors. For example, the fees, expenses and taxes or other provisions of an Index Fund, liquidity of the market, imperfect correlation of returns between an Index Fund's assets and the Securities constituting its Underlying Index, rounding of share prices, foreign exchange costs, 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. Also, when an Index Fund adopts a synthetic replication strategy, the value of the Base Securities may be downward adjusted by the Base Securities Issuer to cover its hedging and other costs and/or tax provisions. Further, an Index Fund may receive income (such as interests and dividends) from its assets while the Underlying Index does not have such sources of income. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index and each Index Fund's returns may therefore deviate from 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.

- *Concentration*. If the Underlying Index of an Index Fund is concentrated in a particular stock or group of stocks of a particular industry or group of industries, that Index Fund may be adversely affected by or depend heavily on the performance of those stocks and be subject to price volatility. In addition, the Manager may invest a significant percentage or all of the assets of an Index Fund in a single stock, group of stocks, industry or group of industries, and the performance of the Index Fund could be closely tied to that stock, group of stocks, industry or group of industries and could be more volatile than the performance of other more diversified funds, and 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 dollars, 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 denominated in the Hong Kong dollar regardless of the performance of its underlying portfolio. If the relevant Index Fund's Net Asset Value is determined on the basis of the 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.

An investment in Units of an Index Fund also 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.

- *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.

- *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.

- *Trading Risk*. While the creation/redemption feature of the Trust is designed to make it more 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) or the unit price fluctuations due to supply and demand of Units in the secondary market 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.

  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 Index Shares 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.

- *Securities Lending Risk*. The Manager may engage in a securities lending programme on behalf of the Index Funds. The Manager will take all reasonable steps to ensure to its satisfaction that the relevant borrower is of sound financial standing and that the borrower will provide collateral of a value at least equal to the current market value of the securities loaned. A default by a counterparty, or fall in the value of the collateral below that of the value of the Securities lent may result in a reduction in the value of the Index Fund. For further information on counterparty risks, please see the sections titled "Investment and Borrowing Restrictions" below and "Risk Factors" under Part 2 of this Prospectus.

- *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.

- *Liquidity risk.* The price at which Securities may be purchased or sold by an Index Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Index Fund's portfolio securities are limited or absent or if bid-offer spreads are wide.

- *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.

- *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. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Index Fund being achieved. Investors should also note that in certain cases, the Manager, the Index Fund or the Unitholders do not have any voting rights with respect to Securities comprising the Index Fund.

- *Restrictions on creation and redemption of Units*. Investors should note that the Index Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units can generally be purchased and redeemed directly from the manager). Units of the Index Fund may only be created and redeemed in Application Unit directly by Participating Dealers from the Manager and may not be created or redeemed directly by other investors from the Manager. Such other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Units in Application Unit sizes through a Participating Dealer who will generally accept and submit creation/redemption requests received from third parties subject to market disruption events which are out of control of the Participating Dealers and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any creation/redemption request which would increase the cost of investment and/or reduce the redemption proceeds and investors are advised to check with the Participating Dealers as to relevant fees and charges. 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 Underlying Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of an Index Fund or the disposal of the Securities of an Index Fund cannot be effected. Since the number of Participating Dealers at any given time will be limited, there is a risk that investors may not always be able to create or redeem Units freely. Alternatively, investors may realize the value of their Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended.

- *Risk related to divergence between the market price of the Units and the Net Asset Value of the Index Fund.* The Net Asset Value ("**NAV**") of an Index Fund represents the fair price for buying or selling Units. Investors should note however that unlike a typical retail investment fund offered to the public in Hong Kong (the market price of the units of which is determined by the net asset value of the investment fund), the market price of the Units traded on the SEHK is determined not only by the NAV of the Index Fund but also by other factors such as the supply of and demand for the Units in the SEHK. Therefore, there is a risk that the market price of the Units traded on the SEHK may diverge significantly from the NAV of the Index Fund. There is a risk, therefore, that Unitholders may not be able to buy or sell at a price close to this NAV. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV.

- *Minimum subscription and redemption size*. For subscriptions and redemptions in-kind, Units will only be issued and redeemed in in-kind unit and redemption unit aggregations respectively. Similarly, subscriptions and redemptions in cash may also subject to a minimum amount of Units subscribed or redeemed. Investors who do not hold Redemption Unit aggregations or minimum amount (if any) may only be able to realise the value of their Units by selling their Units on the SEHK at the prevailing trading price of the Units.

- *Risk of withdrawal of authorization*. Each Index Fund seeks to provide investment results that closely correspond with the performance of the relevant Underlying Index. Each Index Fund has been authorized as a collective investment scheme under the Code by the SFC pursuant to section 104 of the Securities and Futures Ordinance. However, the SFC reserves the right to withdraw the authorization of the Index Fund, for example, if the SFC considers the relevant Underlying Index is no longer considered acceptable to the SFC.

- *Risk relating to listing.* The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Index Funds 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. If the Units are delisted from the SEHK, the Manager may, in consultation with the

Trustee, seek the SFC's prior approval to operate the Index Fund as an unlisted index fund (subject to any necessary amendments to the rules of the Index Fund) or terminate the Index Fund and will notify investors accordingly.

- *Risk of suspension of trading on the SEHK.* 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 subscription and redemption of Units may also be suspended in the event that the trading of Units on the SEHK is suspended.

- *Risk of absence of active market*. There can be no assurance that an active trading market in respect of the Units in the Index Fund will be developed or maintained. There is no certain basis for predicting the actual price levels at which, or the sizes in which, the Units in the Index Fund may trade. There can be no assurance that the Units in the Index Fund will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by investment companies in other jurisdictions or are traded on the SEHK.

- *Reliance on Participating Dealer(s)*. The issuance and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to issue or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities through the CCASS is disrupted or the Underlying Index(ices) is/are not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs which impedes the calculation of the NAV of an Index Fund or disposal of an Index Fund's portfolio securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

- *Reliance on Market Makers.* Investors should note that liquidity in the market for the Units may be adversely affected if there is no market maker for an Index Fund. It is the Manger's intention that there will always be at least one market maker in respect of the Units. It is possible that there is only one SEHK market maker to the Index Funds and therefore it may not be practical for an Index Fund to remove the only market maker to the Index Funds even if the market maker fails to discharge its duties as the sole market maker.

- *Counterparty Risk.* The Trustee may at the request of the Manager enter into transactions with various financial institutions (such as brokerage firms and banks) for the sale and purchase of assets of Securities. Such financial institutions may also be issuers of Securities in which an Index Fund invests. The failure of any of such institutions to perform their obligations may adversely affect the operational capabilities or the capital position of the Trust or an Index Fund. The Trust or an Index Fund is also exposed to the credit and insolvency risk of an exchange, clearing house, custodian or any depository used by a custodian. The Trust or an Index Fund could suffer financial loss in the event of the bankruptcy or insolvency of any such counterparties.

- *Licence to use the Underlying Index may be terminated*. The Manager has been granted a licence by the Index Provider(s) to use the relevant Underlying Index in order to create an Index Fund based on the relevant Underlying Index and to use certain trade marks and any copyright in the relevant Underlying Index. An Index Fund may not be able to fulfill its objective and may be terminated if the licence agreement between the Manager and the relevant Index Provider is terminated. An Index Fund may also be terminated if the relevant Underlying Index ceases to be compiled or published and there is no replacement Underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Underlying Index.

- *Compilation of Underlying Index.* Each Index Fund is not sponsored, endorsed, sold or promoted by the relevant Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in the relevant Index Fund or other persons regarding the advisability of investing in securities or futures generally or in the relevant Index Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Index Fund into consideration in determining, composing or calculating the relevant Underlying Index. There is no assurance that the Index Provider will compile the relevant Underlying Index accurately, or that the relevant Underlying Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the relevant Index Fund, the Manager or investors.

- *Composition of the Underlying Index may change.* The composition of the Index Shares constituting the relevant Underlying Index will change as the Index Shares may be delisted, or as new securities or futures are included in the relevant Underlying Index. When this happens the weightings or composition of the securities owned by an Index Fund 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 relevant Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units.

- *Early termination.* Under the terms of the Trust Deed, the Manager may early terminate the Trust or an Index Fund in various circumstances including if (a) at any time one (1) year after its establishment, the aggregate Net Asset Value of all Units outstanding in the Trust or the Index Fund is less than HK$200,000,000; (b) the Units of the relevant Index Fund are no longer listed on the SEHK or other recognized securities market; or (c) the relevant Index Fund ceases to have any Participating Dealer. On termination of the Trust or the Index Fund, the assets comprised in the Trust or Index Fund will be sold and investors will receive distribution of the net cash proceeds. Please see the section titled "Termination of the Trust or an Index Fund" for further details.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

The Trust Deed imposes a number of restrictions and prohibitions on investment of an Index Fund. So long as an Index Fund is authorized by the SFC pursuant to the Code, the assets of the Index Fund may be invested only in the investments permitted under and in accordance with Chapters 7 and 8 of the Code issued by the SFC (as applicable) unless a waiver is given by the SFC.

A summary of the investment restrictions of an Index Fund is as follows:

(1) No investment shall be purchased, made or added to if as a result thereof:

(a) the value of the Index Fund's latest holding of Base Securities in respect of a particular A Share or a Basket of A Shares would exceed ten per cent (10%) of the latest available Net Asset Value of the Index Fund as at the time the investment is made unless:

(i) it is limited to a particular A Share that accounts for close to or more than ten per cent (10%) of the weighting of the relevant Underlying Index and unless otherwise approved by the SFC, the weighting of that A Share underlying the Base Securities under the Index Fund may not exceed that A Share's weighting in the relevant Underlying Index, except where the weightings are exceeded as a result of changes in the composition of the index and the excess is only transitional and temporary in nature; or

(ii) where the Index Fund adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Underlying Index in the exact weightings of the Underlying Index, the Index Fund may overweight the underlying holdings of a particular A Share's weighting in the Underlying Index provided that any such excess of weightings is subject to a maximum limit of four per cent (4%) or such other percentage as determined by the Manager after consultation with the SFC having regard to the characteristics of the underlying shares, their weightings, the investment objectives of the Underlying Index and any other suitable factors; or

(iii) otherwise approved by the SFC.

(b) the nominal amount of the Index Fund's holding of ordinary shares in the capital of any single issuer, when aggregated with the holdings of such ordinary shares held by all other Index Funds of the Trust, would exceed 10 per cent (10%) of the total nominal amount of all the ordinary shares in the capital of that issuer in issue;

(c) the value of the Index Fund's holding of units in collective investment schemes would in aggregate exceed 10 per cent (10%) of the latest available Net Asset Value of the Index Fund as at the time investment is made PROVIDED THAT no investment may be made in any collective investment scheme managed by the Manager or by a Connected Person of the Manager if such investment would result in an increase in the overall total of Manager' fees and other costs and charges borne by the Unitholders or by the Index Fund; and

(d) the value of the Index Fund's latest holding of securities neither listed nor quoted on a recognized securities market would exceed fifteen per cent (15%) of the latest available Net Asset Value of the Index Fund as at the time the investment is made.

(2) Subject to 1(a) above, the value of the Index Fund's holding in Government and other public securities (as defined under Chapter 7 of the Code) of the same issue may exceed thirty per cent (30%) of the latest available Net Asset Value of the Index Fund at the time the investment is made. Further, subject to 1(a) above, the Manager may invest all of the assets of the Index Fund in Government and other public securities (as defined under Chapter 7 of the Code) in any number of different issues.

(3) The Manager shall not on behalf of the Index Fund:

(a) invest in a Security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5 per cent (0.5%) of the total nominal amount of all the issued securities of that class, or collectively the directors and officers of the Manager own more than five per cent (5%) of those securities;

(b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts that are listed on a stock exchange);

(c) make short sales if it results in the Index Fund's liability to deliver Securities exceeding ten per cent (10%) of the latest available Net Asset Value of the Index Fund or if the Security which is to be sold short is not actively traded on a market where short selling activity is permitted;

(d) write uncovered options;

(e) write a call option on investments if the aggregate exercise price of such call option and of all other unexpired call options written for the account of the Index Fund would exceed twenty five per cent (25%) of the latest available Net Asset Value of the Index Fund in terms of exercise price as at the time the investment is made;

(f) without the prior written consent of the Trustee, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;

(g) enter into any obligation or acquire any asset which involves the assumption of any liability by the Trustee (in the capacity of the trustee of the Index Fund) which is unlimited;

(h) invest in options and warrants for purposes other than hedging if the aggregate amount of premium paid exceeds fifteen per cent (15%) of the latest available Net Asset Value of the Index Fund as at the time the investment is made;

(i) enter into futures contract on an unhedged basis if the net total aggregate value of contract prices, whether payable to or by the Index Fund under all outstanding futures contracts, together with the aggregate value of holdings of physical commodities and commodity based investments exceed twenty per cent (20%) of the latest available Net Asset Value of the Index Fund as at the time the investment is made or

(j) invest in any stock the transfer of which is required to be registered in Hong Kong. For the avoidance of doubt, although the Manager will seek to obtain collateral which will include such stocks, such collateral is not part of the investment of the Index Fund. Please refer to the "Current Collateral Arrangement" section for more information.

(4) For the avoidance of doubt, if no authorization of the SFC is required under the Securities and Futures Ordinance in respect of the Index Fund, none of the provisions in (1) to (3) shall be applicable to the Index Fund.

(5) Subject to the provisions of the Trust Deed, the Trustee may at the written request of the Manager arrange for any Securities for the time being comprised in the Index Fund to be loaned by, or Securities to be loaned to, the Trust through the agency of or directly with any person acceptable to the Manager (including the Manager or the Trustee or any Connected Person of either of them).

In order to mitigate the potential counterparty risk, the Manager will seek to limit the aggregate amount lent to any one single borrower, and apply strict standards in evaluating the creditworthiness and risk exposure of the borrowers.

The Manager shall only request the Trustee arrange for any Securities for the time being comprised in a Index Fund to be loaned by the Trust if the Manager has taken all reasonable steps to ensure that the relevant counterparties are banks or other financial institutions of sound financial standing 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 that adequate collateral (including, but not limited to, treasury bills, bankers’ acceptances, certificates of deposit, bonds, equities, letters of credit and cash collateral, and will not include any financial derivative and/or structured products) will have been provided to the Trust by the borrower.

Securities lending will occur only if the Manager has taken reasonable steps to satisfy themselves that collateral in an amount at least equal to the market value of the securities loaned has been provided to the Trust by the borrower. The Manager shall, or appoint such competent agent or service provider to, monitor on a regular basis and take any necessary steps to ensure the adequacy of the collateral held by or on behalf of the Trust during the entire life of any securities lending transaction. All loans and collaterals are marked to market by the end of each trading day, and where necessary, collateral values will be topped up through margin calls.

Any income attributable to the Trust as a result of such loan shall, on receipt by the Trustee, be credited to the relevant 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 maximum level of Securities available for lending shall be limited to up to one hundred per cent (100%) 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. If the lending counterparty is an affiliate of the Manager, the lending transactions will be disclosed in the Trust’s annual reports.

Borrowing Restrictions

The Manager may borrow cash of up to twenty-five per cent (25%) of the latest available Net Asset Value of an Index Fund 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; or
- any other proper purpose as may be agreed by the Manager and the Trustee from time to time.

The assets of the Index Fund may be charged or pledged as security for any such borrowings. For the avoidance of doubt, back-to-back loans will not be taken into account when determining whether or not the twenty-five per cent (25%) limit mentioned above has been breached by the Index Fund.

Where the borrowing is by way of a securities borrowing and lending arrangement, the Manager may borrow non-cash assets of up to 100% of the latest available Net Asset Value of an Index Fund.

If any of the investment and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary as soon as practicable to remedy the situation, having due regard to the interests of Unitholders. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of the Index Fund's investments, reconstructions or amalgamations, payments out of the assets of the Index Fund or redemptions of Units but for so long as such limits are exceeded, the Manager shall not acquire any further investments which would result in such limit being further breached.

CREATION AND REDEMPTION OF APPLICATION UNITS

Creation of Units

Unless otherwise determined by the Manager and the Trustee, a Creation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The Dealing Deadline is at 2.45pm (Hong Kong time) on the Dealing Day, as may be revised by the Manager from time to time. A Creation Application once given cannot be revoked or withdrawn without the written consent of the Manager (which consent shall not be unreasonably withheld) except in circumstances where there is a suspension in dealing in the Units. Please refer to the “Suspension of Dealing or Determination of Net Asset Value” section in relation to the withdrawal of a Creation Application during a suspension of dealing and/or the determination of Net Asset Value.

Procedures for Creation of Units

To be effective, a Creation Application must comply with the requirements in respect of creation of Units set out in the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions (if any) as the Trustee and the Manager may require. Pursuant to a valid Creation Application being accepted by the Manager, the Manager and/or any person duly appointed by the Manager for such purpose shall have the exclusive right to instruct the Trustee in writing to create for the account of the Index Fund the Units in a class in Application Unit or whole multiples thereof in exchange for the transfer by the relevant Participating Dealer, to or for the account of the Trustee on behalf of the Index Fund, of:

(a) in the Manager's absolute discretion,

(i) one or more Base Securities, each of which tracks the performance of an A Share or a Basket of A Shares, for the relevant Units and a cash amount equivalent to any duties and charges payable; or

(ii) a cash payment equivalent to the value of relevant Base Securities (which shall be accounted for as Deposited Property), in which case, the Manager shall be entitled in its absolute discretion to charge (for the account of the Index Fund) the relevant Participating Dealer, in relation to any Units for which cash is paid in lieu of delivering the Base Securities, an additional sum which represents the appropriate provision for duties and charges; or

(iii) a combination of (i) and (ii) above;

plus,

(b) 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 relevant Participating Dealer. If the Index Fund has insufficient cash required to pay any Cash Component payable by the Index Fund, the Manager may instruct the Trustee in writing to sell the Deposited Property of the Index Fund, or to borrow moneys to provide the cash required.

Where the Manager exercises its absolute discretion under paragraph (a) above, it shall take into account the investment objective of the Index Fund.

Units are denominated in the Base Currency of the relevant Index Fund (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee. Once Units are created, the Manager shall instruct the Trustee in writing to issue, for the account of the Index Fund, the Units to the relevant Participating Dealer in accordance with the Operating Guidelines.

The Issue Price of a Unit of any class in an Index Fund shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Dealing Day on which a Creation Application is received rounded up to the nearest fourth (4^{th}) decimal place.

Any commission, remuneration or other sums 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 by the Index Fund. The Issue Price will not take into account any duties, charges or fees payable by or to the relevant Participating Dealer.

Where a Creation Application is received or deemed to be received and accepted before the Dealing Deadline on a Dealing Day, the creation and issue of Units pursuant to that Creation Application shall be effected on that Dealing Day, but:

(a) for valuation purposes only, Units shall be deemed to be created and issued after the Valuation Point on that Dealing Day; and

(b) the Register shall be updated on the Settlement Day or (if the Settlement Day is postponed) the Dealing Day immediately following the actual Settlement Day provided that the Manager has the absolute discretion to instruct the Trustee in writing to refuse to enter (or allow to be entered) such Units in the Register if at any time the Manager or the Trustee is of the opinion that the issue of Units does not comply with the provisions of the Trust Deed.

Where 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 carried forward and deemed to be received at the opening of business on the next Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

In respect of each Creation Application, the Trustee shall be entitled to charge for its own account and benefit a Transaction Fee, the amount of which has been agreed between the Trustee and the Manager from time to time, and such Transaction Fee shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Creation Application. The Trustee may, with the consent of the Manager vary the amount of the Transaction Fee it charges provided that the level of Transaction Fee charged to all Participating Dealers following the adjustment is the same.

Rejection of Creation of Units

The Manager reserves the right to reject a Creation Application and the relevant Participating Dealer reserves the right to reject a request from any third party to submit a Creation Application provided that the Manager or the relevant Participating Dealer (as the case may be) must act reasonably and in good faith. Participating Dealers will generally accept and submit creation requests received from third parties subject to market disruption events which are out of control of the Participating Dealers and their client acceptance procedures such as if dealing of the Units or determination of the Net Asset Value of the Index Fund has been suspended or if in the opinion of the Manager, acceptance of the Creation Application will have a material adverse effect on the Index Fund. Participating Dealers may impose fees and charges in handling any creation request which would increase the cost of investment and investors are advised to check with the Participating Dealers as to relevant fees and charges.

Certificates

No certificates will be issued in respect of the Units of the Index Fund. All Units of the Index Fund will be registered in the name of the HKSCC Nominees Limited as the sole holder by the Registrar on the Register of Unitholders of the Index Fund, which is the evidence of ownership of Units. Beneficial interest of retail investors in the Units of the Index Fund will be established through an account with a participant in CCASS.

Cancellation of Creation Applications

The Trustee shall cancel Units created and issued in respect of a Creation Application under the following circumstances:

(a) if the title to the Base Security (or, if there are more than one Base Securities, any of them) (and/or cash payment, as the case may be) deposited for exchange of Units has not been fully vested upon trust 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 by or on the relevant Settlement Day; or

(b) the full amount of the Cash Component (if applicable) and any duties, fees and charges payable in respect of the Creation Application 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 in its discretion, with the approval of the Trustee, extend the settlement period on such terms and conditions as the Manager may determine (including the charging of an Extension Fee to be payable by the Participating Dealer in accordance with the relevant Operating Guidelines for such extension).

Upon cancellation of any Units created pursuant to a Creation Application as mentioned above or if a Participating Dealer withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that :

(a) any Base Securities deposited for exchange (or equivalent Securities of the same type) fully vested in the Trustee and any cash received by or on behalf of the Trustee in respect of such cancelled Units shall be redelivered to the relevant Participating Dealer;

(b) the Trustee shall be entitled to charge the relevant Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee not exceeding such amount as shall have been agreed between the Trustee and the Manager;

(c) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee for the account of the Index Fund in respect of each cancelled Unit Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit (which would have been applied in relation to each such unit if the Creation Application had not been withdrawn) exceeds the Redemption Price 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;

(d) the Trustee shall for its own account and benefit be entitled to the Transaction Fee (which amount shall be agreed between the Trustee and the Manager from time to time) payable by the Participating Dealer in respect of the Creation Application; and

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

Redemption of Units

Unless otherwise determined by the Manager and the Trustee, a Redemption Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The Dealing Deadline is at 2.45 pm (Hong Kong time) on the Dealing Day, as may be revised by the Manager from time to time. A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager, except in circumstances where there is a suspension in dealing. Please refer to the "Suspension of Dealing or Determination of Net Asset

Value" section in relation to the withdrawal of a Redemption Application during a suspension of dealing and/or the determination of Net Asset Value.

To be effective, a Redemption Application must comply with the requirements in respect of redemption of Units set out in the Trust Deed, the relevant Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions (if any) as the Trustee and the Manager may require. Pursuant to a valid Redemption Application accepted by the Manager, the Manager shall instruct the Trustee in writing :

(a) to redeem and cancel the relevant Units on the Settlement Day in accordance with the Operating Guidelines; and

(b) to transfer to the Participating Dealer the relevant Base Securities (as the Manager considers appropriate) in respect of such Units, plus, where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Index Fund has insufficient cash to pay any Cash Component payable by the Index Fund, the Manager may instruct the Trustee in writing to sell the Deposited Property of the Index Fund, or to 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.

The Redemption Price of Units redeemed shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Dealing Day on which the Redemption Application is received rounded up to the nearest fourth (4^{th}) decimal place. The Redemption Price shall not take into account the duties, charges or fees payable by or to the relevant Participating Dealer. Should the Manager be in any doubt as to the Redemption Price in connection with any redemption of Units, the Manager will request an independent third party to check the Redemption Price.

Under normal circumstances, the maximum interval between (i) the Dealing Day on which the properly documented Redemption Application is effected and (ii) payment of redemption proceeds to the relevant investor may not exceed one (1) calendar month.

Rejection of Redemption of Units

Under exceptional circumstances, the Manager reserves the right to reject a Redemption Application and the Participating Dealer reserves the right to reject a request from any third party to submit a Redemption Application provided that the Manager or the Participating Dealer (as the case may be) must act reasonably and in good faith. In rejecting a Redemption Application, the Manager will take into account the interests of all

Unitholders to ensure that the interest of all Unitholders will not be materially adversely affected. Participating Dealers will generally accept and submit redemption requests received from third parties subject to market disruption events which are out of control of the Participating Dealers and their client acceptance procedures such as whenever dealing of the Units or determination of the Net Asset Value of the Index Fund has been suspended. Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds and investors are advised to check with the Participating Dealers as to relevant fees and charges.

With a view to protecting the interests of Unitholders, if the total Redemption Applications on any Dealing Day which are received in respect of the Units of an Index Fund exceed ten per cent (10%) of the total number of Units in issue of that Index Fund, the Manager is entitled to defer any Redemption Application in whole or in part so that the 10% limit (or such higher percentage as may be determined by the Manager) (the "**Redemption Limit**") is not exceeded. Any Redemption Applications so deferred on the relevant Dealing Day will be effected in priority to Redemption Applications which are received on succeeding Dealing Days, subject always to the Redemption Limit. The Redemption Limit shall be applied pro rata so that all Unitholders of the relevant class or classes wishing to redeem Units in that Index Fund on the relevant Dealing Day will redeem the same proportion by value of such Units.

Where 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 carried forward and deemed to be 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 valuation purposes, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is deemed to be received.

In respect of each Redemption Application, the Trustee shall be entitled to charge for its own account and benefit a Transaction Fee the amount of which has been agreed between the Trustee and the Manager from time to time, and such Transaction Fee shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Redemption Application. The Trustee may, with the consent of the Manager, vary the amount of the Transaction Fee charged provided that the level of Transaction Fee applicable to all Participating Dealers following the adjustment is the same.

The Manager shall be entitled to deduct from and set off against any Cash Component payable to a Participating Dealer on the redemption of Units a sum (if any) which represents the appropriate provision for duties and charges, the Transaction Fee and any other fees payable by the Participating Dealer. If the Cash Component payable to the Participating Dealer is insufficient to pay such duties and charges, the Transaction Fee and any other fees payable on such redemption, the Participating Dealer shall promptly pay the shortfall to or to the order of the Trustee. Until such shortfall and any Cash Component payable by the Participating Dealer (if any), Transaction Fee and any fees and charges payable by the Participating Dealer are paid in full in cleared funds to or to the order of the Trustee, the Trustee shall not be obliged to deliver (and shall have a general lien over) the relevant Base Securities to be transferred (as the case may be) in respect of the relevant Redemption Application.

Upon redemption of Units pursuant to a valid Redemption Application,

(a) the funds of the Index Fund shall be deemed to be reduced by the cancellation of such Units and, for valuation purposes, 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 is or is deemed to be received; and

(b) the name of the Unitholder of such Units shall be removed from the Register on the relevant Settlement Day.

In respect of a Redemption Application, unless the requisite documents in respect of the relevant Units have been delivered to the Manager by such time on the Settlement Day as prescribed in the Operating Guidelines, the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such Redemption Application shall remain due and payable and once paid, shall be retained by and for the benefit and the account of the Trustee, and in such circumstances:

(a) the Trustee shall be entitled to charge the relevant Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee not exceeding such amount as shall have been agreed between the Trustee and the Manager;

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the Index Fund, a Cancellation Compensation in respect of each such Unit, being the amount (if any) by which the Redemption Price of each Unit (which would have applied in relation to such Unit if the Redemption Application had been made and the requisite documents in respect of such Redemption Application had been delivered) 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 the requisite documents in respect of the Units which are the subject of the Redemption Application, made a Creation Application; and

(c) no previous valuations of the Index Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application, provided that the Manager, with the approval of the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including the charging of an Extension Fee in accordance with the relevant Operating Guidelines for such extension).

Manager's Discretion to Pay Cash for Redemption of Units

The Manager shall have the right to determine in its absolute discretion by written instructions to the Trustee that the Trustee shall pay cash out of the Index Fund equal to the market value at the Valuation Point for the relevant Dealing Day of such Base Securities comprising the relevant Basket (or part thereof) in lieu of delivering the relevant Base Securities to the relevant Participating Dealer if the Manager determines in its absolute discretion that the Base Securities are unlikely to be available for delivery or are likely to be available in insufficient quantity for delivery upon the Redemption Application by a Participating Dealer or if it is in the interests of the relevant Index Fund to do so, provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Index Fund) to the Participating Dealer redeeming any Units for which cash is paid in lieu of delivering the Base Securities an additional sum which represents the appropriate provision for duties and charges. Such duties and charges payable by the Participating Dealer may be set off and deducted from the cash payable to the Participating Dealer.

Notwithstanding the above, upon request by a Participating Dealer, the Manager may in its absolute discretion pay cash out of the Index Fund in respect of such redemption provided that the Manager receives cash from the Base Securities Issuer in respect of the sale of the Base Securities in relation to the Redemption Application. The Base Securities Issuer has confirmed that it will buy back the Base Securities as may be requested by the Manager from time to time at the mark-to-market values in accordance with the terms of the Base Securities.

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of an Index Fund shall be determined at the Valuation Point on each Dealing Day (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the relevant Index Fund and deducting the liabilities of relevant Index Fund in accordance with the terms of the Trust Deed.

The Trust Deed provides, inter alia, that the value of investments in an Index Fund shall be determined as follows :

(a) the value of any investment quoted, listed or normally dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market (other than the Base Securities held by such Index Fund and an interest in a collective investment scheme) shall be calculated by reference to the last traded price on the principal stock exchange for such investments as at the close of business in such place on the relevant Dealing Day, PROVIDED THAT:

(i) if an investment is quoted, listed or normally dealt in on more than one (1) market, and if the Manager, in its discretion, considers that the prices ruling on a stock exchange other than the principal stock exchange provide a fairer criterion of value in relation to any such investment, the Trustee may, upon the written instruction of the Manager, adopt such price;

(ii) in the case of any investment which is quoted, listed or normally dealt in on a market but in respect of which, for any reason, prices on that market may not be available at any relevant time, the value thereof 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;

(iii) there shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price;

(b) the value of any investment which is not quoted, listed or ordinarily dealt in on a market shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest revaluation thereof made in accordance with the provisions hereinafter provided. For this purpose:

(i) the initial value of an unquoted investment shall be the amount expended out of the relevant Index Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of this Deed);

(ii) the Manager may at any time and shall at such times or at such intervals as the Trustee may request, cause a revaluation to be made of any unquoted investment by a professional person recommended by the Manager in writing and approved by the Trustee as qualified to value such unquoted investment;

(c) 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;

(d) the value of any Commodity shall be ascertained in such manner as the Manager shall think fit, but so that:

(i) if such Commodity is dealt in on any recognised commodities market, the Manager shall have regard to the latest ascertainable price ruling or officially fixed in respect of such investment on such recognised commodities market (as at such time as shall be determined by the Manager) or (if there shall be more than one such recognised commodities market) on such recognised commodities market as the Manager shall consider appropriate;

(ii) if any such price as referred to in paragraph (i) above is, in the opinion of the Manager and/or the Trustee, not reasonably up-to-date or is not ascertainable at any relevant time, the Manager shall have regard to any certificate as to such value provided by a firm or institution making a market in such Commodity;

(iii) the value of any futures contract shall be based on the formula set out in the Trust Deed;

(iv) if the provisions set out in (i) and (ii) above do not apply to any relevant Commodity, then the Manager shall, in ascertaining the value of such Commodity, have regard to the same factors which would have determined the value of such Commodity pursuant to paragraph (b) above if such Commodity were an unquoted investment.

(e) the value of each unit, share or other interest in any collective investment scheme which is valued as at the same day as the Index Fund shall be the net asset value per unit or share in such collective investment scheme as at that day or, if the Manager so determines, or if such collective investment scheme is not valued as at the same day as the Index Fund, the value of such interest shall be the latest published net asset value per unit, share or other interest in such collective investment scheme or (if the same is not available) the last published redemption or bid price of such unit, share or other interest;

(f) notwithstanding the foregoing, the Manager may, at its absolute discretion, permit some other valuation method to be used if they consider that such valuation better reflects the fair value;

(g) the value of any investment (whether of a Security (including Base Securities) or cash) otherwise than in the Base Currency shall be converted into the Base Currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange; and

(h) if no net asset value, bid and offer prices or price quotations are available, the value of the relevant asset shall be determined from time to time in such manner as the Manager shall determine.

The term “last traded price” referred above, refers to the last traded price reported on the relevant exchange for the Business Day, commonly referred to in the market as the “settlement price” or “exchange price”, and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded, then the last traded price will be the “exchange close” price as calculated and published by the relevant exchange in accordance with that exchange’s rules.

The Trustee and/or the Manager may:

(a) rely without verification on price data and/or other information provided through electronic price feeds, mechanised and/or electronic systems of price/valuation dissemination for the purposes of valuing any assets of the Trust Fund and the prices provided by any such system shall be deemed to be the last traded prices;

(b) accept as sufficient evidence of the value of any asset of the Trust Fund or the cost price or sale price thereof, any market quotation or certification by a calculation agent, broker, any professional person, firm or association qualified in the opinion of the Trustee or the Manager to provide such a quotation provided that nothing hereunder shall impose an obligation on the Trustee or the Manager (as the case may be) to obtain such a quotation or certification. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Trust Fund’s assets, the Trustee may accept, use and rely on such prices without verification; and

(c) rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any assets of the Trust Fund or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under this Deed,

and the Trustee and the Manager shall not be liable for any loss suffered by the Trust, any Sub-Fund, any Unitholders or any other person in connection therewith except the Trustee and the Manager shall be respectively liable for losses which are due to fraud, wilful default or negligence on their part.

For the purposes of determining the Net Asset Value, the Trustee shall value the Base Securities held by the Index Fund according to the price determined by the Base Securities Issuer or the calculation agent to be the value of the Base Securities. This figure will then be converted into Hong Kong dollars. The relevant Base Securities Issuer or the calculation agent shall determine the price of each Base Security in US dollars by reference to the last traded price of the underlying A Share (as at the end of each Business Day) adjusted for transaction costs (such as execution fee and maintenance fee charged by the Base Securities Issuer and the Capital Gain Tax and any other transaction costs and expenses (which shall be at a reasonable level), as the relevant Base Securities Issuer or calculation agent deems appropriate).

The Manager will regularly conduct an evaluation and verification of the value of the Base Securities. If the Manager, considers in its reasonable opinion, that an independent professional valuation is necessary, it may appoint an independent third party valuer to value the Base Securities. Such value as determined by the Manager or third party valuer may, at the discretion of the Manager, be deemed to be the value of the Base Securities held by the Index Fund.

The Trustee may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including the relevant calculation agent, automatic processing services, brokers, market makers or intermediaries, the Manager, and any administrator or valuations agent of other collective investments into which an Index Fund may invest. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of an Index Fund's assets, the Trustee may accept, use and rely on such prices, without verification, in determining the Net Asset Value of the Index Fund and shall not be liable to the Trust, any Unitholder or any other person in doing so.

The annual report and accounts of each Index Fund will be prepared in accordance with IFRS. Investors should note that the above valuation policies may not necessarily comply with IFRS. Under IFRS, investments should be valued at fair value and bid and ask pricing is considered to be representative of fair value for long and short listed investments respectively. However, under the valuation basis described above, listed investments are expected to be valued at the last traded price instead of bid and ask pricing as required under IFRS. To the extent that the valuation basis adopted by the Trust deviates from IFRS, adjustments may be required to be made in the annual accounts of the Trust in order to comply with IFRS, and if relevant will include a reconciliation note in the annual accounts of the Trust to reconcile values shown in the annual accounts determined under IFRS to those arrived at by applying the Trust's valuation rules. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual accounts depending on the nature and level of materiality of the non-compliance.

SUSPENSION OF DEALING OR DETERMINATION OF NET ASSET VALUE

The Manager may, after giving notice to the Trustee, declare on the website maintained by the Manager for an Index Fund or through such other means as the Manager considers appropriate a suspension of dealing of the Units, and/or the determination of the Net Asset Value, of an Index Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the Index Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or determining the Net Asset Value or the Issue Price or Redemption Price of a Unit;

(b) for any other reason, a substantial part of the investments of any Index Fund has been suspended on any securities market which they are normally traded;

(c) there is a suspension of trading of the relevant Units on the securities market on which such Units are normally traded;

(d) for any other reason, the prices of investments held or contracted for by the Manager for the account of the Index Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(e) in the opinion of the Manager, it is not reasonably practicable to realize any investments held or contracted for the account of the Index Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the Index Fund;

(f) the remittance or repatriation of funds which will or may be involved in the redemption of, or in the payment for, the investments of the Index Fund or the subscription or redemption of any classes of Unit is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal exchange rates;

(g) the Underlying Index is not compiled or published; or

(h) an extraordinary general meeting of the Unitholders of the relevant Index Fund has been announced or is expected by the Manager to be announced within the next sixty (60) calendar days.

Upon declaration of the suspension by the Manager, the suspension shall take effect. During the suspension,

(a) there shall be no dealing and/or determination of the Net Asset Value of the Index Fund;

(b) the Manager shall have the absolute discretion to suspend an Application received prior to the suspension;

(c) the Manager shall have the absolute discretion, in respect of a valid Redemption Application received and accepted prior to the suspension, to delay conducting any action which would otherwise be undertaken in respect of such a Redemption Application (such as the transfer of the relevant Index Shares or payment of the Cash Component (if any));

(d) the Manager shall be under no obligation to rebalance (in case the Base Security tracks the performance of an A Share) the Deposited Property of the Index Fund or (in case the Base Security tracks the performance of a Basket of A Shares) the Basket of A Shares referenced by each Base Security held by the Index Fund;

(e) no Applications shall be made by any of the Participating Dealers; and

(f) no Units shall be created and issued or redeemed for the account of the Index Fund.

The suspension shall terminate (a) when the Manager, after giving notice to the Trustee, declares the suspension at an end, or (b) in any event on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension shall be declared exists.

As soon as reasonably practicable after the termination of suspension, the Manager shall publish a notice of such termination on the website maintained by the Manager for the Index Fund or through such other means as the Manager considers appropriate.

A Participating Dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an Application submitted prior to such suspension by notice in writing to the Manager and the Manager shall promptly notify the Trustee accordingly. If the Manager and the Trustee have not received any such notification of withdrawal of such Application before termination of such suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, create and issue Units or redeem Units in respect of such Application and such Application shall be deemed to be received immediately following the termination of such suspension.

SUSPENSION OF DEALING IN UNITS ON THE SEHK

Dealing in Units on the SEHK, or trading on the SEHK generally, may at any time be suspended by the SEHK subject to any conditions imposed by the SEHK if the SEHK considers it necessary for the protection of investors or for the maintenance of an orderly market or in such other circumstances as the SEHK may consider appropriate.

Investors should also refer to the section on “Suspension of Dealing or Determination of Net Asset Value” above for information on what may happen if dealing in Units of an Index Fund on the SEHK is suspended.

DISTRIBUTION POLICY

The Manager may in its absolute discretion distribute income to Unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to Unitholders, if any, will be derived from the net income of the relevant Index Fund. No amount payable to Unitholders in respect of any distribution shall bear interest.

On a distribution by 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 six years 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 (or any person claiming through, under or in trust for him) may previously have had in respect of such undistributed income shall be forfeited.

FEES AND CHARGES

For details of the amount of fees and charges currently applicable to the CSI RAFI 50 ETF, please refer to Part 2 of this Prospectus.

Management Fees and Servicing Fee

The Manager may charge management fee and servicing fee up to two per cent (2%) per annum of the Net Asset Value of the Index Fund. The applicable rate for the CSI RAFI 50 ETF is set out in Part 2 of this Prospectus. The Manager may at any time decrease the rate of management fees or servicing fee in respect of any class of Units of an Index Fund. The Manager may also, on giving not less than one (1) month's notice to Unitholders, increase the rate of management fee or servicing fee payable in respect of any class of Units of an Index Fund up to or towards the maximum rate of two per cent (2%) per annum of the Net Asset Value of the Index Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Further details of the management fees and servicing fees in respect of the CSI RAFI 50 ETF are set out in Part 2 of this Prospectus.

Trustee Fee

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one (1) month's written notice to the relevant Unitholders, increase the rate of the trustee fee payable in respect of an Index Fund up to or towards the maximum rate of one per cent (1%) per annum of the Net Asset Value of the Index Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Trustee may from time to time and as the Trustee thinks fit, appoint such person or persons (including a Connected Person) as Custodian, co-Custodian or sub-Custodian of the whole or any part of the assets of an Index Fund and may empower any such Custodian, or co-Custodian to appoint sub-Custodian.

The assets of the Trust will currently be under the custody of the Trustee. As and when the appointment of a Custodian, co-Custodian or sub-Custodian (other than the Trustee itself) should in the view of the Trustee be necessary, the fees and expenses of such Custodian, co-Custodian and sub-Custodian shall be paid out of the relevant Index Fund. The Manager and Trustee will take reasonable care to ensure that such fees are reasonable and align with prevailing market rates as and when such appointment is necessary.

Further details of the trustee fee in respect of the CSI RAFI 50 ETF are set out in Part 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).

Service Agent's Fee

Under the terms of the service agreement entered into among the Manager, the Trustee, HK Conversion Agency Services Limited, the HKSCC, the Registrar and Participating Dealer, a transaction fee of HK$1,000 is payable by a Participating Dealer to HK Conversion Agency Services Limited for each book-entry deposit or book entry withdrawal transaction, and a monthly reconciliation fee of HK$5,000 is payable by the Manager to HK Conversion Agency Services Limited. The service fees paid by a Participating Dealer and the Manager under the agreement may be changed by the Service Agent subject to the agreement of the Participating Dealer and the Manager (as the case may be).

Other Charges and Expenses

Each Index Fund shall bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are attributable to all the Index Funds, each Index Fund will bear such costs in proportion to its respective net asset value or in such other manner as the Manager shall consider appropriate. Such costs include but are not limited to the costs incurred in the establishment, structuring, management and administration of the Trust and the Index Funds, the costs of investing and realizing the investments of the Index Funds, the charges, fees, expenses, taxes or other duties in obtaining collateral, credit support, or implementing other measures or arrangements in mitigating the counterparty risk or other exposures of the Index Funds, the fees and expenses of Registrar, Service Agent, Custodians and sub-Custodians of the assets of the Trust, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum, any audited accounts or interim reports which are sent to the Unitholders.

In addition, each Index Fund shall bear a due proportion of the costs and expenses incurred by the Manager and the Trustee in establishing the Trust. These costs and expenses are estimated to be approximately HK$2,500,000 and may be allocated to each Index Fund on an equal basis and amortized over the first accounting period of the Trust. In the event that any Index Fund is terminated prior to the expiry of the amortization period, the balance of unamortized expenses will be apportioned amongst the other remaining Index Funds on an equal basis unless the Trustee and the Manager agree otherwise.

In addition to the above, Unitholders may be required to pay any requisite governmental tax, stamp duty, registration fee, custody and nominee charges as may be required in the purchase or sale of the Units in an Index Fund. Fees payable by retail investors dealing in the Units on the SEHK are set out under the “Fees Payable by Retail Investors Dealing in Units on the SEHK” in Part 2 of this Prospectus.

Broker Commissions

Under normal operating conditions, 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 costs may impede effective portfolio management and preclude the relevant Index Fund 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 will seek to effect 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 prices 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 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 authorized by the SFC, no more than 50 per cent (50%) 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

The Manager (and its Connected Persons) will not receive any soft dollar commissions or enter into any soft dollar arrangements in respect of the management of the Index Funds. The Manager (and its Connected Persons) will not retain any cash rebates from any broker or dealer.

TAXATION

The following statements regarding taxation are based on advice received by the Index Fund regarding the law and practice in force in Hong Kong at the date of this Prospectus.

The Index Fund

An Index Fund is not expected to be subject to Hong Kong tax in respect of any of its authorized activities.

Pursuant to a remission order issued by the Secretary for Treasury on 20 October 1999, Hong Kong stamp duty payable on the transfer of Hong Kong stocks by an investor to an Index Fund in respect of allotment of Units, or by an Index Fund to an investor upon redemption of Units, will be remitted or refunded. Apart from the above, the sale and purchase of Hong Kong stocks by an Index Fund will be subject to stamp duty in Hong Kong at the current rate of 0.2 per cent (0.2%) of the price of Hong Kong stocks being sold and purchased. An Index Fund will normally be liable to one half of such Hong Kong stamp duty.

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

Unitholders

No tax will be payable by Unitholders in Hong Kong in respect of income distributions of an Index Fund or in respect of any capital gains arising on a sale, redemption or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

Hong Kong stamp duty (currently at rate of 0.2 per cent (0.2%) of the price of the Units being sold or purchased) shall be payable in respect of the sale or purchase of Units, whether on or off the SEHK, with one half payable by the seller and another half payable by the purchaser. Where applicable, approval will be sought from the Financial Services and the Treasury Bureau 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 an Index Fund where the Index Fund invests exclusively in non-Hong Kong stocks. In such circumstances, the seller and the purchaser of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in an Index Fund. Please refer to Part 2 of this Prospectus for details for each of the Index Funds.

General

Investors should consult their professional financial advisers on the consequences to them of acquiring, holding, realizing, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences, stamping and denoting requirements and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

OTHER IMPORTANT INFORMATION

Reports and Accounts

The Index Fund's year end is 31 December in each year commencing 31 December 2010. Audited accounts in English will be available on the “Products” page of the Manager’s website (http://asset.pingan.com.hk) within four (4) months of the end of each financial year. Half-yearly unaudited reports in English are also to be prepared up to the last

Dealing Day in June of each year and be available on the Manager's website within two (2) months of such date. Hard copies of these reports may also be obtained at the offices of the Manager at Suites 1106-1110, 11/F, Chater House, 8 Connaught Road, Central, Hong Kong during normal business hours on any day (excluding Saturdays, Sundays and public holidays).

Such reports will contain a statement of the value of the net assets of the Index Fund and the investments comprising its portfolio, including a list of the constituent securities of the Underlying Index, if any, that each accounts for more than ten per cent (10%) of the weighting of the Underlying Index as at the end of the relevant period and their respective weightings showing any limit adopted by the Index Fund has been complied with. Such reports will also provide a comparison of the Index Fund's performance and the actual performance of the Underlying Index over the relevant period.

On or before the publication of annual reports and semi-annual reports within the relevant timeframe, notice will be given to Unitholders to notify them where the financial reports (in printed form or in electronic form) can be obtained.

Publication of Information Relating to the Index Funds

The Manager shall publish the near real time Net Asset Value per Unit of each relevant Index Fund on its website (http://asset.pingan.com.hk) on each Dealing Day.

The Manager shall also publish the following information in both English and Chinese languages in respect of each Index Fund on its website, including:

- this Prospectus and the Product Key Facts Statement of the Index Funds (as amended and supplemented from time to time);
- (in English only) the latest annual and semi-annual financial reports of the Index Funds;
- any public announcements made by an Index Fund, including information in relation to the Underlying Index (such as the CSI RAFI 50), notices of the suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of trading of Units;
- the daily closing Net Asset Value and Net Asset Value per Unit and monthly holdings;
- the identity of each Base Securities Issuer and Participating Dealer;
- the gross and net exposure of the Index Fund to each Base Securities Issuer (updated on each Dealing Day); and
- the composition of collaterals by various classifications (updated on a monthly basis starting March 2011).

All the information outlined above can be found on the "Products" page of the Manager's website (http://asset.pingan.com.hk).

In addition, CSI shall publish the CSI RAFI 50 on its website (www.csindex.com.cn).

Removal and Retirement of the Trustee and the Manager

The Trustee

Subject to the prior written approval of the SFC, the Trustee may retire from office by giving not less than ninety (90) days' written notice (or such shorter period of notice as the SFC may approve) to the Manager and the Unitholders PROVIDED THAT adequate arrangements have been made for another trustee approved by the SFC to assume responsibility for the administration of the Trust and for the Trustee's interest in the assets of the Trust to be transferred to that trustee.

The Trustee may be removed by prior notice in writing to the Trustee by the Manager in any of the following events:

(a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee (or any such analogous process occurs or any analogous person is appointed in respect of the Trustee);

(b) if the Trustee ceases to carry on business; and

(c) when the Manager gives not less than ninety (90) days' prior notice (or such shorter period of notice as the SFC may approve) in writing to the Trustee to remove the Trustee from the trusteeship of the Trust provided that the Manager determines that the removal of the Trustee is not materially adverse to the interests of the Unitholders and that the Manager notifies the Unitholders in writing of the removal of the Trustee.

In any of such events the Manager shall (with, for so long as the Trust is authorised by the SFC, the prior written consent of the SFC) appoint any other company qualified to act as trustee under the proper law of the Trust as the new trustee of the Trust and the outgoing Trustee shall upon receipt of notice by the Manager promptly execute such deed (in accordance with the provisions of the Trust Deed) as the Manager shall require reasonably appointing the new trustee as trustee of the Trust and the outgoing Trustee shall thereafter ipso facto cease to be the Trustee. The removal of the Trustee and the appointment of its successor shall take effect simultaneously.

The Manager

The Manager must be subject to removal by three (3) months' notice in writing from the Trustee in either of the following events:

(a) for good and sufficient reason, the Trustee states in writing that a change in the Manager is desirable in the interest of the Unitholders; or

(b) Unitholders of the Trust representing at least fifty per cent (50%) in value of the Units outstanding (excluding those held or deemed to be held by the Manager or the Participating Dealers) deliver to the Trustee a written request to dismiss the Manager.

The Manager must also be subject to removal forthwith upon written notice from the Trustee if the Manager commences liquidation or has gone into receivership or has entered into any scheme of arrangement or compromise with its creditors.

If the authorization of the Manager to act as the investment manager of the Trust is withdrawn by the SFC, the Manager's appointment shall be terminated as at the date on which the SFC's withdrawal of authorization becomes effective.

The Manager may retire as manager of the Trust at any time after giving ninety (90) days' written notice, or any other period of notice as agreed to by the Trustee, to the Trustee provided that, and subject to the Trustee selecting a new manager being duly qualified under the Code, and acceptable to the SFC.

The retirement of the Manager will not be effective until the appointment of the new manager by the Trustee is approved in writing by the SFC. The Trustee shall, as soon as reasonably practicable after the appointment of a new Manager, given written notice to the Unitholders specifying the name and other relevant details of the new Manager.

Termination of the Trust or an Index Fund

An Index Fund shall terminate upon the termination of the Trust. The Trust shall continue for a period of eighty (80) years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Trust may be terminated by the Trustee by notice in writing to the Manager and the Unitholders as hereinafter provided if:

(a) the Manager shall go into liquidation or if a receiver is appointed over any of their assets and not discharged within sixty (60) days;

(b) in the reasonable opinion of the Trustee, the Manager shall be incapable of performing or shall in fact fail to perform their duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the interests of the Unitholders;

(c) the Trust shall cease to be authorized pursuant to the Securities and Futures Ordinance or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;

(d) the Manager shall have ceased to be the Manager and, within a period of thirty (30) days thereafter, no other qualified corporation shall have been appointed by the Trustee as a successor Manager; and

(e) the Trustee shall have given ninety (90) days' notice to retire and such notice period has expired, and after a further ninety (90) days' written notice by the Trustee to the Manager (or such shorter period as agreed between the Trustee and the Manager), the Manager is unable to find a suitable and willing person to act as trustee.

The Trust and/or an Index Fund and/or any classes of Units relating to an Index Fund (as the case may be) may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee and the Unitholders as hereinafter if:

(a) at any time one year after the establishment thereof, in relation to the Trust, the aggregate Net Asset Value of all Units outstanding hereunder shall be less than HK$200,000,000 or, in relation to an Index Fund, the aggregate Net Asset Value of the Units of the relevant classes outstanding hereunder shall be less than HK$200,000,000;

(b) the relevant Index Fund (which is authorized by the SFC pursuant to the Code) shall cease to be authorized pursuant to the Securities and Futures Ordinance;

(c) any law shall be passed which renders it illegal or in the good faith opinion of the Manager impracticable or inadvisable to continue the Trust and/or the Index Fund;

(d) the Underlying Index of the relevant Index Fund is no longer available for benchmarking, unless the Manager determines (in consultation with the Trustee) that it is possible, feasible, practicable and in the best interests of the Unitholders to substitute another index for the Underlying Index;

(e) the Units of the Index Fund are no longer listed on the SEHK or other securities market;

(f) in the case an Index Share of the relevant Index Fund is a Base Security or other similar Security, the exercise period (if any) of the Index Share is not extended and the Index Share has to be exercised and settled. In such circumstances, unless the Manager determines (in consultation with the Trustee) that another method of holding or replicating the holding of the Security constituting the Underlying Index is possible, feasible, practicable and in the best interests of the Unitholders, the Units then in issue shall be compulsorily redeemed and the Index Fund shall be terminated in accordance with the provisions of the Trust Deed. The Manager shall, in such event, notify the SFC in advance and agree with the SFC appropriate methods of notification of the relevant Unitholders prior to such redemption and termination;

(g) the Trust and/or the Index Fund ceases to have any Participating Dealer; or

(h) the Trustee has ceased to be the Trustee and the Manager is unable to find a qualified corporation to act as trustee in place of the Trustee in accordance with the terms of the Trust Deed.

Notice will be given to Unitholders if the Trust or an Index Fund is terminated under the above circumstances. Such notice will be submitted to the SFC for prior approval.

An Index Fund may also be terminated by unanimous resolution of Unitholders of the class or classes relating thereto at a meeting convened in accordance with the Trust Deed and such termination shall take effect from the date as such resolution may provide.

Trust Deed

The Trust was established under Hong Kong law by a trust deed dated 19 April 2010 (as may be amended, modified or supplemented from time to time). All holders of Units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

Conflicts of Interests

The Manager and the Trustee are not presently in any position of conflict in relation to the Trust.

However, 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.

Potential conflicts of interest may, for example, also arise in the following situations:

(a) 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;

(b) the Trustee, the Manager or any of their respective Connected Persons may have banking or other commercial relationships with any company or party which is the issuer of the Securities, financial instruments or investment products held by the Trust;

(c) the Trustee, the Manager or any of their respective 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;

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

In the event that a potential conflict of interest arises between the Manager or the Trustee with the Trust, the Manager and the Trustee will have regard to their respective obligations under the Trust Deed and to the Trust and Unitholders and will endeavour to act, so far as practicable, in the best interests of the Trust and the Unitholders.

Indemnification and Limitation of Liability

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 for details.

Modification of Trust Deed

Subject to the prior approval of the SFC, the Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges payable out of the assets of any Index Fund or (ii) is necessary or desirable in order to comply 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. No modification to the Trust Deed shall impose any obligation on any Unitholders to make further payments or to accept further liability in respect of his/her Units.

Meetings of Unitholders

The Trust Deed provides that the Trustee or the Manager may (and the Manager shall at the request in writing of Unitholders together registered as holding not less than one-tenth in value of the Units in issue) at any time convene a meeting of Unitholders or of Unitholders of Units of any class upon at least 21 days' notice. Notices of meetings of Unitholders will be posted to Unitholders.

Proxies may be appointed. A Unitholder who is the holder of two or more Units may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Unitholders. Where the Unitholder is a recognized clearing house (within the meaning of the Securities and Futures Ordinance) or its nominee(s), it may authorize such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meetings of Unitholders or any meetings of any class of Unitholders provided that, if more than one person is so authorized, the authorization or proxy form must specify the number and class of Units in respect of which each such person is so authorized. The person so authorized will be deemed to have been duly authorized without the need of producing any documents of title, notarized authorization and/or further evidence for substantiating the facts that it is duly authorized and will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder, including the right to vote individually on a show of hands.

The quorum at Unitholders' meetings is two (2) or more Unitholders present in person or by proxy, with such Unitholders registered as holding not less than 10 per cent (10%) (or, in relation to a resolution proposed as an extraordinary resolution, 25 per cent (25%)) of the Units in issue. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting will be adjourned for not less than fifteen (15) days, and at an adjourned meeting Unitholders present in person or by proxy whatever their number or the number of Units held by them will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75 per cent (75%) of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding different classes of Units where only the interests of Unitholders of a particular class are affected.

The Trust Deed provides that at any meeting of Unitholders, on a show of hands, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorized representative shall have one vote and, on a poll, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder.

Documents Available for Inspection

Copies of the Trust Deed, Service Agreement, Participation Agreements and the latest annual and semi-annual reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager, Suites 1106-1110, 11/F, Chater House, 8 Connaught Road, Central, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

Anti-Money Laundering Regulations

As part of the Trustee's and the Manager's responsibility for the prevention of money laundering, they may require a detailed verification of an investor's identity and the source of the payment of any subscriptions. Depending on the circumstances of each application, a detailed verification might not be required where:

(i) the applicant makes the payment from an account held in the applicant's name at a recognized financial institution; or

(ii) the application is made through a recognized intermediary.

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

The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of any investor and the source of the payment. In the event of delay or failure by an investor to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application moneys relating thereto.

The Participating Dealers may be subject to similar anti-money laundering obligations.

Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

<u>Manager</u>
Ping An of China Asset Management (Hong Kong) Company Limited
Suites 1106-1110
11th Floor, Chater House
8 Connaught Road, Central
Hong Kong

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

Queries and Complaints

Investors may contact the Manager at its address as set out above, or by phone at its telephone number 852) 3762-9228 or by email at enquiries@pingan.com.hk to seek any clarification regarding the Trust or the CSI RAFI 50 ETF or to file a complaint. If a query or complaint is received by phone, the Manager will respond orally. If a query or complaint is received in writing, the Manager will respond in writing. Under normal circumstances the Manager will respond to any query or complaint as soon as practicable and in any event within 21 days.

PART 2 – INFORMATION RELATING TO THE CSI RAFI 50 ETF

This part of the Prospectus sets out specific information applicable to the CSI RAFI 50 ETF. Prospective investors' attention is drawn to "Risk Factors relating to the CSI RAFI 50 ETF" below and "Principal Risk Factors Common to All Index Funds" as set out in Part 1 of this Prospectus.

KEY INFORMATION

The following table is a summary of key information in respect of the CSI RAFI 50 ETF, and should be read in conjunction with the full text of this Prospectus.

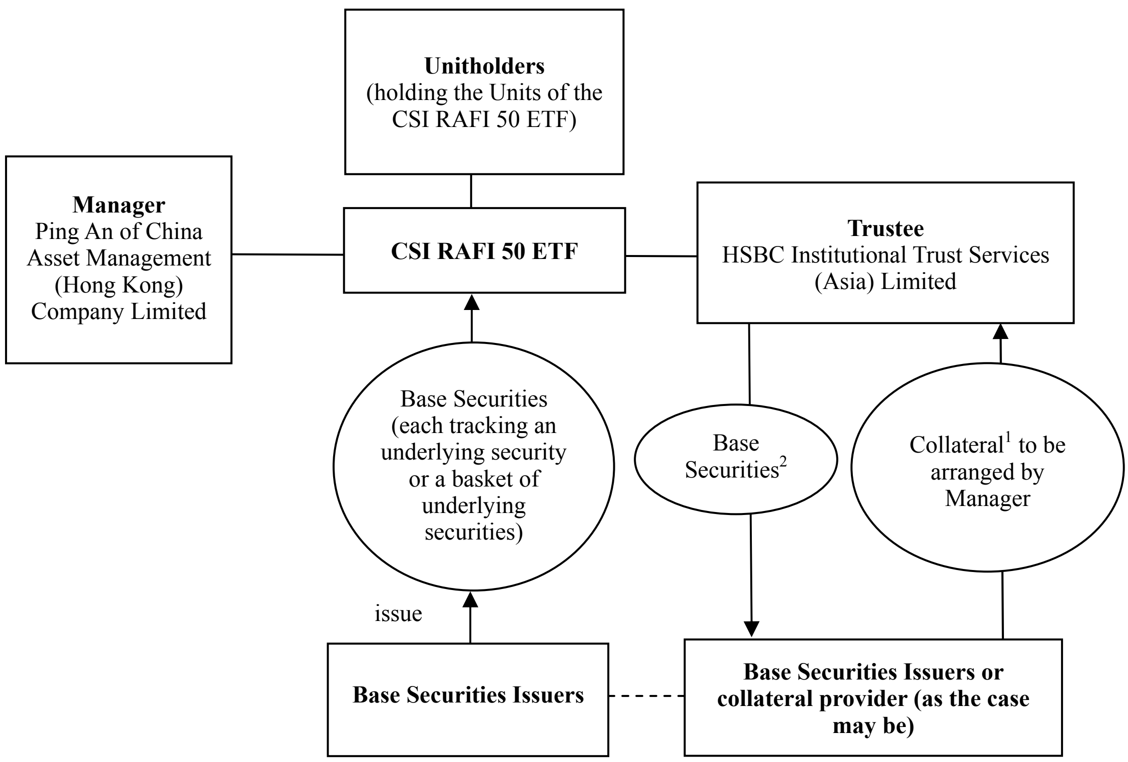
Investment Type		Exchange Traded Fund ("**ETF**")
Underlying Index		Index: CSI RAFI 50 Inception Date: 26 February 2009 Number of constituents: 50 Base Currency of Index: RMB
Listing Date		7 May 2010
Exchange Listing		SEHK - Main Board
Stock Code		2818
Trading Board Lot Size		100 Units
Base Currency		Hong Kong dollars (HK$)
Dividend Payout		Annually (if any)
Application Unit size for Creation/Redemption by Participating Dealers		Minimum 2,000,000 Units (or multiples thereof)
Parties	Manager	Ping An of China Asset Management (Hong Kong) Company Limited
	Investment Advisor	Ping An Asset Management Co., Ltd
	Trustee, Custodian and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Service Agent	HK Conversion Agency Services Limited
	Base Securities Issuers	Citigroup Global Markets Holdings Inc. UBS AG acting through its London branch
	Participating Dealers and Market Makers	Citigroup Global Markets Asia Limited UBS Securities Hong Kong Limited
Management Fees		0.97% p.a. of NAV calculated daily
Estimated total expense ratio*		1.91% p.a. (inclusive of the above management fees) of NAV
Website		http://asset.pingan.com.hk

* The estimated total expense ratio is the sum of anticipated charges to the CSI RAFI 50 ETF expressed as a percentage of the net asset value of CSI RAFI 50 ETF, and includes the trustee fee, management fee, general expenses, maintenance fee, index licence fee and execution commission charged by the Base Securities Issuers but does not include variable items such as costs and charges associated with the collateral or credit

support arrangement and various hedging and transactional costs associated with the Base Securities, and extraordinary items such as litigation, change of law, credit events of any of the Base Securities Issuers and extreme market conditions which may result in an increase in the total expense ratio. Such costs may have a substantial adverse impact on the NAV and performance of the CSI RAFI 50 ETF and may result in higher tracking errors. Whilst the total expense ratio represents an estimate of the annual routine operating costs of the CSI RAFI 50 ETF relative to its assets, it does not represent the estimated tracking error of the CSI RAFI 50 ETF and is not the only factor that may cause the CSI RAFI 50 ETF returns to deviate from its Underlying Index.

Structure of the CSI RAFI 50 ETF:

The diagram below briefly summarizes the structure of the CSI RAFI 50 ETF and the collateral arrangement(s) in relation to the Base Securities:



Note 1: Where the net exposure of the CSI RAFI 50 ETF to the Base Securities Issuer exceeds 10% of its Net Asset Value, the Manager will instruct the Trustee to obtain collateral or other forms of credit support to limit the net exposure of the CSI RAFI 50 ETF to the Base Securities Issuers to 10% of its Net Asset Value.

Note 2: Where such collateral or credit support arrangement is made by way of a securities borrowing and lending agreement, Base Securities may be lent/transferred by the Trustee to the Base Securities Issuer or collateral provider.

The CSI RAFI 50 ETF is an index-tracking fund which seeks to track the performance of the Underlying Index, the CSI RAFI 50.

The CSI RAFI 50 ETF aims to achieve its investment objective by investing in Base Securities (each of which is a derivative instrument and include, but are not limited to, warrants, notes, participation certificates or other structured products) which track the performance of A Share(s). Pursuant to each Base Security, the Base Securities Issuer shall, subject to the terms of such Base Security, have the contractual obligation to pay to the CSI RAFI 50 ETF a monetary amount which tracks the performance of a reference security. Please refer to the “Roles of the Participating Dealer, QFII and Base Securities Issuer” section below for further information about these Base Securities Issuers.

In order to track the performance of the CSI RAFI 50, the CSI RAFI 50 ETF will acquire a basket of Base Securities which, in aggregate, will track the performance of the Index Shares, which in turn will track the performance of the CSI RAFI 50, subject to tracking errors.

Investment in the CSI RAFI 50 ETF is not the same as an investment in the underlying A Shares of the CSI RAFI 50. The CSI RAFI 50 ETF will not invest directly in A Shares and all or substantially all of the non-cash assets shall be invested in Base Securities.

Investors should note that the Base Securities represent only direct, general and unsecured contractual obligations of the Base Securities Issuers. The Base Securities do not provide the CSI RAFI 50 ETF with any legal or equitable interest of any type in the underlying A Shares. Accordingly, the value of the assets of the CSI RAFI 50 ETF will, and may always, depend entirely on the credit risk of the Base Securities Issuers.

In the event of any default by, or any material adverse change concerning a Base Security Issuer, the CSI RAFI 50 ETF may suffer significant losses, and investors may suffer losses on all or part of their investment in the Units.

As part of its risk management process, the Manager will closely monitor the risks of the CSI RAFI 50 ETF (including the counterparty risks in relation to a Base Securities Issuer) in the interest of protecting the CSI RAFI 50 ETF and its investors. The Manager will take such measures and actions as reasonably and practicably available to it in the event of any substantial downgrading of credit rating or other material adverse change concerning a Base Securities Issuer, including seeking additional collateral and/or Base Securities Issuers and/or selling the Base Securities back to the relevant Base Securities Issuer. However, there can be no assurance that such measures will be available or effective and there may be additional charges, fees and expenses, and dealings of the Units of the CSI

RAFI 50 ETF may need to be suspended, the CSI RAFI 50 ETF may suffer very significant losses and it may be ultimately terminated.

In order to mitigate the potential counterparty risks, the Manager may from time to time implement measures including, without limitation, obtaining collateral or seeking the provision of other credit support from the Base Securities Issuers or their affiliates to mitigate the counterparty risk as it deems appropriate. Please refer to the "Risk Factors – Counterparty risk" and "Current Collateral Arrangement" sections for more information.

EXCHANGE LISTING AND TRADING

Dealings in the Units on the SEHK have already commenced. Units of the CSI RAFI 50 ETF 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.

Creation of Units

Unless otherwise determined by the Manager and the Trustee, a Creation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit or whole multiples thereof. The dealing period on each Dealing Day commences at 9:15 am and ends at the Dealing Deadline at 2:45 pm, as may be revised by the Manager from time to time. A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager except in circumstances where there is a suspension of dealing in the Units (which consent shall not be unreasonably withheld).

If trading of the Units of the CSI RAFI 50 ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

Units of the CSI RAFI 50 ETF are offered and issued at their Net Asset Value only in aggregations of a specified number of Application Units generally in exchange for a basket of equity securities included in the Index Fund's Underlying Index (Index Shares constituting the relevant Basket) or Base Securities linked to such equity securities together with the payment of a Cash Component. Units are redeemable only in an Application Unit or in multiples thereof, and generally, in exchange for portfolio securities and payment of a Cash Component.

The Manager shall instruct the Trustee to effect, for the account of the Trust, the creation of Units in Application Unit sizes in exchange for either a transfer of Securities, or cash, or a combination of both (at the discretion of the Manager) in accordance with the Operating Guidelines and the Trust Deed.

Investors should note that the CSI RAFI 50 ETF differs from a typical unit trust offered in Hong Kong. The creation and redemption of Units can only be facilitated by or through Participating Dealers. Participating Dealers will generally accept and submit creation and redemption requests received from third parties subject to market disruption events which are out of control of the Participating Dealers and their client acceptance procedures such as if dealing of the Units or determination of the Net Asset Value of the CSI RAFI 50 ETF has been suspended or if in the opinion of the Manager, acceptance of the Creation Application will have a material adverse effect on the CSI RAFI 50 ETF.

INVESTMENT OBJECTIVE AND STRATEGY

The CSI RAFI 50 ETF is an index-tracking fund which seeks to track the performance of the Underlying Index, the CSI RAFI 50.

The Manager intends to primarily adopt a replication strategy for the CSI RAFI 50 ETF and invest in Base Securities which track the performance of substantially all the Securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these Securities have in the Underlying Index. When the constituents of the Underlying Index changed, the Manager will adjust the weightings of the Securities underlying the Base Securities held by the CSI RAFI 50 ETF accordingly.

Where the adoption of a replication strategy is not efficient or practicable, or otherwise at the Manager's discretion, the CSI RAFI 50 ETF may pursue a Representative Sampling Strategy for the CSI RAFI 50 ETF. When adopting this strategy, the Base Securities to be held by the CSI RAFI 50 ETF may or may not track the performance of all the constituent A Shares of the Index and the Manager may overweight certain of the A Shares underlying the Base Securities relative to the relevant A Shares' respective weightings in the Index on the condition that the maximum extra weighting in any underlying A Share will not exceed four per cent (4%) under normal circumstances or such other percentage as determined by the Manager after consultation with the SFC. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit by the CSI RAFI 50 ETF. The annual and semi-annual reports of the CSI RAFI 50 ETF shall also disclose whether or not such limit has been complied with during such period. Investors should note that the Representative Sampling Strategy is associated with certain additional risks, in particular a possible increased tracking error at the time of the index rebalancing as well as a possible increased tracking error in general, and investors should read the "Risk Factors" section below carefully.

The Manager may switch 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 CSI RAFI 50 ETF by tracking the Underlying Index as closely as possible for the benefit of investors synthetically by investing in the Base Securities. However, investors should note that the adoption of a representative sampling strategy is associated with certain additional risks, in particular, a possible increased tracking error at the time of the switch, as well as possible increased tracking error in general. Investors should read the "Risk Factor" section carefully.

If in the future the PRC laws permit the investment of A Shares directly by non-PRC persons and/or non-QFIIs, subject to the prior approval of the SFC, the CSI RAFI 50 ETF may hold or have an equitable interest directly in A Shares constituting the Index instead of Base Securities, in which case, not less than one (1) month's written notice will be given to the Unitholders.

THE INDEX

The Underlying Index in respect of the CSI RAFI 50 ETF, being the CSI RAFI 50, is a diversified index consisting of 50 constituent A Shares compiled and managed by the China Securities Index Co., Ltd. Please refer to the Appendix for detailed information on the CSI RAFI 50.

CSI has granted to the Manager, by way of a 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 as the basis for determining the composition of the Underlying Index in respect of the CSI RAFI 50 ETF and to sponsor, issue, establish, market, list and distribute the CSI RAFI 50 ETF. Please see section titled "Risks related to the CSI RAFI 50" below for the risks relating to the termination of the licence granted by CSI.

RISK FACTORS RELATING TO THE CSI RAFI 50 ETF

In addition to the principal risk factors common to all Index Funds set out in Part 1 of this Prospectus, investors should also note the following additional risk factors associated with investing in the CSI RAFI 50 ETF. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the CSI RAFI 50 ETF. 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 CSI RAFI 50 ETF. Authorisation by the SFC is not a recommendation or endorsement of the CSI RAFI 50 ETF nor does it guarantee the commercial merits of the CSI RAFI 50 ETF or its performance. It does not mean that the CSI RAFI 50 ETF is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

- *Counterparty risk*. Due to current restrictions under the PRC laws, the CSI RAFI 50 ETF will invest indirectly in A Shares through the Base Securities issued by the Base Securities Issuers but not directly in the underlying A Shares. However, the Base Securities represent only direct, general and unsecured contractual obligations of the Base Securities Issuers and of no other person, and the Base Securities do not provide the CSI RAFI 50 ETF with any legal or equitable interest of any type in the underlying A Shares. The Base Securities issued by a Base Securities Issuer will rank equally among themselves and with all other unsecured obligations of the Base Securities Issuer in case of liquidation of the Base Securities Issuer. Therefore, the value of the assets of the CSI RAFI 50 ETF will, and may always, depend entirely on the credit risk of the Base Securities Issuers held by the CSI RAFI 50 ETF. In the event of liquidation or default of a Base Securities Issuer and that a replacement Base Securities Issuer cannot be appointed, dealing of the Units of the CSI RAFI 50 ETF may be suspended and the CSI RAFI 50 ETF may ultimately be terminated, in which case, the CSI RAFI 50 ETF may redeem all outstanding Units at the Net Asset Value which may differ from the trading price on the SEHK (which is affected by secondary market trading factors). In addition, in the event of any default by, or any material adverse change concerning a Base Securities Issuer, the CSI RAFI 50 ETF may suffer significant losses and may ultimately be terminated.

As part of its risk management process, the Manager will closely monitor the risks of the CSI RAFI 50 ETF (including the counterparty risks in relation to a Base Securities Issuer) in the interest of protecting the CSI RAFI 50 ETF and its investors. The Manager will take such measures and actions as reasonably and practicably available to it in the event of any substantial downgrading of credit rating or other material adverse change concerning a Base Securities Issuer, including seeking additional collateral and/or additional Base Securities Issuers and/or sell the Base Securities back to the relevant Base Securities Issuer. However, there can be no assurance that such measures will be available or effective and there may be additional charges, fees and expenses, and dealings of the Units of the CSI RAFI 50 ETF may need to be suspended, the CSI RAFI 50 ETF may suffer significant losses and it may be ultimately terminated.

In order to mitigate the potential counterparty risks, the Manager may from time to time implement measures including, without limitation, obtaining collateral or seeking the provision of other credit support from the Base Securities Issuers or their affiliates (for example, by way of a securities borrowing and lending arrangement, or putting a charge on assets or appointing additional Base Securities Issuers) to mitigate the counterparty risk as it deems appropriate. The costs of any such measures will be borne by the CSI RAFI 50 ETF. There is no assurance that the Manager will always be able to obtain collateral or credit support. In the event that the Manager is unable to obtain collateral or credit support and/or sell the Base Securities, the CSI RAFI 50 ETF may suffer losses potentially equal to the full value of the Base Securities issued by such Base Securities Issuer if the Base Securities Issuer subsequently fails to perform its obligations under the Base Securities.

If the Manager decides to obtain collateral or credit support for the CSI RAFI 50 ETF in respect of Base Securities issued by a Base Securities Issuer, the Manager will seek to obtain collateral or credit support such that the exposure of the CSI RAFI 50 ETF to each Base Securities Issuer shall not exceed ten per cent (10%) or such other percentage as may be required by the SFC of the Net Asset Value of the CSI RAFI 50 ETF with the value of the collateral marked to market by the end of each trading day.

The Manager will have procedures in place and closely monitor to ensure that there are appropriate levels of collateral or credit support to ensure that the net exposure will not exceed ten per cent (10%) of the Net Asset Value of the CSI RAFI 50 ETF, taking into account factors such as market fluctuations. Where the net exposure of the CSI RAFI 50 ETF to a Base Securities Issuer is below ten per cent (10%) of its Net Asset Value, no collateral or credit support arrangement will be sought, however, the Manager will actively monitor such exposure on an ongoing basis. If for any reason the net exposure exceeds ten per cent (10%) of the Net Asset Value of the CSI RAFI 50 ETF, the Manager shall take action as soon as practicable to reduce such exposure to a level below ten per cent (10%) of its Net Asset Value (for example, taking further collateral or credit support for the CSI RAFI 50 ETF).

Initially, the Manager may accept cash or constituent stocks of the Hang Seng Index and/or Hang Seng China Enterprises Index and/or Hang Seng Composite Index, or such other stock which the Manager, in its reasonable opinion, consider acceptable as collateral but this may change in light of prevailing market conditions. Nevertheless, financial derivatives and structured products will not be accepted as collateral.

The Manager will determine the acceptability of collateral based on the following:

(i) the liquidity of the collateral (based on market capitalization of the security), the number of market makers/dealers, bid-ask spreads, trading volumes and concentration of holdings;

(ii) market risk exposure to the collateral based on price volatility and volatilities of other relevant parameters; and in certain circumstances, correlations to the Base Securities being collateralized;

(iii) the issuer risk of debt securities, based on the rating of the issuer as published by recognized credit rating agencies; and

(iv) the type and nature of the collateral so as to achieve diversification and to ensure that the net aggregate exposure of the CSI RAFI 50 ETF to each stock held as collateral will not exceed 10% of the Net Asset Value of the CSI RAFI 50 ETF.

In the event that the Manager is unable to obtain collateral or credit support and/or sell the Base Securities, the CSI RAFI 50 ETF may suffer losses potentially equal to the full value of the Base Securities issued by the Base Securities Issuer if such Base Securities Issuer subsequently fails to perform its obligations under the Base

Securities. In this situation, investors may lose all or part of their original capital investment in the Units.

Investors should note that such measures will only provide coverage of part of the counterparty risk, and the CSI RAFI 50 ETF will still be subject to the counterparty risks which are not covered by such measures. There is no assurance that such measures will avert any loss to the CSI RAFI 50 ETF. Such measures may also incur additional fees and charges, stamp duties or other taxes or levies which may be borne by the CSI RAFI 50 ETF.

Further, such measures may also be subject to risks such as :

(i) Like other financial instruments, the collateral securities are also subject to fluctuations in the market value and the prices of such securities may go down as well as up. Although measures may be implemented by the Manager to ensure that at least a certain percentage of Net Asset Value of the CSI RAFI 50 ETF will be covered by collateral (such as having the value of the collateral marked to market at the end of each trading day), in case of extreme market volatility, the value of the collateral securities may be lower upon realisation of the securities, if the price at the time of realisation is lower than the prior valuation of the securities.

(ii) In case of collateral securities which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may not be possible to realise the relevant collateral securities on the stock exchanges. The Manager may take action reasonably and practicably available to it as it deems appropriate in such events, including, without limitation, seeking additional collateral from the relevant collateral providers or suspension of trading of the Units of the CSI RAFI 50 ETF on the SEHK.

(iii) While the Manager will endeavour to use a tax efficient arrangement in implementing such measures, there is no guarantee that such arrangement will not be challenged by the tax authorities. If such arrangement is successfully challenged, the CSI RAFI 50 ETF may be required to pay the requisite tax (such as stamp duties) and other penalties.

- *Liquidity Risk of Base Securities*. The Base Securities to be held by the CSI RAFI 50 ETF may or may not be listed and have no active secondary market. Accordingly, the CSI RAFI 50 ETF is likely to have to rely entirely on the respective Base Securities Issuer and/or their Connected Person to liquidate, from time to time, the Base Securities which they have issued to the CSI RAFI 50 ETF. The Manager may from time to time request a Base Securities Issuer or its Connected Persons to repurchase the Base Securities at mark-to-market values. However, such repurchase is only subject to (i) market and other disruption events and other legal or regulatory restrictions relating to the underlying A Shares; and (ii) the trading limit on the underlying A Shares to ensure compliance with or address relevant laws, regulations, rules or policies promulgated, issued or announced by the relevant regulatory or governmental authorities or bodies. Further, the CSI RAFI 50 ETF is subject to tracking error associated with the costs and expenses related to the unwinding of such hedging arrangements.

- *Dependence on the Base Securities Issuers*. The Manager's ability to manage the CSI RAFI 50 ETF depends upon the continuing availability of Base Securities. A Base Securities Issuer or its affiliates may no longer be willing or able to issue or sell Base Securities to the CSI RAFI 50 ETF and the CSI RAFI 50 ETF may no longer be willing or able to hold the relevant Base Securities in various circumstances including (i) any limit imposed by the Manager on the issue of Base Securities; (ii) material changes to the rules relating to securities in the PRC such that Base Securities may no longer be issued or sold; (iii) where it is no longer economically viable to issue or sell Base Securities; (iv) where a Base Securities Issuer or its affiliates incur a materially increased cost to perform its duties in the provision of Base Securities; or (v) a Base Securities Issuer ceasing to possess a satisfactory credit rating. In the worst case scenario the CSI RAFI 50 ETF may be terminated.

- *Operating risk*. There is no assurance that the performance of the CSI RAFI 50 ETF will be identical to the performance of the Index. The level of fees and expenses payable by the CSI RAFI 50 ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the CSI RAFI 50 ETF can be estimated, the growth rate of the CSI RAFI 50 ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the CSI RAFI 50 ETF or the actual level of its expenses.

- *Risk of Early Termination.* Under the terms of the Trust Deed, the Manager may terminate the CSI RAFI 50 ETF if after one (1) year from the date of the Trust Deed the aggregate Net Asset Value of Units outstanding in the CSI RAFI 50 ETF is less than HK$200,000,000 or in other circumstances. On its termination, the CSI RAFI 50 ETF 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 of the Trust or an Index Fund" in Part 1 of this Prospectus.

- *Political, economic and social risks.* In tracking the CSI RAFI 50, the CSI RAFI 50 ETF will invest in one or more Base Securities, each of which tracks the performance of an A Share or a Basket of A Shares of PRC companies which have substantial exposure to the PRC. However, investors should be aware that the PRC is still a developing country and the legal and regulatory framework of the PRC is still undergoing development and there is a degree of legal uncertainty both for local and overseas market participants. Many economic reforms of the PRC are unprecedented or experimental and are subject to modification and adjustment, and such modification and adjustment may not always have a positive effect on investments in A Shares of PRC companies. Changes in political, economic and social conditions in the PRC could adversely affect the value of investments.

- *Foreign exchange risk*. The CSI RAFI 50 ETF may be subject to exchange rate fluctuations between Hong Kong dollar, US dollar and RMB given that the CSI RAFI 50 ETF is denominated in Hong Kong dollar, but the Base Securities invested by it are denominated in US dollars and the underlying A Shares represented by the Base Securities are denominated in RMB.

- *Accounting standards and disclosure*. The accounting, auditing and financial reporting standards in the PRC may be different from international requirements, and investors should take this in account when making investment decisions.

- *Risk of limited duration of the CSI RAFI 50 ETF*. The initial duration of the Base Securities is five (5) years, after which, unless extended by the relevant issuer, the Base Securities will settle automatically. There is no assurance that the relevant issuer will agree to extend the duration. In the event that the duration of the Base Securities held by the CSI RAFI 50 ETF is not extended and the Manager cannot find a satisfactory alternative to tracking the CSI RAFI 50, the CSI RAFI 50 ETF may redeem all Units outstanding and the Manager will terminate the CSI RAFI 50 ETF. In such circumstance, the outstanding Units may be redeemed at the Net Asset Value which may differ from the trading price on the SEHK (which is affected by secondary market trading factors).

- *QFII risk*. Given that the issuance of the Base Securities depends on the ability of the QFII to buy and sell A Shares, any restrictions or any changes in laws and regulations imposed by the PRC government on QFII's operations may adversely affect the issuance of Base Securities and/or cause Units in the CSI RAFI 50 ETF to trade at a discount on the SEHK. Further, under the QFII system, a QFII must obtain approval from the State Administration of Foreign Exchange ("**SAFE**") for an investment quota which is the limit within which the QFII may acquire A Shares. In the event that the QFII wishes to increase its investment quota in the future, such increase may take time to obtain approval from SAFE and such approval is not guaranteed. Therefore, if the QFII status of the relevant QFII is revoked or if the investment quota of the relevant QFII is insufficient, the relevant Base Securities Issuer will cease to be under an obligation to extend the duration of the Base Securities or to issue further Base Securities. The laws and regulations imposed by the PRC government on the QFII system are subject to change, and such change may have significant adverse impact on the CSI RAFI 50 ETF. In the worst case scenario where the Base Securities Issuers can no longer issue or maintain Base Securities, the CSI RAFI 50 ETF may have to be terminated.

- *Risk related to A Shares*. The prices of the Base Securities held by the CSI RAFI 50 ETF and the Net Asset Value of the CSI RAFI 50 ETF may be adversely affected if markets for the A Shares are illiquid. Further, market volatility in the A Share markets may result in significant fluctuations in the prices of the Base Securities held by the CSI RAFI 50 ETF and hence in the value of the CSI RAFI 50 ETF.

- *Risks relating to the CSI RAFI 50*. The CSI RAFI 50 ETF may be subject to the following risks in relation to the CSI RAFI 50:

(i) If the CSI RAFI 50 is discontinued or the Manager's licence from the Index Provider under the relevant licence agreement is terminated, the Manager may, in consultation with the Trustee, seek the SFC's prior approval to replace the CSI RAFI 50 with an index that is tradable and has similar objectives to the CSI RAFI 50. For the avoidance of doubt, index-tracking will remain the investment objective of the CSI RAFI 50 ETF.

Unless otherwise agreed between the Manager and CSI, CSI may terminate the Manager's licence under the following circumstances:

- by mutual agreement between the Manager and the CSI;
- if the Manager ceases to manage the CSI RAFI 50 ETF;
- the appointment of the Manager as manager of the Trust terminates;
- if the China Securities Regulatory Commission, Shanghai Stock Exchange or the Shenzhen Stock Exchange requires the Manager to cease its management of the CSI RAFI 50 ETF or requires the CSI to terminate its licence for the use of the Index;
- if the Manager seriously violates relevant laws or statutes, or breaches the operational rules of a stock exchange;
- if the CSI RAFI 50 ETF becomes the subject of major litigation or major investigation by regulatory or administrative authority;
- CSI loses its rights and interests in CSI RAFI 50;
- the agreement for the grant of licence cannot be performed or performance of which cannot be continued due to force majeure;
- the Manager ceases to do business or is liquidated or declared insolvent;
- under other circumstances specified by laws.

The licence agreement between the Index Provider and the Manager was entered into on 21 August 2009, pursuant to which the Manager was granted a licence by CSI to use the Index as a basis for determining the composition of the CSI RAFI 50 ETF and to use certain trade marks in the Index. The licence granted is for an initial term of 3 years commencing from the date of the agreement, and thereafter automatically renewed for successive 1-year periods unless terminated pursuant to the agreement.

The CSI RAFI 50 ETF may be terminated if CSI RAFI 50 is discontinued and/or 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 and which meets the acceptability criteria under Rule 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the SFC under the Code and Unitholders will be duly notified of the same.

Accordingly, prospective investors should note that the ability of the CSI RAFI 50 ETF to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement. The CSI RAFI 50 ETF may also be terminated if the Index ceases to be compiled or published and there is no 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.

(ii) There may be changes in the constituent companies of the CSI RAFI 50 from time to time. For example, the shares of a constituent company may be delisted or a new eligible company may be added to the CSI RAFI 50. In such circumstances, in order to achieve the investment objective of the CSI RAFI 50 ETF, the Manager may instruct the Base Securities Issuers to change the weighting or composition of the Basket of A Shares the performance of which are tracked by the Base Securities held by the CSI RAFI 50 ETF. The price of the Units may rise or fall as a result of these changes. 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. Please refer to the Appendix for more information on how the CSI RAFI 50 is compiled.

(iii) The process and the basis of computing and compiling the CSI RAFI 50 and any of its related formulae, constituent companies and factors may also be changed or altered by the Index Provider at any time without notice. Therefore an investment in the Units will generally reflect the CSI RAFI 50 but not necessarily the way it was comprised at the time of investments in the Units.

The constituent list of the CSI RAFI 50, as updated from time to time, is published by CSI on its website (www.csindex.com.cn).

There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the CSI RAFI 50, its computation or any information related thereto.

- *Risks relating to 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.

  Capital Gain Tax

  Generally, under current PRC laws and regulations, capital gains realized on the sale of A Shares are subject to 10% withholding tax. However, to date, the PRC tax authorities have not been reported to have sought to collect such withholding tax on capital gains realized by QFIIs on the sale of A Shares. There is a risk that the PRC tax authorities may impose or enforce a capital gain tax on realized gains on the relevant A Shares of the Base Securities per sale and purchase transaction relating to such A Shares without setting off such gains and losses arising out of other transactions on other A Shares in the underlying dynamic basket. Since only the QFII's interests in A Shares are recognised under the PRC laws, this tax liability would, if it arises, be payable by the QFII. Under the terms of the Base Securities, any capital gain tax levied and payable by the QFII will pass on to the CSI RAFI 50 ETF in the form of a capital gain tax.

  In order to meet the potential tax liability for capital gains, a provision of ten per cent (10%) is made for the capital gain tax by a Base Securities Issuer and/or the CSI RAFI 50 ETF but the actual applicable tax rates imposed by the PRC tax authorities may be different and may change from time to time. If the capital gains tax is levied and applied retrospectively, any tax liability for capital gains will be first satisfied by the capital gain tax provision. If the actual applicable tax rate levied by the PRC tax authorities is more than the capital gain tax provision of ten per cent (10%), investors should note that the Net Asset Value of the CSI RAFI 50 ETF may suffer more than the anticipated ten per cent (10%) provision as the CSI RAFI 50 ETF will have to bear the additional tax liabilities.

  Under the current arrangements, the Base Securities Issuers shall withhold all the capital gain tax provisioned in respect of the Base Securities held by the CSI RAFI 50 ETF for a period of up to 5 years, pending clarifications from the competent tax or revenue authority on the actual applicable tax rates. If a clarification or decision is made during the 5 year period and the actual applicable tax payable is more than the capital gain tax provision, and is retrospectively applied, any shortfall shall be paid by the CSI RAFI 50 ETF to the Base Securities Issuers. If the actual applicable tax payable is below the capital gain tax provision, any excess shall be refunded by the Base Securities Issuer to the CSI RAFI 50 ETF.

In the event that, at the end of the 5 year period, no clarification or tax decision has been made and the capital gains tax is not levied against any of the Base Securities Issuers, the amount of the provisions withheld and retained in respect of the Base Securities held by the CSI RAFI 50 ETF will be returned to the CSI RAFI 50 ETF. In case a clarification or tax decision is subsequently made after the 5 year period and any capital gain tax is retrospectively levied by the PRC tax authorities, the CSI RAFI 50 ETF will have to bear any such tax liabilities.

Arrangements as regards capital gain tax which are different from that as described above may be made by existing or new Base Securities Issuers from time to time. Where there are any subsequent changes to the tax arrangement above or any additional tax arrangements, the Manager will notify Unitholders by way of an announcement, and such information (including the list of Base Securities Issuers) will also be available under "Announcement" on the "Products" page of the Manager's website (http://asset.pingan.com.hk).

Distribution Tax

A ten per cent (10%) PRC withholding tax has been levied on dividend and interest payments from PRC listed companies to foreign investors. As such, the QFII will also pass on this tax liability to the CSI RAFI 50 ETF in the form of a Distribution Tax and therefore, the CSI RAFI 50 ETF is subject to a Distribution Tax of ten per cent (10%). There is no assurance that the rate of the Distribution Tax will not be changed by the PRC tax authorities in the future.

- *Units in the CSI RAFI 50 ETF are not principal protected*. Units in the CSI RAFI 50 ETF are not principal protected. Investors may lose all or part of their invest in the Units. Accordingly, investment in the CSI RAFI 50 ETF is only suitable for investors who can afford to lose all or part of their original capital investment in the Units.

- *Units may trade at discount or premium*. Investors should note that the Units in the CSI RAFI 50 ETF may trade on SEHK at a discount or premium to the net asset value of the Units.

- *No guarantee on investment objective*. The implementation of the Manager's investment strategy is subject to a number of constraints, which may cause the intended results not to be produced. There can be no guarantee that the exercise of the Manager's discretion will result in the investment objective of the CSI RAFI 50 ETF being achieved.

- *Liquidity in secondary market.* Investors should note that liquidity in the secondary market for the Units of the CSI RAFI 50 ETF may be adversely affected if there is no market maker for the CSI RAFI 50 ETF. It is the Manager's intention that there will always be at least one market maker in respect of the Units of the CSI RAFI 50 ETF. If there is only one market maker for the CSI RAFI 50 ETF, such market maker may fail to discharge its duties and the Manager may not be able to appoint another market maker in place of that market maker.

- *Differences between primary and secondary market trading hours.* Units of the CSI RAFI 50 ETF may trade on the SEHK even when requests for creation or redemption of the Units are not accepted. In such circumstances, the Units may trade in the secondary market at a discount or premium which is more significant than they would otherwise. In addition, the Shanghai Stock Exchange or the Shenzhen Stock Exchange may be open for trading on days when the prices of the Units of the CSI RAFI 50 ETF are not available (such as when the SEHK is not open for trading). On such days, investors would not be able to purchase or sell the Units of the CSI RAFI 50 ETF on the SEHK even when there are movements in the net asset value of the Units.

  The trading prices of the underlying A Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange may not be available during certain parts of the trading hours of SEHK due to the trading time differences between Hong Kong and the PRC. During such time, the trading price of the Units may deviate from the net asset value of the Units.

OPERATION OF THE CSI RAFI 50 ETF

Investment in the CSI RAFI 50 ETF

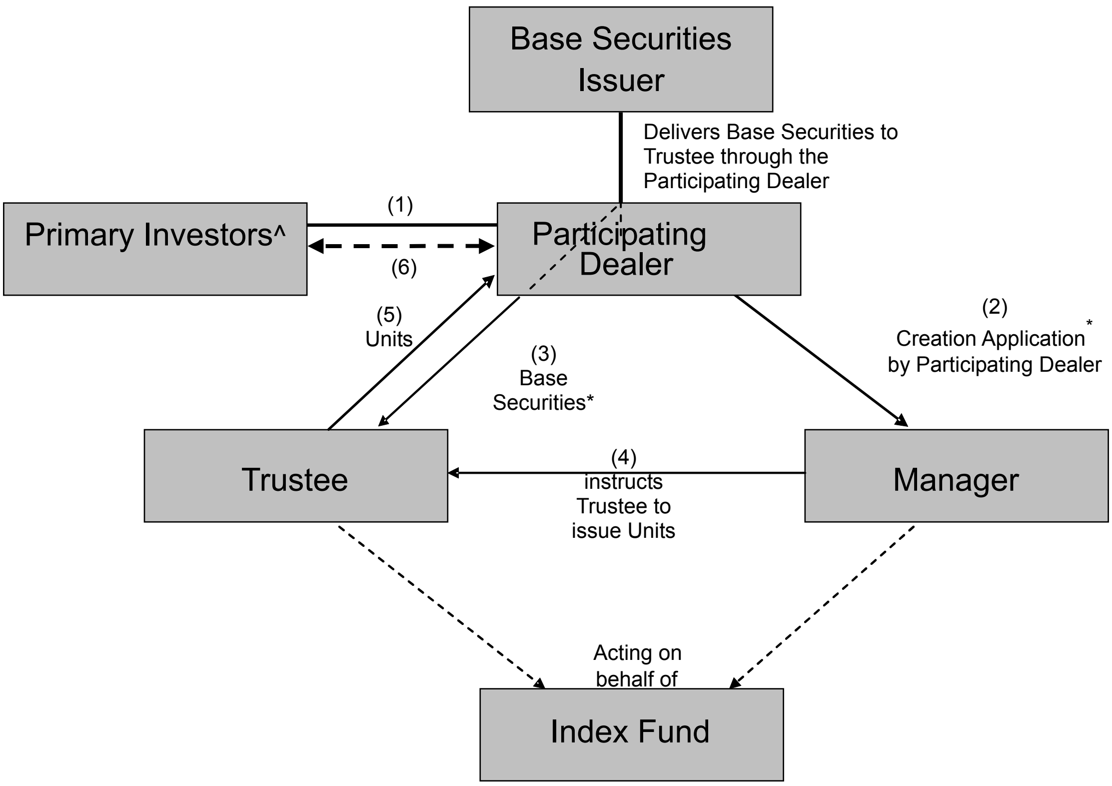
There are two types of investors in the CSI RAFI 50 ETF, and two corresponding methods of investment in the Units and the realisation of an investment in the Units. The first type of investor is a Participating Dealer or an investor who wishes to create or redeem Units through a Participating Dealer, and the second type of investor is any person (other than the above) who buys and sells the Units on the SEHK.

Creation and Redemption of Units

Only Participating Dealers can apply to create or redeem Units directly with the CSI RAFI 50 ETF. An investor (other than the Participating Dealers) may only make a request to create or redeem Units through a Participating Dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a Participating Dealer. However, such investor shall pay the subscription proceeds plus any fees and charges charged by the relevant Participating Dealer to, or receive the redemption proceeds (i.e. the Redemption Price multiplied by the number of Units redeemed minus any fees and charges charged by the relevant Participating Dealer) from, the relevant Participating Dealer in cash only. The Trustee shall receive subscription proceeds from the Participating Dealers for the creation of Units and pay redemption proceeds for the redemption of Units to the relevant Participating Dealer in such form and manner as prescribed by the Trust Deed. An investor (other than the Participating Dealers) will need to rely on their intermediary or stockbroker to credit their account with Units (in the case of creation) or redemption proceeds (in the case of redemption), which the stockbroker, in turn, shall receive from the relevant Participating Dealer. The Participating Dealers should ensure that the relevant Application shall comply with the requirements for an Application for creation or redemption of Units set out in the Trust Deed. Each Participating Dealer may charge such fees as it may reasonably determine from time to time for submitting an Application on behalf of a retail investor.

Investors should note that the dealing procedures for the creation and redemption of Units through the Participating Dealers or a stockbroker may be different from those set out for the CSI RAFI 50 ETF in this Prospectus. For example, the dealing deadline set by the Participating Dealers or the stockbroker may be earlier than that set out for the CSI RAFI 50 ETF in this Prospectus. Investors should therefore check the applicable dealing procedures with the Participating Dealers or the stockbroker (as the case may be).

The following illustrates the process where a primary investor wishes to acquire Units:



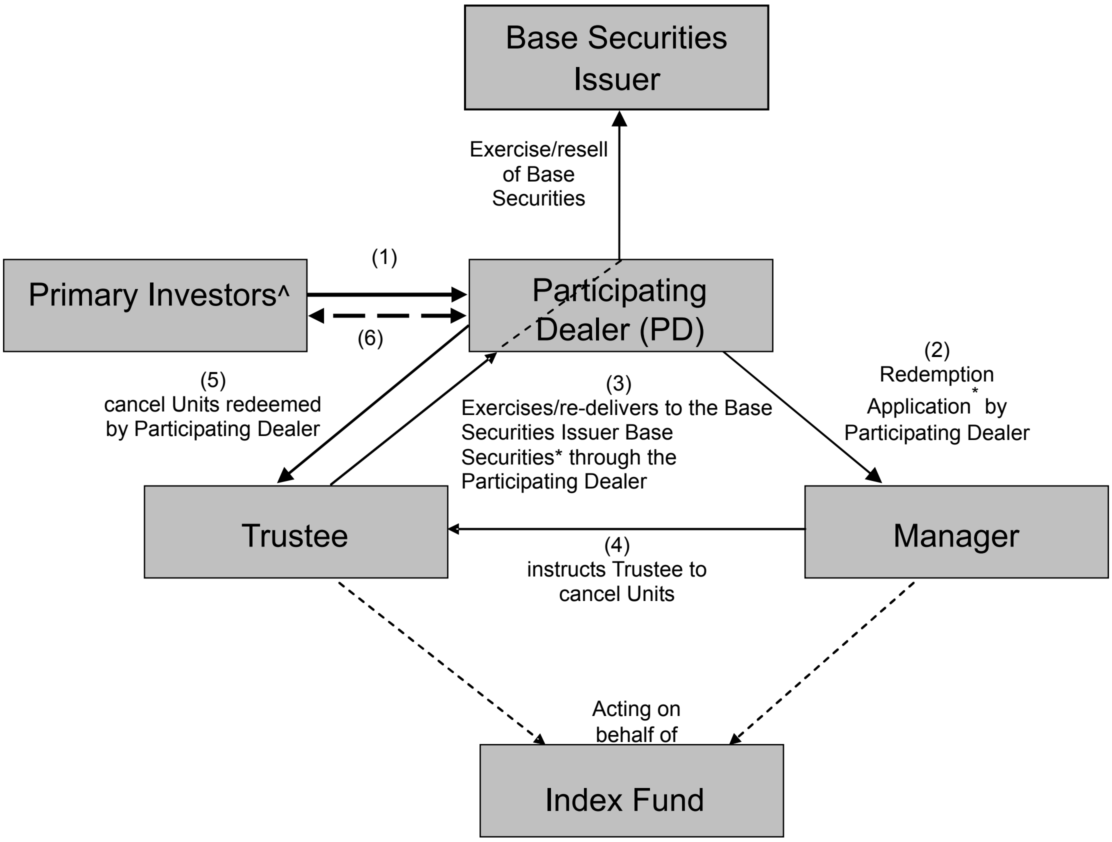
Process:

1. The primary investor approaches the Participating Dealer for creation of Units.
2. The Participation Dealer makes a Creation Application for Units pursuant to the terms of the Trust Deed and the relevant Participation Agreement, which shall be subject to the approval by the Manager. Please note, however, that under exceptional circumstances, the Manager and/or the Participating Dealer may reject a Creation Application. Please refer to the “Rejection of Creation of Units” section in Part 1 of this Prospectus for more information.

3. The Participating Dealer delivers the Base Securities* (together with applicable charges and a Cash Component if applicable) to the Trustee.
4. The Manager instructs the Trustee to create Units.
5. The Trustee issues/delivers the Units to the Participation Dealer.
6. The primary investor transfers consideration to the Participating Dealer in exchange for the transfer of beneficial interest in the Units acquired.

* Normally, creation of Units will be effected "in kind". Creation Applications in cash may only be effected at the Manager's discretion under certain circumstances. Please refer to the "Subsequent Creation of Units" section for more information.

The following illustrates the process where an investor wishes to redeem Units:



Process:

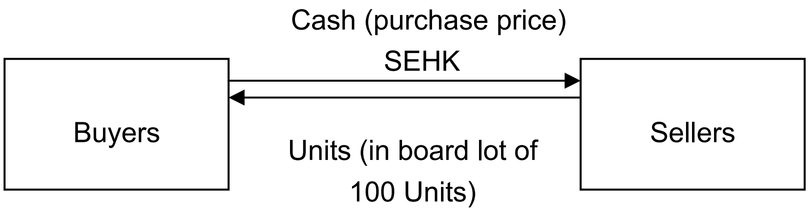
1. The primary investor approaches the Participating Dealer for redemption of Units.
2. The Participation Dealer makes a Redemption Application of Units pursuant to the terms of the Trust Deed and the relevant Participation Agreement, which shall be subject to the approval by the Manager. Please note, however, that under exceptional circumstances, the Manager and/or the Participating Dealer may reject a Redemption Application. Please refer to the "Rejection of Redemption of Units" in Part 1 of this Prospectus above for more information.

3. At the instructions of the Manager, the Trustee exercises/re-delivers the Base Securities* to the Base Securities Issuer through the Participating Dealer (together with a Cash Component payable to the Participating Dealer if applicable).
4. The Manager instructs the Trustee to cancel the Units to be redeemed.
5. The Trustee cancels the Units redeemed by the Participation Dealer.
6. The primary investor transfers the beneficial interest in the Units to the Participating Dealer (or its relevant Connected Person, as the case may be).

* Normally, redemption of Units will be effected "in kind". Redemption Applications in cash may only be effected at the Manager's discretion under certain circumstances. Please refer to the "Manager's Discretion to Pay Cash for Redemption of Units" section for more information.

Trading of Units on the SEHK

An investor can buy or sell the Units through his stockbroker on the SEHK. The diagram below illustrates the trading of Units on the SEHK.



No money should be paid to any intermediary in Hong Kong which is not licensed for Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

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.

The trading price of Units of the CSI RAFI 50 ETF on the SEHK 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.

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.

Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for the CSI RAFI 50 ETF to facilitate efficient trading.

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 (1) market maker for the CSI RAFI 50 ETF to facilitate efficient trading. The list of market markers in respect of the CSI RAFI 50 ETF from time to time will be displayed on www.hkex.com.hk.

A Shares and mechanism in respect of a Base Security

A Shares are domestic shares listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange in the PRC. Prior to December 2002, China's A Share market was restricted and could only be traded by domestic PRC investors. It was not until the coming into effect of the "Provisional Rules on the Management of Investment in Domestic Securities" (the "**Provisional QFII Rules**") on 1 December 2002 that certain large approved non-PRC institutional investors, the QFIIs, were permitted to invest in A Shares for the first time. Subsequently, on 1 September 2006, the "Regulations on Domestic Securities Investments by Qualified Foreign Institutional Investors" (the "**QFII Regulations**") came into effect and replaced the Provisional QFII Rules. In particular, the QFII Regulations permit direct investment by QFII's in RMB-denominated financial instruments approved by the China Securities Regulatory Commission, including A Shares.

In order for the CSI RAFI 50 ETF to achieve its investment objective of tracking the CSI RAFI 50, the Manager will buy or sell one or more Base Securities, each of which tracks the performance of an A Share or a Basket of underlying A Shares comprised in the CSI RAFI 50.

The Base Securities will be issued by the Base Securities Issuers. Each Base Securities Issuer, through a QFII, may buy and sell the underlying A Shares to which the Base Securities issued by the Base Securities Issuer aim to track in order to hedge the obligations of the Base Securities Issuer relating to the Base Securities Issuer issued by such Base Securities Issuer and bought or sold by the CSI RAFI 50 ETF.

Where there are changes in the constituent A Shares comprised in the CSI RAFI 50 and/or their respective weightings within the CSI RAFI 50, the Manager will rebalance the holding of the relevant Base Securities (where each of the Base Securities tracks the performance of an A Share) or the underlying dynamic basket of A Shares of selected constituent companies of the CSI RAFI 50 (where each of the relevant Base Securities tracks the performance of a Basket of A Shares) by notifying, through the relevant Participating Dealer, the QFII to hedge its obligations under the Base Securities.

Current Collateral Arrangement

In order to mitigate the potential counterparty risks with an aim to reducing the net exposure of the CSI RAFI 50 ETF to the Base Securities Issuers, the Manager and the Trustee (acting in accordance with the direction of the Manager) have, on behalf of the CSI RAFI 50 ETF, entered into collateral or credit support arrangements, for the provision of collateral, with the Base Securities Issuers or affiliates of the Base Securities Issuers.

Under the current collateral arrangements by way of securities borrowing and lending agreements, the Trustee (in accordance with the direction of the Manager) will transfer certain Base Securities to the affiliate of the relevant Base Securities Issuer, and such affiliate of the Base Securities Issuer will transfer to the Trustee collateral which shall be of at least the same value as the transferred Base Securities. The securities contained in the collaterals will be determined by the Manager following negotiations with the relevant Base Securities Issuer from time to time, and may consist of cash, constituent stocks in the Hang Seng Index and/or Hang Seng China Enterprises Index and/or Hang Seng Composite Index, or such other stock which the Manager, in its reasonable opinion, consider acceptable as collateral.

The Manager shall monitor the level of collateral on an ongoing basis and shall ensure that the net aggregate exposure of the CSI RAFI 50 ETF to each stock held as collateral will not exceed 10% of the Net Asset Value of the CSI RAFI 50 ETF. The transfers of both the Base Securities and the collateral are outright transfers of both the legal title and beneficial title.

Save as otherwise agreed between the Manager, the Trustee and the relevant Base Securities Issuer and/or its affiliate, the Trustee may (acting on the directions of the Manager) at any time terminate the securities loan and call for redelivery of the Base Securities or equivalent Base Securities by giving the requisite notice to the affiliate of the relevant Base Securities Issuer. In the event that the Base Securities Issuer is unable to fulfill its obligations under any of the Base Securities which is subject to the collateral arrangement, the Manager may instruct the Trustee to exercise its rights over the collateral by liquidating the collateral in order to set off the obligations of the relevant Base Securities Issuer under the Base Securities. Notwithstanding this collateral arrangement, if the value of the collateral drops substantially or if the counterparty to the collateral arrangement is unable to deliver collateral, the CSI RAFI 50 ETF may suffer a total loss on the investment in the Base Securities and investors may lose all or part of their original capital investment in the Units. For further information regarding such circumstances, please refer to the “Risk factors relating to the CSI RAFI 50 ETF” in Part 2 of this Prospectus.

The value of the collateral will be marked to market by the end of each trading day. Any collateral sought under the collateral or credit support arrangements does not and will not form part of the investment of the CSI RAFI 50 ETF.

Roles of the Participating Dealer, QFII and Base Securities Issuer

Participating Dealer

The role of the Participating Dealers is to apply to create and redeem Units in the CSI RAFI 50 ETF from time to time. Under the terms of each Participation Agreement, the Participating Dealer may only apply to create Units on the presentation of (a) a Basket by it comprising Base Securities relating to the A Shares comprised in the CSI RAFI 50 (where each of the Base Securities tracks the performance of an A Share) or (b) Base Securities (where each of the Base Securities tracks the performance of a Basket of A Shares).

The Manager has the right to appoint the Participating Dealers for the CSI RAFI 50 ETF. The criteria for the eligibility and selection of 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 (i.e. group of companies of which a member is a QFII); (iii) the Participating Dealer (or a Connected Person of the Participating Dealer) must undertake to buy and sell Base Securities as envisaged by this Prospectus on an ongoing basis; (iv) the Participating Dealer must be acceptable to the Trustee; and (v) the Participating Dealer must be a participant in CCASS.

At the date of this Prospectus, the Participating Dealers are Citigroup Global Markets Asia Limited and UBS Securities Hong Kong Limited.

In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders by way of an announcement. The list of Participating Dealers is also available under “Overview” on the “Products” page of the Manager’s website (http://asset.pingan.com.hk).

QFII

The QFII may buy and sell the underlying A Shares in order to hedge the obligations of the relevant Base Securities Issuer relating to Base Securities that are bought or sold by the CSI RAFI 50 ETF.

As at the date of this Prospectus, the QFIIs are Citigroup Global Markets Limited and UBS AG.

More QFIIs may be engaged by the Base Securities Issuers in the future.

Base Securities Issuers

The role of the Base Securities Issuer is to issue the Base Securities relating to the underlying A Shares comprised in the CSI RAFI 50. The Base Securities may be issued to a Participating Dealer (or a Connected Person of the Participating Dealer).

A Base Securities Issuer must meet all of the following criteria: (i) it must be a QFII or belong to a QFII group; (ii) it (or its guarantor) must be a financial institution with a minimum paid up capital of the equivalent of HK$150 million; (iii) it (or its guarantor) is a bank or a member company of a group (including a bank) prudentially supervised in a jurisdiction acceptable to the Trustee and the Manager; and (iv) it must have 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. In the event the credit rating of the Base Securities Issuer falls below A- by Standard & Poor's or equivalent rating given by Moody's or by Fitch, the Manager will notify Unitholders and require the Base Securities Issuer to provide or procure additional credit support. The Manager may also cease to accept Base Securities issued by the Base Securities Issuer until such time its credit rating meets the minimum criteria.

At the date of this Prospectus, the Base Securities Issuers are Citigroup Global Markets Holdings Inc. and UBS AG, acting through its London Branch.

In the event that additional Base Securities Issuers are appointed, the Manager will notify Unitholders by way of an announcement. The list of Base Securities Issuers will also be made available under "Overview" on the "Products" page of the website of the Manager at http://asset.pingan.com.hk.

As part of its risk management process, the Manager will closely monitor the risks of the CSI RAFI 50 ETF (including the counterparty risks in relation to a Base Securities Issuer) in the interest of protecting the CSI RAFI 50 ETF and its investors. The Manager may from time to time take such measures and actions as reasonably and practicably available to it in the event of any substantial downgrading of credit rating or other material adverse change concerning a Base Securities Issuer including, without limitation, obtaining additional collateral or seeking the provision of other credit support from the Base Securities Issuers or their affiliates (for example, by way of a securities borrowing and lending arrangement, or putting a charge on assets), appointing additional Base Securities Issuers; and/or selling the Base Securities to the relevant Participating Dealer in certain circumstances affecting the Base Securities Issuers (such as credit downgrade below the minimum rating required by the Manager) to mitigate the counterparty risk as it deems appropriate. However, there can be no assurance that such measures will be available or effective and there may be additional charges, fees and expenses, and dealings of the Units of the CSI RAFI 50 ETF may need to be suspended, the CSI RAFI

50 ETF may suffer significant losses and it may be ultimately terminated. Details of the risks involved are set out in the section "Risk Factors" of Part 2 above.

FEES AND CHARGES

Management Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.97 per cent (0.97%) per annum of the Net Asset Value of the CSI RAFI 50 ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Trustee Fee

The Trustee is entitled to receive a trustee fee, to be accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Trustee fee is calculated as a percentage per annum of the Net Asset Value of the CSI RAFI 50 ETF at the rate of 0.15 per cent (0.15%) per annum for the first HK$800 million of the Net Asset Value, 0.12 per cent (0.12%) per annum for the next HK$800 million of the Net Asset Value, and 0.10 per cent (0.10%) per annum for the remaining balance of the Net Asset Value, and is currently subject to a monthly minimum of HK$70,000.

The Trustee is also entitled to an inception fee of HK$250,000 for the establishment of the CSI RAFI 50 ETF.

General Expenses

The CSI RAFI 50 ETF shall bear all the costs and expenses incurred in establishing the Trust including the costs of preparing the constitutive and other documents, obtaining SFC authorization and the listing on SEHK, except that the Manager will bear the costs of printing this Prospectus.

Base Security Fees and Charges

The Base Securities Issuer charges an execution fee (inclusive of local broker commissions and market charges plus the PRC stamp duty which is currently 0.1 per cent (0.1%) for any sale or purchase of securities) of the rebalance purchase or sale amount of the A Shares underlying the Base Securities that the Manager purchases or sells on behalf of the CSI RAFI 50 ETF from the Base Securities Issuer for the purpose of rebalancing the index constituents. However, such execution fee is included in the purchase or sale price of the Base Securities payable by the CSI RAFI 50 ETF and is accordingly an expense borne by the CSI RAFI 50 ETF.

In addition to the execution fee, the Base Securities Issuers shall be entitled to charge a Base Security maintenance fee, payable at the end of each quarter, equal to 0.3 per cent (0.3%) to 0.4 per cent (0.4%) per annum of the average daily mark to market value of all Base Securities held by the CSI RAFI 50 ETF during each quarter (based on the actual number of days in that quarter). The mark to market value of the Base Securities shall be by reference to the last traded prices of the underlying A Shares constituting the Base Securities, converted into US dollars and/or Hong Kong dollars at such reference exchange rate reasonably determined by the Base Securities Issuer and agreed by the Manager.

The Base Securities Issuer may charge an additional commission of 0.3 per cent (0.3%) to 0.4 per cent (0.4%) on the sale and purchase of each Base Security acquired for the account of the CSI RAFI 50 ETF. The commission is included in the purchase price of each Base Security and the sale price per Base Security payable or receivable respectively by the CSI RAFI 50 ETF and is accordingly an expense borne by the CSI RAFI 50 ETF.

When the CSI RAFI 50 ETF buys a Base Security, the price payable is the US dollar equivalent of the RMB price for the relevant A Shares, plus additional commission of 0.3 per cent (0.3%) thereon. When the CSI RAFI 50 ETF sells a Base Security to the Base Securities Issuer, the price receivable by the CSI RAFI 50 ETF is the US dollar equivalent of the RMB price for the relevant A Share, less the commission of 0.4 per cent (0.4%) (including stamp duty) thereof. The commission will be adjusted from time to time for any change in the stamp duty payable on the sale and purchase of A Shares.

In addition to the above, the value of the Base Securities is subject to downward adjustments made by the relevant Base Securities Issuer to cover its various hedging and transactional costs, including costs and charges associated with the collateral or credit support arrangement, which may therefore adversely affect the value of the Base Securities. Such costs and charges will therefore be indirectly borne by the CSI RAFI 50 ETF.

Any collateral or credit support arrangement for the CSI RAFI 50 ETF may also incur additional fees and charges, stamp duties or other taxes or levies which may be borne by the CSI RAFI 50 ETF.

Index Licence Fee

A licence fee is payable to the Index Provider which is charged at the following rate:

Net Asset Value (US$) (“**NAV**”)	Basis points per year of the NAV
0 – 100,000,000	6
100,000,001 - 200,000,000	10
200,000,001 - 500,000,000	13
500,000,001 and above	15

A minimum licence fee of RMB100,000 is payable every quarter of the first year of the establishment of the CSI RAFI 50 ETF. Thereafter, a minimum of RMB150,000 is payable quarterly.

Total Expense Ratio

The estimated total expense ratio is the sum of anticipated charges to the CSI RAFI 50 ETF expressed as a percentage of the net asset value of the CSI RAFI 50 ETF, and includes the trustee fee, management fee, general expenses, maintenance fee, index licence fee and execution commission charged by the Base Securities Issuers but does not include variable items such as costs and charges associated with the collateral or credit support arrangement and various hedging and transactional costs associated with the Base Securities, and extraordinary items such as litigation, change of law, credit events of any of the Base Securities Issuers and extreme market conditions which may result in an increase in the total expense ratio.

Such costs may have a substantial adverse impact on the NAV and performance of the CSI RAFI 50 ETF and may result in higher tracking errors. Whilst the total expense ratio represents an estimate of the annual routine operating costs of the CSI RAFI 50 ETF relative to its assets, it does not represent the estimated tracking error of the CSI RAFI 50 ETF and is not the only factor that may cause the CSI RAFI 50 ETF returns to deviate from its Underlying Index.

Capital Gain Tax

The CSI RAFI 50 ETF is the ultimate party which bears the risks of a capital gain tax (the "**Capital Gain Tax**") (if so levied by the relevant PRC tax authority), in respect of Base Securities held by the Index Fund, on the amount of realized gain on the relevant A Shares of the Base Securities per sale and purchase transaction relating to such A Shares without setting off such gains and losses arising out of other transactions on other A Shares in the underlying dynamic basket.

In order to meet the potential tax liability for capital gains, a provision of ten per cent (10%) is made for the Capital Gain Tax by a Base Securities Issuer and/or the CSI RAFI 50 ETF but the actual applicable tax rates imposed by the PRC tax authorities may be different and may change from time to time. If the capital gains tax is levied and applied retrospectively, any tax liability for capital gains will be first satisfied by the Capital Gain Tax provision. If the actual applicable tax rate levied by the PRC tax authorities is more than the Capital Gain Tax provision of ten per cent (10%), investors should note that the Net Asset Value of the CSI RAFI 50 ETF may suffer more than the anticipated ten per cent (10%) as the CSI RAFI 50 ETF will have to bear the additional tax liabilities.

Under the current arrangements, the Base Securities Issuers shall withhold all the Capital Gain Tax provisioned in respect of the Base Securities held by the CSI RAFI 50 ETF for a period of up to 5 years, pending clarifications from the competent tax or revenue authority on the actual applicable tax rates. If a clarification or decision is made during the 5 year period and the actual applicable tax payable is more than the Capital Gain Tax provision and is retrospectively applied, any shortfall shall be paid by the CSI RAFI 50 ETF to the Base Securities Issuer. If the actual applicable tax payable is below the Capital Gain Tax provision, any excess shall be refunded by the Base Securities Issuer to the CSI RAFI 50 ETF.

In the event that, at the end of the 5 year period, no clarification or tax decision has been made and the Capital Gains Tax is not levied against the Base Securities Issuers, the amount of the provisions withheld and retained in respect of the Base Securities held by the CSI RAFI 50 ETF will be returned to the CSI RAFI 50 ETF. In case a clarification or tax decision is subsequently made after the 5 year period and any Capital Gain Tax is retrospectively levied by the PRC tax authorities, the CSI RAFI 50 ETF will have to bear any such tax liabilities.

Arrangements as regards capital gain tax which are different from that as described above may be made by existing or new Base Securities Issuers from time to time. Where there are any subsequent changes to the tax arrangement above or any additional tax arrangements, the Manager will notify Unitholders by way of an announcement, and such information (including the list of Base Securities Issuers) will also be available under "Announcement" on the "Products" page of the Manager's website (http://asset.pingan.com.hk).

Distribution Tax

A ten per cent (10%) PRC withholding tax has been levied on dividend and interest payments from PRC listed companies to foreign investors. As such, the QFII will also pass on this tax liability to the CSI RAFI 50 ETF in the form of a distribution tax and therefore, the CSI RAFI 50 ETF is subject to a distribution tax of ten per cent (10%). There is no assurance that the rate of the Distribution Tax will not be changed by the PRC tax authorities in the future.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the CSI RAFI 50 ETF are summarized in the table below:

<u>Creation of Units</u>

Transaction Fee	See Note 1
Service Agent Fee	See Note 2
Extension Fee	HK$10,000[3] per Application
Application Cancellation Fee	HK$10,000[3] per Application
Partial Delivery Fee	HK$10,000[3] per Application

Daylight Settlement Fee	HK$10,000[3] per Application

Redemption of Units

Transaction Fee	See Note 1
Service Agent Fee	See Note 2
Extension fee	HK$10,000[3] per Application
Application Cancellation Fee	HK$10,000[3] per Application
Partial Delivery Fee	HK$10,000[3] per Application
Daylight Settlement Fee	HK$10,000[3] per Application

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the CSI RAFI 50 ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003%[4]
Trading Fee	0.005%[5]
Stamp Duty	0.2%[6]

Investors (other than the Participating Dealer(s)) submitting creation or redemption requests through the Participating Dealer(s) or a stockbroker should note that the Participating Dealer(s) or the stockbroker (as the case may be) may impose fees and charges in handling such requests. Such investors should check the relevant fees and charges with the Participating Dealer(s) or the stockbroker (as the case may be).

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1 A Transaction Fee of HK$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2 A transaction fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

3 Such extension fee, application cancellation fee, partial delivery fee or daylight settlement fee is payable by a Participating Dealer on each occasion the Manager grants the request of such Participating Dealer 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 on Euroclear to settle the trades on the same day. The application cancellation fee is payable by the Participating Dealer for the account and benefit of the Trustee.

4 Transaction levy of 0.003 per cent (0.003%) of the price of the Units, payable by the buyer and the seller.

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

6 Stamp duty of 0.2 per cent (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 the Financial Services and the Treasury Bureau 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 CSI RAFI 50 ETF. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the CSI RAFI 50 ETF.

NOTICE TO INVESTORS RELATING TO THE APPENDIX

Investors should note that while the Manager has exercised reasonable care in compiling the information set out in the Appendix, such information is based on publicly available documents that have not been prepared by, and its accuracy and completeness has not been independently verified by, the Manager/Listing Agent, the Trustee or any advisers. If any investor is in any doubt as to the information set out in the Appendix, the investor should seek independent professional advice.

APPENDIX

CSI RAFI 50 INDEX

General

CSI RAFI 50 is the first fundamental index in the China A-share market, co-developed by CSI and Research Affiliates, based on the methodology known as RAFI.

CSI is a professional index service company jointly founded by the Shanghai Stock Exchange and the Shenzhen Stock Exchange, to provide services relating to securities indices.

Research Affiliates is the inventor and owner of the trademark rights of the fundamental index (RAFI ®) methodology, which was developed to address the structural return drag created by traditional capitalization-based indexing strategies, which systematically overweigh overpriced securities and underweigh underpriced securities.

CSI and Research Affiliates are independent of the Manager.

The CSI RAFI 50 index is calculated by or on behalf of China Securities Index Co., Ltd. However, neither China Securities Index Co., Ltd. nor the SEHK shall be liable (whether in negligence or otherwise) to any person for any error in the CSI RAFI 50 or shall be under any obligation to advise any person of any error therein.

CSI RAFI 50

CSI RAFI 50, which consists of the fifty (50) largest economic scale stocks in China's A-share market, is different from traditional cap-weighted indices in that the CSI RAFI 50's constituent selection and calculation are based on the stocks' economic scale.

In doing so, the linkage between constituent's weighting and price is broken up, and the constituent with larger economic scale is allocated a larger weighting, easing the negative effect of putting more weighting on overvalued constituents which is commonly the case with cap-weighted indices.

As a company with a large market value will also have large fundamentals, the CSI RAFI 50 preserves the advantages of cap-weighted indices, such as liquidity, large investment capacities and broad market exposure.

The economic scale of the stocks is in turn measured by four financial factors, namely, revenue, cash flow, book value and dividends.

As the four financial factors which are used in the calculation of the economic scale of the stocks are publicly available information, CSI RAFI 50 is a transparent index.
Other particulars of CSI RAFI 50 are as follows: -

Index Code	000925
Launch Date	26 February 2009
Base Date	31 December 2004
Base Index	1000
Periodical Review	1st trading day of July each year

Index Dissemination

Information regarding the CSI RAFI 50 is widely disseminated in and outside of the PRC through the following channels:

- immediate global reporting through the Reuters (Reuters RIC:.CSIRAFI50) and Bloomberg (Bloomberg Ticker: sh000925) financial news systems; and

- daily publications by the Shenzhen Stock Exchange (SZ399925) and the Shanghai Stock Exchange (SH000925).

Index Methodology

Index Universe
The universe of eligible constituents is the publicly listed A share stocks listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. ST (special treatment stock) and ST* stocks are excluded.

Constituents Selection
Eligible stocks are first sorted in descending order based on the average daily trading volumes over the previous twelve (12) months. The bottom twenty per cent (20%) stocks with lowest average daily trading volumes are excluded.

The remaining stocks are ranked by their fundamental value in descending order. The top fifty (50) stocks on the list are then selected as index constituents.

The fundamental value of each stock is calculated as follows:

(a) The four (4) fundamental factors are calculated by taking the 5-year average of the company's revenue, cash flow and dividends, and by taking the book value of the company as at the date of review.

(b) In the case of a company with financial information of less than 5 years, the factor calculation is applied by averaging the available information over the relevant number of years.

(c) The percentage representation of each stock in the eligible universe is calculated for each of the four fundamental factors.

(d) The fundamental value of each stock is defined to be ten million (10,000,000) times the average of the four percentage representation figures.

Index Calculation

The index value at any date is computed using the following formula:

$$Index = \frac{\sum_{i=1}^{n} (p_i \times s_i \times f_i \times c_i)}{divisor}$$

where:
p is the price of the stock
s is the total number of shares
f is the free float adjustment factor
c is the fundamental adjustment factor.

Constituent Stock

Constituents of the CSI RAFI 50 are reviewed annually. Necessary adjustments, to take into account corporate events which have occurred in the course of the year, are made by CSI so as to maintain the consistency and investability of index.

Constituent adjustments, if any, are implemented and take effect on the first trading day of July each year.

Adjustments to Constituent Stock

Regular Adjustments of Constituent Stock

Regular reviews and adjustments are made to the CSI RAFI 50 every June, and such adjustments take effect on the first trading day of July.

Such regular adjustments are made based on trading data and financial data which is available as of the last trading day of May.

Ad Hoc Adjustments

Additionally, ad hoc adjustments are made to the CSI RAFI 50 when special events take place in the constituent companies.

(a) Mergers and Acquisitions

If the merged company satisfies the requirements of the index universe, the stock of the merged company will be added to the CSI RAFI 50. Its fundamental adjustment factors will be recalculated such that the investment weight of the new company will be equal to that of the aggregate of the merged entities. The resulting vacancy in the CSI RAFI 50 will be filled during the next regular adjustment.

In the case of the acquisition of one constituent company by another non-constituent company by way of shares or a combination of shares and cash, the new constituent company, if its satisfies the requirements of the index universe, will replace the previous constituent company. Its fundamental adjustment factors will be recalculated such that the new constituent company will be equal in investment weight to the previous constituent company.

If one constituent company is acquired by a non-constituent company by way of cash, the previous constituent company will be removed from the CSI RAFI 50. The resulting vacancy will be filled during the next regular adjustment.

(b) Spin-off

If a constituent company is spinned off into two or more separate entities, all of which satisfy the requirements of the index universe, all the entities will remain in the CSI RAFI 50. The same fundamental adjustment factors will be adopted in the calculation of the investment weight of the new companies so that the combined investment weight of the new companies will equal to that of the old constituent company.

(c) Delisting and etc.

If a constituent company is delisted, or has bankruptcy proceedings commenced against it, it will be removed from the CSI RAFI 50 as soon as practicable. The resulting vacancy will be filled during the next regular adjustment.

As at 31 December 2010, the constituent stocks of the CSI RAFI 50 Index represent approximately 34% of the total market capitalization of the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The constituent stocks of the CSI RAFI 50 Index and their respective weightings are listed below (as of 31 December 2010):-

	Constituent Code	**Constituent Name**	**Weight(%)**
1.	000002	China Vanke Co Ltd	3.35
2.	000709	Tangshan Iron & Steel Co Ltd	1.70
3.	000825	Shanxi Taigang Stainless Steel Co Ltd	1.53
4.	000898	Angang Steel Co Ltd	1.70
5.	000932	Hunan Valin Steel Co Ltd	0.74
6.	002024	Suning Appliance Co Ltd	1.16
7.	600000	Shanghai Pudong Development Bank Co Ltd	3.37
8.	600005	Wuhan Iron And Steel Co Ltd	2.04
9.	600011	Huaneng Power International Inc	1.83
10.	600015	Hua Xia Bank Co Ltd	1.39
11.	600016	China Minsheng Banking Corp Ltd	4.15
12.	600018	Shanghai International Port (Group) Co Ltd	0.61
13.	600019	Baoshan Iron &Steel Co Ltd	5.42
14.	600028	China Petroleum and Chemical Corp (Sinopec)	2.98
15.	600030	CITIC Securities Co Ltd	3.08
16.	600036	China Merchants Bank Co Ltd	5.01
17.	600050	China United Network Communications Co Ltd	4.83

	Constituent Code	Constituent Name	Weight(%)
18.	600058	Minmetals Development Co Ltd	2.13
19.	600104	SAIC Motor Co Ltd	1.18
20.	600177	Youngor Group Co Ltd	1.07
21.	600188	Yanzhou Coal Mining Co Ltd	0.63
22.	600519	Kweichow Moutai Co Ltd	1.10
23.	600642	Shenergy Co Ltd	1.13
24.	600808	Maanshan Iron and Steel Co Ltd	1.08
25.	600837	Haitong Securities Company Limited	1.28
26.	600900	China Yangtze Power Co Ltd	1.42
27.	601006	Daqin Railway Co Ltd	2.50
28.	601088	China Shenhua Energy Co Ltd	2.67
29.	601111	Air China Ltd	0.47
30.	601166	Industrial Bank	3.76
31.	601169	Bank of Beijing Co Ltd	1.50
32.	601186	China Railway Construction Co Ltd	1.72
33.	601318	Ping An Insurance (Group) Company of China Ltd	4.49
34.	601328	Bank of Communications Co Ltd	5.05
35.	601390	China Railway Co Ltd	1.71
36.	601398	Industrial and Commercial Bank of China Ltd	3.66
37.	601600	Aluminum Corporation of China Limited	0.80
38.	601601	China Pacific Insurance (Group) Co Ltd	1.99
39.	601618	Metallurgical Corporation of China Co Ltd	1.22
40.	601628	China Life Insurance Company Limited	0.90
41.	601668	China State Construction Engineering Co Ltd	2.72
42.	601727	Shanghai Electric Group Co Ltd	0.49
43.	601788	Everbright Securities Co Ltd	0.71
44.	601857	PetroChina Co Ltd	2.17
45.	601898	China Coal Energy Co Ltd	0.75
46.	601919	China Cosco Holdings Co Ltd	1.21
47.	601939	China Construction Bank	1.84
48.	601988	Bank of China Ltd	1.20
49.	601991	Datang Power Generation	0.19
50.	601998	China Citic Bank Corporation Limited	0.36

The constituent list of the CSI RAFI 50 and other information regarding the index, as updated from time to time, is available on CSI’s website (www.csindex.com.cn).