

**iShares MSCI China Tracker
iShares FTSE/XINHUA A50 China Tracker and
iShares BSE SENSEX India Tracker
(Sub-funds of iShares Asia Trust)**

ANNUAL REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2008



IMPORTANT NOTICE OF PROPOSED SALE OF iSHARES BY BARCLAYS

Barclays Global Investors North Asia Limited, the manager of the iShares Asia Trust and each of the Sub-funds (the “Manager”), is a part of Barclays Global Investors, the fund management arm of the global financial services firm, Barclays PLC. On 9 April 2009, Barclays Global Investors UK Holdings Limited (“Barclays”) announced its intention to sell its iShares business including its interests in the Manager to Blue Sparkle, L.P. a Cayman Islands Limited Partnership (the “Transaction”). Blue Sparkle, L.P. is an investment vehicle for private equity funds affiliated with CVC Capital Partners Group SICAV-FIS S.A., a private equity and investment advisory firm. The Transaction is intended to complete in four to seven months, subject to regulatory approvals and other conditions to closing. It is currently not intended that the Manager of the iShares Asia Trust (or any of the sub-funds) will change, nor is it intended that the Transaction will have any material impact on the day to day operations of the iShares Asia Trust (or any of the sub-funds).

Further information as to the proposed sale will be available at www.ishares.com.hk.

The date of this notice is 24 April 2009.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

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LETTER TO THE UNITHOLDERS

» iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(a Sub-Fund of iShares Asia Trust)

Dear Unitholders:

We are pleased to present the annual report and financial statements for the iShares Asia Trust (the "Trust") for the year ended 31st December 2008 (the "Period"). This report contains information about the performance of the iShares FTSE/XINHUA A50 China Tracker (the "A50 China Tracker"), the iShares MSCI China Tracker (the "MSCI China Tracker"), and the iShares BSE SENSEX India Tracker (the "SENSEX India Tracker"), the three Sub-Funds established under the Trust, the portfolio manager's discussion and analysis, as well as other important financial information.

The MSCI China Tracker, investing primarily in red chips and H-share companies listed in Hong Kong, first traded on the Stock Exchange of Hong Kong ("SEHK") on 28th November 2001. As of 31st December 2008, assets under management ("AUM") declined to HKD895 million from HKD 2.21 billion at the end of 2007.

The A50 China Tracker which invests in access products linked to Chinese A-shares was first traded on the SEHK on 18th November 2004. At the end of December 2008, its AUM stood at HKD29.25 billion, up from HKD12.5 billion at the end of 2007. This fund remains the most actively traded exchange traded fund on the SEHK and is consistently in the top 10 most heavily traded stocks.

The SENSEX India Tracker provides investors access to the Indian stock market by investing in access products linked to the shares of the 30 largest companies listed on the Bombay Stock Exchange. The fund was first traded on the SEHK on 2nd November 2006. At the end of December 2008, its AUM had declined to HKD911 million, from HKD2.38 billion at the end of 2007.

2008 was a challenging year. The need to diversify has never been so great, and the call for transparent and flexible products has never been so strong.

iShares ETFs are designed to provide transparent, diversified, flexible and liquid investment. They are relevant for both long-term value investing and short-term tactical trading and are excellent investment tools for portfolio risk management. The growth of the Trust's total AUM shows that investors are increasingly aware of the benefits of iShares ETFs.

Thank you for your continuing support and confidence in iShares. The Asian market has tremendous potential and we hope to share this exciting future with you.

Sincerely,



Mark Talbot

Chief Executive Officer

Barclays Global Investors North Asia Limited

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

Introduction

The iShares MSCI China Tracker (the “MSCI China Tracker”), a sub-fund of the iShares Asia Trust (the “Trust”), was launched on 23rd November 2001 and commenced trading under the stock code 2801 on the Stock Exchange of Hong Kong (the “SEHK”) on 28th November 2001. The MSCI China Tracker is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The MSCI China Tracker is benchmarked against the MSCI China Index. The Manager of the MSCI China Tracker is Barclays Global Investors North Asia Limited (the “Manager”) and the trustee is HSBC Institutional Trust Securities (Asia) Limited (the “Trustee”).

Fund Performance

The MSCI China Tracker seeks to provide investment results, before fees and taxes, that closely correspond to the performance of the MSCI China Index in Hong Kong dollar (“HKD”) terms. As of 31st December 2008, the Net Asset Value (“NAV”) per unit of the MSCI China Tracker was at HKD13.69 with a total of 65,400,000 units outstanding, aggregating a total assets under management (“AUM”) size of HKD 895,349,149.

A summary of the performance of the MSCI China Tracker is given below.

Total Return ^(a) in HKD (as of 31st December 2008)	2008	2007	2006	2005	SINCE INCEPTION ^(e)
MSCI China Index ^(b)	-51.12%	66.67%	83.43%	19.47%	16.22%
MSCI China Tracker NAV-to-NAV ^(c)	-51.19%	64.22%	79.10%	19.09%	15.18%
MSCI China Tracker Market-to-Market (MKT) ^(d)	-51.58%	61.78%	76.75%	17.72%	13.81%

^(a) Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of all dividends and distributions. Calculated as at last valuation day of the year.

^(b) An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

^(c) Units in the Fund are issued and redeemed at their NAV in exchange for a basket of securities representing the Index. Therefore, the Fund does not publish a bid price and the Fund's returns have been calculated from NAV.

^(d) Market returns are calculated using historical market closing prices (when NAV is normally determined for the Fund), and do not represent the returns you would receive if you traded units at other times.

^(e) Fund inception date is 28th November 2001.

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

Fund Performance (continued)

The MSCI China Tracker consists of H-shares and red chips which are China related stocks listed in Hong Kong. The difference in performance between the MSCI China Index and the MSCI China Tracker is mainly attributed to fees and expenses.

Fund Activities

The average daily trading volume for the MSCI China Tracker during the Period was reported by Bloomberg to be approximately 641,315 units. At the end of 2008, the fund comprised of 65,400,000 outstanding units.

Index Activities

The MSCI China Index underwent four regular reviews during the Period. As of 31st December 2008, the MSCI China Tracker held 85 stocks versus the 98 constituents in the MSCI China Index. For the 1 year period ended 31st December 2008, performance tracking attributable to index changes and security misweights was approximately 0.25%.

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares FTSE/XINHUA A50 China Tracker

(A Sub-Fund of iShares Asia Trust)

Introduction

The iShares FTSE/XINHUA A50 China Tracker (the “A50 China Tracker”), a sub-fund of the iShares Asia Trust (the “Trust”), was launched on 15th November 2004 and commenced trading under the stock code 2823 on the SEHK on 18th November 2004. The A50 China Tracker is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The A50 China Tracker is benchmarked against the FTSE/Xinhua China A50 Index (the “A50 Index”). The Manager of the A50 China Tracker is Barclays Global Investors North Asia Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited is the Trustee.

The A50 China Tracker does not hold A shares directly but rather gains access to the A50 Index through China A Share Access Products (“CAAPs”) issued by an affiliate of one or more Qualified Foreign Institutional Investors (“QFIIs”). Any adverse change in taxation imposed on QFIIs is likely to have a subsequent impact on the net asset value of the A50 China Tracker, to the extent to which the CAAP returns may take into account any such tax liabilities.

Under the general taxing provision of the PRC corporate tax law, a QFII is subject to 10% withholding tax on interest income, dividends and capital gains from PRC listed securities. To date, however PRC withholding tax has only been enforced on dividend and interest payments from PRC listed securities. The PRC State Administration of Taxation (the “SAT”) has not collected and has not evinced an intent to collect the tax that may apply to sales of A Shares held by QFIIs under PRC law.

The Manager has considered (i) the current position of the SAT and PRC income tax on QFIIs, (ii) the possible implications for the A50 China Tracker should an income tax ruling for QFIIs be enacted in the PRC, (iii) the independent advice of tax and legal counsel and (iv) current market practice, and concluded that there are insufficient grounds to reasonably justify making an adjustment to the A50 China Tracker’s financial statements at the present time for any tax exposure which might arise if income tax was to be levied on QFIIs¹ except in the case where specific CAAP issuers may request to withhold an amount representing the PRC Capital gains tax (see explanation below).

The Manager continues to monitor the situation and will make an appropriate adjustment if and when it is considered that there are sufficient grounds to do so. Should tax apply, the A50 China Tracker could be exposed to a charge in respect of realised gains on such investments to date and deferred tax relating to gains that were uncrystallized as at the date of this report. Any charge with respect to deferred tax can only be determined when the underlying gains are crystallized and as such any current estimate can only be calculated based on the market value of the portfolio as at the time of that estimate. The Trustee estimates the uncrystallized gains as at 31st December 2008 to be HKD383 million (2007: HKD6,058 million). Should retrospective tax be applied, the A50 China Tracker might be exposed to a charge relating to crystallised gains on the QFIIs’ holdings from 18th November 2004 (date of inception) to the year ended 31st December 2008. The Manager estimates, on the basis of information provided by the relevant QFIIs, the crystallized gains as at 31st December 2008 to be HKD13,567 million (2007 HKD10,603 million). The payment of any charge is at all times subject to the Manager’s duty to act in the best interests of the Fund and its unitholders.

Since November 2008, certain CAAP issuers have indicated their intention to withhold an amount representing the PRC capital gains tax that would be payable on an actual sale of the underlying A share of each CAAP issued on or after 28th November 2008. The amounts withheld will be retained for a period of up to 5 years, pending further clarification of the tax rules and tax collection measures adopted by the PRC authorities. In the event that, at the end of the 5 year period, the tax is not enforced against the CAAP Issuer (or its affiliate), or the amount withheld is greater than the actual capital gains tax liability, the amount withheld (or the excess withholding) will be returned to the A50 China Tracker, although the fund will remain liable for any attributable tax. Accrued interest is receivable on the amounts withheld and is receivable from the CAAP Issuers by the A50 China Tracker on a periodic basis. In practice, any amount to be withheld by CAAP issuers will be taken either at the quarterly portfolio rebalancing, ad-hoc CAAP sales or on a redemption of Units.

¹ Please refer to the notes to the Financial Statements for further details.

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares FTSE/XINHUA A50 China Tracker

(A Sub-Fund of iShares Asia Trust)

Fund Performance

The A50 China Tracker seeks to provide investment results, before fees and taxes, that closely correspond to the performance of the A50 Index in Hong Kong dollar (“HKD”) terms. As of 31st December 2008, the NAV per unit of the A50 China Tracker was at HKD8.23 with a total of 3,554,000,000 units outstanding, aggregating a total assets under management (“AUM”) size of HKD29,251,400,853.

A summary of the performance of the A50 China Tracker is given below.

Total Return ^(a) in HKD (as of 31st December 2008)	2008	2007	2006	2005	SINCE INCEPTION ^(e)
FTSE/Xinhua China A50 Index ^(b)	-65.47%	139.92%	150.60%	-1.56%	17.15%
A50 China Tracker NAV-to-NAV ^(c)	-66.20%	135.71%	149.08%	2.65%	17.07%
A50 China Tracker Market-to-Market (MKT) ^(d)	-65.88%	113.41%	159.14%	5.73%	16.44%

The A50 China Tracker consists of the Chinese A Share Access Products (CAAPs), that reflect investment performance of the domestic Chinese A-share stocks listed in mainland China.

Fund Activities

The trading volume for the A50 China Tracker reflected continued interest in the domestic A-Share markets from investors. The average daily trading volume surged to 87 million units during the Period. Its high liquidity often placed A50 China Tracker in the top 10 most heavily traded stocks on the Stock Exchange of Hong Kong. At the end of 2008, there were 3,554,000,000 units outstanding.

Index Activities

The A50 Index underwent four regular quarterly reviews and four ad-hoc index changes during the Period. As of 31st December 2008, the A50 fund had exposure to all index constituents indirectly.

^(a) Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of all dividends and distributions. Calculated as at the last valuation day of the year.

^(b) An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

^(c) Units in the Fund are issued and redeemed at their NAV in exchange for a basket of securities representing the Index. Therefore, the Fund does not publish a bid price and the Fund's returns have been calculated from NAV.

^(d) Market returns are calculated using historical market closing prices (when NAV is normally determined for the Fund), and do not represent the returns you would receive if you traded units at other times.

^(e) Fund inception date is 18th November 2004.

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares BSE SENSEX India Tracker

(A Sub-Fund of iShares Asia Trust)

Introduction

The iShares BSE SENSEX India Tracker (the “SENSEX India Tracker”), a sub-fund of the iShares Asia Trust (the “Trust”), was launched on 30th October 2006 and commenced trading under the stock code 2836 on the SEHK on 2nd November 2006. The SENSEX India Tracker is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The SENSEX India Tracker is benchmarked against the BSE SENSEX Index (the “SENSEX Index”). The Manager of the SENSEX India Tracker is Barclays Global Investors North Asia Limited (the “Manager”) and the trustee is HSBC Institutional Trust Services (Asia) Limited.

Fund Performance

The SENSEX India Tracker seeks to provide investment results, before fees and taxes, that closely correspond to the performance of the SENSEX Index in Hong Kong dollar (HKD) terms. As of 31st December 2008, the NAV per unit of the SENSEX India Tracker was at HKD8.83 with a total of 103,200,000 units outstanding, aggregating a total AUM size of HKD910,964,348.

A summary of the performance of the SENSEX India Tracker is given below.

Total Return ^(a) in HKD (as of 31st December 2008)	2008	2007	2006	2005	SINCE INCEPTION ^(e)
BSE SENSEX Index ^(b)	-61.13%	68.98%	n/a	n/a	-14.44%
BSE SENSEX India Tracker NAV-to-NAV ^(c)	-61.58%	64.65%	n/a	n/a	-16.06%
BSE SENSEX India Tracker Market-to-Market ^(d)	-60.53%	58.36%	n/a	n/a	-16.82%

The SENSEX India Tracker consists of Indian Access Products (IAPs), which synthetically replicate the performance of the constituents stocks of the SENSEX Index. The difference in performance between the SENSEX Index and the SENSEX India Tracker is mainly attributed to fees and expenses.

Fund Activities

The average daily trading volume for the SENSEX India Tracker during the Period was reported by Bloomberg to be approximately 843,067 units. As of 31st December 2008, a total of 103,200,000 units were outstanding.

Index Activities

The SENSEX Index had two index changes during the Period. As of 31st December 2008, the SENSEX Fund had exposure to all index constituents indirectly.

^(a) Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of all dividends and distributions. Calculated as at last valuation day of the year.

^(b) An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

^(c) Units in the Fund are issued and redeemed at their NAV in exchange for a basket of securities representing the Index. Therefore, the Fund does not publish a bid price and the Fund's returns have been calculated from NAVs.

^(d) Market returns are calculated using historical market closing prices (when NAV is normally determined for the Fund), and do not represent the returns you would receive if you traded units at other times.

^(e) Fund inception date is 2nd November 2006.

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

Market Review

China

2008 has been an extremely challenging and volatile year globally

China's economy has slowed dramatically and GDP growth slowed to 6.8%² year on year in Q4 2008. The economic data in November was extraordinarily poor. Chinese exports declined year on year for the first time in seven years. Inflation across emerging markets continued to trend lower with Chinese inflation failing to 2.2%³ (Chinese inflation peaked at 8.7%⁴ in February), the lowest in 22 months. The drivers were a combination of tight monetary policy, inflation slowing real income growth, weak exports, and correction in material prices driving de-stocking.

On 10th November 2008, the Chinese authorities announced an RMB 4 trillion fiscal package to stimulate the world's third largest economy. China accelerated its monetary easing by cutting key lending rates by 108 bps on 26th November, the most in 11 years. It cut rates once more towards the end of December by 27 bps.⁵

As of 31st December 2008, the FTSE/Xinhua China A50 Index (assuming reinvestment of dividends) was down 67.55% and 65.47% in RMB and Hong Kong dollar terms respectively. All sectors recorded negative performance in 2008 with Telecommunication Services, Financial, Energy and Material sectors underperforming the broad market index while the IT, Utilities, and Industrials sectors outperformed the broad market index.

India

2008 was also challenging for India. Equity investors suffered from increased volatility, broad-based market declines and a depreciating currency.

It was a tough year for economic indicators, too, starting the year reasonably stable, but declining significantly toward the end of the year. High frequency economic data points – e.g. industrial production, merchandise exports, tax collections – all indicated a sharper-than-expected moderation in growth momentum. The simultaneous worsening of the capital and current account, coupled with the global liquidity crisis, resulted in a sharp and sudden worsening in both debt and portfolio flows. The parabolic rise in oil prices in the first three quarters also significantly stressed India's current account. Consequently, the Indian Rupee came under pressure and depreciated a substantial 24%⁶ against the U.S. dollar, resulting in further portfolio outflows.

After spending much of 2008 attempting to contain the surge in inflation and inflation expectations, the Reserve Bank of India (RBI) aggressively eased monetary policy in mid-September 2008, adopting a pro-growth rather than anti-inflation stance after inflation peaked in August at 12.63%⁷. Statutory liquidity ratio (SLR), repo rate and the reverse repo rate were cut, cash reserve ratio (CRR) was lowered, and fiscal stimulus package were introduced. Fiscal measures included cuts in duty rates and indirect taxes, financial support for infrastructure investments, and some increase in spending along with specific steps to help sectors badly hit by the global crisis.

² Bloomberg, National Bureau of Statistics

³ Bloomberg, National Bureau of Statistics

⁴ Bloomberg, National Bureau of Statistics

⁵ Bloomberg, International Monetary Fund

⁶ Bloomberg

⁷ Bloomberg, Ministry of Commerce & Industry

REPORT OF THE MANAGER TO THE UNITHOLDERS

» iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

The Indian equity market ended the year among the worst performing markets globally. The Indian equity market, as measured by the BSE SENSEX Index was down 52.5% and 61.1%⁸ in Indian Rupee and Hong Kong dollar terms respectively, and was the third worst performing market in the emerging markets. All SENSEX sectors delivered negative returns with Consumer Goods, Healthcare and Technology being relative outperformers, while Basic Materials, Industrials, Telecommunication and Financials underperformed.

In October 2007, the Securities and Exchange Board of India (“SEBI”) proposed a regulatory policy change affecting the use of offshore derivative instruments (“ODIs”) related to Indian equity securities. ODIs are acquired by the SENSEX India Tracker, in order to gain access to the Indian equities market. Under the revised policy, FIIs would have been constrained in their ability to issue and renew ODI contracts.

On 22nd May 2008, the SEBI amended the SEBI (Foreign Institutional Investors) Regulations, 1995, to implement the policy measures specified in the announcement made in October 2007. However on 6th October 2008, the Board of SEBI decided to revoke the restrictions imposed in October 2007 on the issue of ODIs. The revocation of the restrictions on ODIs means that the Fund can continue to trade as normal as described in the Prospectus.

Barclays Global Investors North Asia Limited
24 April 2009

⁸ Bloomberg

⁹ Bloomberg, Morgan Stanley

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

» **iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker**

(Sub-Funds of iShares Asia Trust)

We hereby confirm that, in our opinion, the Manager of the iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker (the Sub-Funds of iShares Asia Trust, the “Sub-Funds”) has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 16th November 2001, as amended, for the year ended 31st December 2008.

HSBC Institutional Trust Services (Asia) Limited
24 April 2009

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

» iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

Manager's Responsibilities

The Manager of the iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker (the Sub-Funds of iShares Asia Trust) (the "Sub-Funds") is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 16th November 2001, as amended (the "Trust Deed"), to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Sub-Funds at the end of that year and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Funds will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Sub-Funds in accordance with the Trust Deed and takes reasonable steps for the prevention and detection of fraud and other irregularities.

iShares Asia Trust (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31st December 2008, the Trust has established three sub-funds, namely iShares MSCI China Tracker (the "MSCI China Tracker"), iShares FTSE/XINHUA A50 China Tracker ("A50 China Tracker") and iShares BSE SENSEX India Tracker ("SENSEX India Tracker").

Trustee's Responsibilities

The Trustee of the Sub-Funds is required to:

- ensure that the Sub-Funds are managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Funds and rights attaching thereto; and
- report to the Unitholders for each annual accounting year on the conduct of the Manager in the management of the Sub-Funds.

INDEPENDENT AUDITOR'S REPORT

» To the Unitholders of iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust) (the "Sub-Funds")

We have audited the financial statements of the Sub-Funds set out on pages 13 to 48, which comprise the statement of assets and liabilities as at 31st December 2008, and the statement of operations, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Trustee and the Manager (the "Management") of the Sub-Funds are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 16th November 2001, as amended, (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Funds' preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Funds as at 31st December 2008, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

» To the Unitholders of iShares MSCI China Tracker, iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust) (the "Sub-Funds")

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 6 to the financial statements. Under the current PRC law a 10% tax may be payable on the gains derived from sale of A Shares of the PRC listed companies by Qualified Foreign Institutional Investors ("QFII") ("QFII gains"). Up to the date of approval of the financial statements, Management considers that there are significant uncertainties whether the PRC will enforce tax on QFII gains, the date when it will be effective and as to the obligations for the iShares FTSE/XINHUA A50 China Tracker to bear such tax. Though enforcement of the PRC capital gains tax is still uncertain, certain CAAP issuers have indicated their intention to withhold an amount representing the PRC capital gains tax that would be payable on an actual sale of the underlying A share of each CAAP issued on or after 28th November 2008. As there were no crystallised gains for the period from 28th November 2008 to 31st December 2008, no withholding was made by those CAAP Issuers who intend to withhold the amount for the iShares FTSE/XINHUA A50 China Tracker. Accordingly, Management has not made any adjustments for the iShares FTSE/XINHUA A50 China Tracker in this regard as at and for the year ended 31st December 2008.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for contents of this report.

Report on Other Legal and Regulatory Disclosure Requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 April 2009

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Statement of Assets and Liabilities

As at 31st December 2008

NOTE	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
ASSETS						
INVESTMENTS	891,907,007	2,205,474,300	28,945,932,028	12,464,741,520	906,289,288	2,361,286,356
BANK BALANCES	7(f) 3,786,827	9,711,496	344,075,187	85,206,168	3,252,596	15,435,417
DIVIDEND RECEIVABLE	–	–	6,051,689	243,567	1,026,423	1,617,160
AMOUNTS DUE FROM BROKERS	–	–	223,505,922	–	–	–
TOTAL ASSETS	895,693,834	2,215,185,796	29,519,564,826	12,550,191,255	910,568,307	2,378,338,933
LIABILITIES						
AMOUNTS DUE TO BROKERS	–	–	12,549,139	–	–	–
AMOUNT DUE TO UNITHOLDERS	–	–	214,240,000	–	–	–
MANAGEMENT FEE PAYABLE	7(a) 2,019,074	6,046,656	64,494,462	30,978,744	2,159,567	4,568,254
OTHER ACCOUNTS PAYABLE	7(c)&(d) 10,850	10,105	20,531,732	9,878,581	701,100	1,315,766
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	2,029,924	6,056,761	311,815,333	40,857,325	2,860,667	5,884,020
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (AT BID MARKET PRICES)	4 893,663,910	2,209,129,035	29,207,749,493	12,509,333,930	907,707,640	2,372,454,913
ADJUSTMENTS FROM BID MARKET PRICES TO LAST TRADED MARKET PRICES	4 1,685,239	4,048,665	43,651,360	4,352,544	3,256,708	11,352,109
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (AT LAST TRADED MARKET PRICES)	4 895,349,149	2,213,177,700	29,251,400,853	12,513,686,474	910,964,348	2,383,807,022

Approved by the Trustee and the Manager on 24 April 2009.

HSBC Institutional Trust Services (Asia) Limited as the Trustee of the Trust.

Barclays Global Investors North Asia Limited as the Manager of the Trust.

The notes on pages 19 to 48 form part of these financial statements.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Statement of Operations

For the year ended 31st December 2008

	NOTE	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007 HK\$
INCOME							
DIVIDEND INCOME		32,901,779	38,819,817	346,041,953	191,722,241	20,108,604	6,976,154
INTEREST INCOME		24,838	457,728	717,252	2,011,996	27,568	51,380
NET (LOSS)/GAIN ON INVESTMENTS	5	(1,084,377,045)	984,321,475	(21,587,119,964)	13,815,694,673	(1,459,848,479)	424,341,284
TOTAL INVESTMENT (LOSS)/ INCOME		(1,051,450,428)	1,023,599,020	(21,240,360,759)	14,009,428,910	(1,439,712,307)	431,368,818
EXPENSES							
MANAGEMENT FEE	7(a)	(13,464,978)	(20,828,529)	(211,940,130)	(148,779,114)	(15,208,962)	(7,842,325)
TRANSACTION HANDLING FEE	7(b)	(43,247)	(33,583)	(230,929)	(93,218)	(10,261)	(7,958)
TRANSACTION COSTS ON INVESTMENTS	7(e)	(515,877)	(1,107,991)	(198,343,307)	(77,036,000)	(721,609)	(162,243)
SAFE CUSTODY AND BANK CHARGES	7(b)	(183,893)	(267,397)	(3,389,712)	(2,506,892)	(267,941)	(117,590)
MAINTENANCE CHARGE	7(c)&(d)	-	-	(64,946,144)	(45,659,435)	(4,491,289)	(2,263,789)
SECURITIES LENDING EXPENSES	11(b)	-	-	(9,795,759)	-	-	-
TOTAL OPERATING EXPENSES		(14,207,995)	(22,237,500)	(488,645,981)	(274,074,659)	(20,700,062)	(10,393,905)
NET OPERATING (LOSS)/ PROFIT		(1,065,658,423)	1,001,361,520	(21,729,006,740)	13,735,354,251	(1,460,412,369)	420,974,913
FINANCE COSTS							
DISTRIBUTION TO UNITHOLDERS	12	(17,461,800)	(16,200,000)	(579,050,000)	-	(4,334,400)	-
INTEREST PAID		-	-	(3,502)	-	(504)	-
TOTAL FINANCE COSTS		(17,461,800)	(16,200,000)	(579,053,502)	-	(4,334,904)	-

The notes on pages 19 to 48 form part of these financial statements.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Statement of Operations (continued)

For the year ended 31st December 2008

	NOTE	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007 HK\$
(LOSS)/PROFIT BEFORE TAXATION		(1,083,120,223)	985,161,520	(22,308,060,242)	13,735,354,251	(1,464,747,273)	420,974,913
TAXATION	6	(348,902)	–	(34,604,195)	(19,172,224)	–	–
(LOSS)/PROFIT AFTER TAXATION		(1,083,469,125)	985,161,520	(22,342,664,437)	13,716,182,027	(1,464,747,273)	420,974,913
ADJUSTMENTS FROM BID MARKET PRICES TO LAST TRADED MARKET PRICES	4	(2,363,426)	818,568	39,298,816	(2,140,607)	(8,095,401)	11,352,109
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		(1,085,832,551)	985,980,088	(22,303,365,621)	13,714,041,420	(1,472,842,674)	432,327,022

The notes on pages 19 to 48 form part of these financial statements.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 31st December 2008

	NOTE	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007 HK\$
BALANCE AT THE BEGINNING OF THE YEAR/PERIOD		2,213,177,700	2,228,703,612	12,513,686,474	14,135,633,054	2,383,807,022	–
PROCEEDS ON ISSUE OF UNITS							
– IN-KIND	8	664,942,940	369,641,059	44,360,716,930	3,831,338,547	–	1,943,493,453
– CASH COMPONENT	8	4,261,060	2,100,941	2,000,663,070	23,717,453	–	7,986,547
PAYMENT ON REDEMPTION OF UNITS							
– IN-KIND	8	(894,210,235)	(1,361,308,733)	(6,993,119,094)	(19,121,092,087)	–	–
– CASH COMPONENT	8	(6,989,765)	(11,939,267)	(327,180,906)	(69,951,913)	–	–
		1,981,181,700	1,227,197,612	51,554,766,474	(1,200,354,946)	2,383,807,022	1,951,480,000
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		(1,085,832,551)	985,980,088	(22,303,365,621)	13,714,041,420	(1,472,842,674)	432,327,022
BALANCE AT THE END OF THE YEAR/PERIOD		895,349,149	2,213,177,700	29,251,400,853	12,513,686,474	910,964,348	2,383,807,022

The notes on pages 19 to 48 form part of these financial statements.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Statement of Cash Flows

For the year ended 31st December 2008

	NOTE	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007 HK\$
OPERATING ACTIVITIES							
PURCHASE OF INVESTMENTS	8	(191,871,422)	(411,664,166)	(22,009,298,358)	(7,188,800,179)	(115,328,337)	(117,649,428)
SALE OF INVESTMENTS	8	191,799,425	388,506,540	21,097,960,838	7,279,094,936	110,531,032	124,171,856
DIVIDEND RECEIVED		32,901,779	38,819,817	340,233,831	192,310,479	20,699,341	5,358,994
INTEREST RECEIVED		24,838	457,728	717,252	2,011,996	27,568	51,380
EXCHANGE (LOSS)/GAIN		(5,050)	(9,165)	(331,899)	(3,528,691)	(54,106)	25,953
MANAGEMENT FEE PAID		(17,492,560)	(19,213,512)	(178,424,412)	(142,280,467)	(17,617,649)	(3,274,071)
WITHHOLDING TAX PAID		(348,902)	–	(34,604,195)	(19,172,224)	–	–
TRANSACTION COST PAID		(515,877)	(1,107,991)	(198,343,307)	(77,036,000)	(721,609)	(162,243)
SECURITIES LENDING EXPENSES PAID	11(b)	–	–	(9,795,759)	–	–	–
OTHER FEES PAID		(226,395)	(431,875)	(57,913,634)	(46,065,416)	(5,384,157)	(1,073,571)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		14,265,836	(4,642,624)	(1,049,799,643)	(3,465,566)	(7,847,917)	7,448,870
FINANCING ACTIVITIES							
INTEREST PAID		–	–	(3,502)	–	(504)	–
CASH COMPONENT RECEIVED ON ISSUE OF UNITS	8	4,261,060	2,100,941	2,000,663,070	24,468,881	–	7,986,547
CASH COMPONENT PAID ON REDEMPTION OF UNITS	8	(6,989,765)	(11,939,267)	(112,940,906)	(69,951,913)	–	–
FINAL DISTRIBUTION PAID		(17,461,800)	(16,200,000)	(579,050,000)	–	(4,334,400)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(20,190,505)	(26,038,326)	1,308,668,662	(45,483,032)	(4,334,904)	7,986,547
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,924,669)	(30,680,950)	258,869,019	(48,948,598)	(12,182,821)	15,435,417
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		9,711,496	40,392,446	85,206,168	134,154,766	15,435,417	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		3,786,827	9,711,496	344,075,187	85,206,168	3,252,596	15,435,417
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS							
BANK BALANCES		3,786,827	9,711,496	344,075,187	85,206,168	3,252,596	15,435,417

The notes on pages 19 to 48 form part of these financial statements.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Statement of Distributions

For the year ended 31st December 2008

	NOTE	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007 HK\$
AMOUNT TRANSFERRED FROM THE STATEMENT OF OPERATIONS		17,461,800	16,200,000	579,050,000	–	4,334,400	–
FINAL DISTRIBUTION							
– HK\$0.20 ON 81,000,000 UNITS PAID ON 28TH DECEMBER 2007	12	–	(16,200,000)	–	–	–	–
– HK\$0.267 ON 65,400,000 UNITS PAID ON 29TH DECEMBER 2008	12	(17,461,800)	–	–	–	–	–
– HK\$0.185 ON 3,130,000,000 UNITS PAID ON 29TH DECEMBER 2008	12	–	–	(579,050,000)	–	–	–
– HK\$0.042 ON 103,200,000 UNITS PAID ON 29TH DECEMBER 2008	12	–	–	–	–	(4,334,400)	–
		–	–	–	–	–	–

No dividend was distributed for the year/period ended 31st December 2007 for iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements

1. The Trust

iShares Asia Trust (the “Trust”) is an umbrella unit trust governed by its Trust Deed dated 16th November 2001, as amended, and authorised by the Securities & Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance.

As at 31st December 2008, the Trust has established three sub-funds, namely iShares MSCI China Tracker (“MSCI China Tracker”), iShares FTSE/XINHUA A50 China Tracker (“A50 China Tracker”) and iShares BSE SENSEX India Tracker (“SENSEX India Tracker”) (the “Sub-Funds”). The Sub-Funds are all listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). MSCI China Tracker was listed on 28th November 2001, A50 China Tracker was listed on 18th November 2004 and SENSEX India Tracker was listed on 2nd November 2006. These financial statements are in respect of the MSCI China Tracker, the A50 China Tracker and the SENSEX India Tracker on a stand alone basis.

The Sub-Funds have no employees.

MSCI China Tracker

The objective of the MSCI China Tracker is to provide investment results that closely correspond to the performance of the MSCI China Index.

A50 China Tracker

The objective of the A50 China Tracker is to provide investment results that closely correspond to the performance of the FTSE/Xinhua China A50 Index.

During 2008, the Manager added three additional participating dealers to the A50 China Tracker, bringing the total to five. The Manager also added seven CAAP Issuers, bringing the total to nine. A list of the CAAP Issuers as at 31st December 2008 is set out in Note 7.

SENSEX India Tracker

The objective of the SENSEX India Tracker is to provide investment results that closely correspond to the performance of the BSE SENSEX Index.

Offshore derivative instruments (“ODIs”) are acquired by the Sensex India Tracker in order to gain access to the Indian equities market.

In October 2007, the Securities and Exchange Board of India (“SEBI”) proposed a regulatory policy change affecting the use of ODIs. Under the revised policy, foreign institutional investors (“FIIs”) would have been constrained in their ability to issue and renew ODI contracts.

On 22nd May 2008, the SEBI amended the SEBI (Foreign Institutional Investors) Regulations, 1995, to implement the policy measures specified in the announcement made in October 2007. However on 6th October 2008, the Board of SEBI decided to revoke the restrictions imposed in October 2007 on the issue of ODIs. The revocation of the restrictions on ODIs means that the SENSEX India Tracker can continue to trade as normal as described in the Prospectus.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

2. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements of the Sub-Funds have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the “Management”) to exercise its judgement in the process of applying the Sub-Funds’ accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Amendments to standards effective in the current year:

IAS 39, “Financial Instruments: Recognition and Measurement”, amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to IFRS 7, “Financial Instruments: Disclosures”, introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1st July 2008. This amendment does not have any impact on the Sub-Funds’ financial statements, as the Sub-Funds have not reclassified any financial assets.

New standards and amendments to standards that are not yet effective and have not been early adopted by the Sub-Funds:

IAS 1 (Revised), “Presentation of Financial Statements” (effective from 1st January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of assets and liabilities as at the beginning of the comparative period in addition to the current requirement to present statement of assets and liabilities at the end of the current period and comparative period. The Sub-Funds will apply IAS 1 (Revised) from 1st January 2009 and it is likely the Sub-Funds will present solely a statement of comprehensive income. This change is not expected to significantly change the presentation of the Sub-Funds’ performance statement.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

IAS 1 (Amendment), “Presentation of Financial Statements” (effective from 1st January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, are examples of current assets and liabilities respectively. The Sub-Funds will apply the amendments from 1st January 2009. However, it is not expected to have an impact on the Sub-Funds’ financial statements.

IAS 32 (Amendment), “Financial Instruments: Presentation”, and IAS 1 (Amendment), “Presentation of Financial Instruments – Puttable Financial Instruments and Obligations Arising on Liquidation” (effective from 1st January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. The Sub-Funds will apply the amendments from 1st January 2009. The Management is currently assessing the impact of these amendments.

IAS 39 (Amendment), “Financial Instruments: Recognition and Measurement” (effective from 1st January 2009). The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. The Sub-Funds will apply the IAS 39 (Amendment) from 1st January 2009. However, it is not expected to have an impact on the Sub-Funds’ Statement of Operations.

There are a number of minor amendments to IFRS 7, “Financial Instruments: Disclosures”, IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, IAS 10, “Events after the Balance Sheet Date”, and IAS 18, “Revenue” (all effective from 1st January 2009) which are not addressed above. These amendments are unlikely to have an impact on the Sub-Funds’ financial statements and have therefore not been analysed in detail.

(b) Financial Assets at Fair Value Through Profit or Loss

(i) Classification

The Sub-Funds classify their investments in equity securities as financial assets at fair value through profit or loss. These financial assets are designated by the Management at fair value through profit or loss at inception. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Sub-Funds’ documented investment strategy. The Sub-Funds’ policy requires the Management to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/Derecognition

Purchases and sales of investments are accounted for on the trade date basis. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Funds have transferred substantially all risks and rewards of ownership.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(iii) Measurement

Investments consist of principally listed securities and are initially recognised at fair value. Transaction costs are expensed in the Statement of Operations. Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments are presented in the Statement of Operations in the period in which they arise.

(iv) Fair Value Estimation

The fair value of financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Sub-Funds is the current bid price.

(c) Amounts due from/to brokers

Amounts due from and to brokers represent receivables for securities sold, and payables for securities purchased, that have been contracted for, but not yet settled or delivered on the Statement of Assets and Liabilities date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Sub-Funds will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the amounts due from brokers are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Operations. Amounts due from brokers in the Statement of Assets and Liabilities are stated net of such provision.

(d) Dividend Income and Interest Income

Dividend income on quoted equity securities is recognised on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted is recognised when the Sub-Funds' right to receive payment is established.

Interest income is recognised on a time-proportionate basis using the effective interest method.

(e) Expenses

Expenses are accounted for on an accruals basis.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

(g) Distributions Payable to Unitholders

Proposed distributions to unitholders are recognised in the Statement of Operations when they are approved by the Trustee. The distribution on the redeemable units is recognised in the Statement of Operations as finance costs.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(h) Translation of Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate (“the functional currency”). The performance of the Sub-Funds is measured and reported to unitholders in Hong Kong dollars. The Management considers the Hong Kong dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollar, which is the Sub-Funds’ functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Operations. Translation differences on non-monetary financial assets such as investments held at fair value through profit or loss are recognised in the Statement of Operations within the fair value net gain or loss.

(i) Proceeds and Payments on Allotment and Redemption of Units

The Sub-Funds issue redeemable units, which are redeemable at the holder’s option and are classified as financial liabilities. Redeemable units can be redeemed either (a) in-kind for a proportionate share of the Sub-Funds’ net asset value plus a cash component or (b) (since 14th November 2008) for a cash amount equivalent to the Application Basket Value plus a cash component. The redeemable unit is carried at the redemption amount that is payable at the Statement of Assets and Liabilities date if the holder exercises the right to put the unit back to the Sub-Funds. Duties and charges are payable by the unitholder.

Redeemable units are issued and redeemed at the holder’s option at prices based on the Sub-Funds’ net assets value per unit at the time of issue or redemption. The Sub-Funds’ net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units. In accordance with the provisions of the Trust Deed, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions.

(j) Taxation

The Sub-Funds currently incur withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in the Statement of Operations. Withholding taxes are shown as a separate item in the Statement of Operations.

(k) Segmental Information

In the opinion of the Manager, all activities of the Sub-Funds are in the single business of investment activities conducted mainly in Hong Kong. Geographical information is provided in the investment portfolio.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(I) Securities Lending

Chinese A Share Access Products (“CAAPs”) on loan are included in the investment portfolio of the A50 China Tracker as the A50 China Tracker is entitled to the dividend income from the CAAPs on loan and retains substantially all the risks and rewards. Relevant securities lending expense paid by the A50 China Tracker are accounted for in the Statement of Operations.

Collateral received for the purpose of securities on loan generally consists of share or cash collateral. Share collateral received is treated as an off-balance sheet transaction and is therefore not included in the statement of assets and liabilities because the A50 China Tracker is not entitled to the dividend income from the share collateral and does not retain substantially all the risks and rewards. Cash collateral received is treated as an on-balance sheet transaction and is included in the financial statements as A50 China Tracker is entitled to the income generated from the cash collateral and retains substantially all the risk and rewards.

Dividend income from the CAAPs on loan is recognised as income by the A50 China Tracker in the Statement of Operations. Income from the share collateral is not an income to the A50 China Tracker and is paid to the counterparty who provides the collateral to the A50 China Tracker. Income from the cash collateral is recognised as income in the Statement of Operations.

3. Critical Accounting Estimates and Judgements

Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Taxation

In preparing these financial statements, Management has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

In light of on-going market reports that the PRC State Administration of Taxation (the “SAT”) might levy income tax on Qualified Foreign Institutional Investors (“QFIIs”), the A50 China Tracker could be exposed to PRC tax on the crystallised and uncrystallised gains relating to the transfer or disposal of A Shares to which the CAAPs relate. Refer to note 6 to the financial statements.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(b) Functional Currency

Management considers Hong Kong dollar to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Hong Kong dollar is the currency in which the Sub-Funds measure their performance and report their results, as well as the currency in which the Sub-Funds determine the net assets value per unit at the time of issue or redemption. This determination also considers that the Sub-Funds are all listed on the Stock Exchange of Hong Kong Limited and their shares are quoted in Hong Kong dollar.

(c) Fair Value Estimates

When trading in the securities of an investee company is suspended, the investment is valued at the Manager's estimate of its fair value. As of year end, MSCI China Tracker held the securities of Gome Electrical Appliances Holdings Ltd (0.32% of net assets at year end) whose trading has been suspended since 24th November 2008, and the A50 China Tracker held the securities of China Yangtze Power Co Ltd (3.91% of net assets at year end) whose trading has been suspended since 7th May 2008. Management used the bid price on the last trading day as an estimate for the valuation of these suspended securities at year end. The values could differ from the actual fair value had a ready market existed for these securities.

4. Number of Units in Issue and Net Assets Attributable to Unitholders

The Trustee values listed investments and investments with prices quoted in over the counter markets or by market makers at the official closing price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations. However, as stated in note 2(b) the accounting policy of the Sub-Funds for the purpose of compliance with IAS 39 and for reporting purpose is to value its investments at the relevant bid market prices on the Statement of Assets and Liabilities date.

MSCI China Tracker

As at 31st December 2008, the valuation of investments in accordance with IAS 39 as shown in the financial statements resulted in a decrease in value of investments by HK\$1,685,239 (2007: HK\$4,048,665) compared with using the valuation methodology indicated in its Prospectus. The movement in the difference of HK\$2,363,426 (2007: HK\$818,568) is recognised in the Statement of Operations as "Adjustments from bid market prices to official closing prices".

A50 China Tracker

As at 31st December 2008, the valuation of investments in accordance with IAS 39 as shown in the financial statements resulted in a decrease in value of investments by HK\$43,651,360 (2007: HK\$4,352,544) compared with using the valuation methodology used by the Trustee as agreed with the Manager which is based on the prices provided by the calculation agent of the underlying CAAPs, in turn based on official closing prices of the relevant exchange. The movement in the difference of HK\$39,298,816 (2007: HK\$2,140,607) is recognised in the Statement of Operations as "Adjustments from bid market prices to official closing prices".

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

SENSEX India Tracker

As at 31st December 2008, the valuation of investments in accordance with IAS 39 as shown in the financial statements resulted in a decrease in value of investments by HK\$3,256,708 (2007: HK\$11,352,109) compared with using the valuation methodology used by the Trustee as agreed with the Manager which is based on the prices provided by the calculation agent of the underlying IAPs, in turn based on official closing prices of the relevant exchange. The movement in the difference of HK\$8,095,401 (2007: HK\$11,352,109) is recognised in the Statement of Operations as “Adjustments from bid market prices to official closing prices”.

Net assets attributable to unitholders represent a liability in the Statement of Assets and Liabilities, carried at the redemption amount that would be payable on the Statement of Assets and Liabilities date if the unitholder exercised the right to redeem the unit to the Sub-Funds.

	iShares MSCI China Tracker NUMBER OF UNITS		iShares FTSE/ XINHUA A50 China Tracker NUMBER OF UNITS		iShares BSE SENSEX India Tracker NUMBER OF UNITS	
	01.01.2008 TO 31.12.2008	01.01.2007 TO 31.12.2007	01.01.2008 TO 31.12.2008	01.01.2007 TO 31.12.2007	01.01.2008 TO 31.12.2008	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007
UNITS IN ISSUE AT THE BEGINNING OF THE YEAR/PERIOD	77,400,000	42,400,000	504,000,000	134,200,000	103,200,000	–
ISSUE OF UNITS (NOTE A)	31,800,000	64,200,000	3,550,000,000	534,400,000	–	103,200,000
REDEMPTION OF UNITS	(43,800,000)	(29,200,000)	(500,000,000)	(164,600,000)	–	–
UNITS IN ISSUE AT THE END OF THE YEAR/ PERIOD	65,400,000	77,400,000	3,554,000,000	504,000,000	103,200,000	103,200,000
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	895,349,149	2,213,177,700	29,251,400,853	12,513,686,474	910,964,348	2,383,807,022
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (PER UNIT)	13.69	28.59	8.23	24.83	8.83	23.10

Note a:

On 30th October 2007, the units of MSCI China Tracker were divided into three sub-divided units. Immediately following the sub-division, the total number of units in issue increased from 28,600,000 units to 85,800,000 sub-divided units.

On 30th October 2007, the units of A50 China Tracker were divided into ten sub-divided units. Immediately following the sub-division, the total number of units in issue increased from 52,200,000 units to 522,000,000 sub-divided units.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

5. Net (Loss)/Gain on Investments

	iShares MSCI China Tracker		iShares FTSE/ XINHUA A50 China Tracker		iShares BSE SENSEX India Tracker	
	01.01.2008 TO 31.12.2008 HK\$	01.01.2007 TO 31.12.2007 HK\$	01.01.2008 TO 31.12.2008 HK\$	01.01.2007 TO 31.12.2007 HK\$	01.01.2008 TO 31.12.2008 HK\$	02.11.2006 (DATE OF INCEPTION) TO 31.12.2007 HK\$
CHANGE IN UNREALISED GAIN/LOSS IN VALUE OF INVESTMENTS	(1,266,817,670)	146,375,397	(13,351,162,534)	(1,038,207,573)	(1,423,058,743)	414,252,041
REALISED GAIN/ (LOSS) ON SALE OF INVESTMENTS	182,445,675	837,955,243	(8,235,625,531)	14,857,430,937	(36,735,630)	10,063,290
EXCHANGE (LOSS)/GAIN	(5,050)	(9,165)	(331,899)	(3,528,691)	(54,106)	25,953
	<u>(1,084,377,045)</u>	<u>984,321,475</u>	<u>(21,587,119,964)</u>	<u>13,815,694,673</u>	<u>(1,459,848,479)</u>	<u>424,341,284</u>

6. Taxation

No provision for Hong Kong profits tax has been made for the Sub-Funds as the bank interest, dividend income and realised gains on disposal of investments of the Sub-Funds are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

PRC Withholding Tax

The investments of the A50 China Tracker in the A Shares of PRC listed companies are held through the CAAPs issued by an affiliate of one or more Qualified Foreign Institutional Investors (“QFII”s). A 10% tax provision is made on all PRC sourced dividends. A 10% tax may also be payable on the gains derived from the sale of A shares by QFIIs. There is uncertainty however with respect to the implication of such tax for the A50 China Tracker. The Manager has considered (i) the current position of the PRC State Administration of Taxation (the “SAT”) and PRC income tax on QFIIs, (ii) the possible implications for the A50 China Tracker should an income tax ruling for QFIIs be enacted in the PRC, (iii) the independent advice of tax and legal counsel and (iv) current market practice. The Manager believes that presently there are insufficient grounds to reasonably justify making a tax provision for potential tax on gains on A Shares as the Manager considers that:

- it is uncertain whether the PRC will enforce tax on QFII gains;
- if the PRC were to enforce the tax, it is uncertain from which date the tax would be calculated and payable;
- at present, uncertainty remains as to the obligations of the A50 China tracker to bear such tax.

Accordingly the Manager has not made any provision in these financial statements for any tax exposure which might arise if capital gains tax was to be levied on QFIIs.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

The Manager estimates on the basis of information provided by the relevant QFIIs and the Trustee the uncrystallised gains and crystallised gains which could be exposed to PRC taxation as at 31st December 2008 to be HK\$383 million (2007: HK\$6,058 million) and HK\$13,567 million (2007: HK\$10,603 million) respectively.

Since November 2008, certain CAAP issuers have indicated their intention to withhold an amount representing the PRC capital gains tax that would be payable on an actual sale of the underlying A share of each CAAP issued on or after 28th November 2008. The amounts withheld will be retained for a period of up to 5 years, pending further clarification of the tax rules and tax collection measures adopted by the PRC authorities. In the event that, at the end of the 5 year period, the tax is not enforced against the CAAP Issuer (or its affiliate), or the amount withheld is greater than the actual capital gains tax liability, the amount withheld (or the excess withholding including any unpaid interest) will be returned to the A50 China Tracker, although the fund will remain liable for any attributable tax. Interest is receivable on the amounts withheld and is receivable from the CAAP Issuers by the A50 China Tracker on a periodical basis.

In practice, any amount to be withheld by CAAP issuers will be taken either at the quarterly portfolio rebalancing, ad-hoc CAAP sales or on a redemption of Units. For the year ended 31st December 2008, there were no crystallised gains from those CAAP Issuers who have arrangements with the A50 China Tracker to withhold the amount representing the PRC capital gains tax for the A50 China Tracker. As a result, no withholding was made for the year ended 31st December 2008. There have been no interest accruals made at 31st December 2008.

7. Transactions with the Trustee, Manager and Connected Persons

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year between the Sub-Funds and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Funds do not have any other transactions with Connected Persons except for what is disclosed below.

(a) Management Fee

The Manager is entitled to receive a management fee, currently at the annual rate of 0.99% of the net asset value of each Sub-Fund. The fee is accrued daily and calculated as at each dealing day and payable quarterly in arrears.

Apart from the fees and expenses stated in note 7(b) to (e) below, all other fees and expenses of each Sub-Fund is paid by the Manager.

(b) Fees and Charges Paid to the Trustee/Custodian and its Connected Persons

MSCI China Tracker

The transaction handling fee for the sale and purchase transactions of the investments received from the Sub-Fund is US\$35 each.

A50 China Tracker

The transaction handling fee for the sale and purchase transactions of the investments received from the Sub-Fund is US\$20 each.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

SENSEX India Tracker

The transaction handling fee for the sale and purchase transactions of the investments received from the Sub-Fund is US\$20 each.

For each Sub-Fund, the bank charges stated in the Statement of Operations are also paid by the Sub-Fund to a Connected Person of the Custodian.

All other fees payable to the Trustee/Custodian and its Connected Person are borne by the Manager.

(c) CAAP Maintenance Charge

A50 China Tracker

The CAAP Issuer is entitled to a CAAP maintenance charge, payable at the end of each quarter. The CAAP maintenance charge equals 0.3% per annum of the average net asset value (at the close of business) of the CAAPS held by A50 China Tracker during the year. The relevant CAAP Issuers are ABN AMRO Bank N.V, Barclays Bank PLC, Citigroup Global Markets Holdings Inc, CLSA Financial Products, Ltd (guaranteed by CALYON SA), Credit Suisse Nassau Branch, The Hongkong and Shanghai Banking Corporation Ltd, JP Morgan Structured Products BV (guaranteed by JP Morgan Chase Bank N.A.), Merrill Lynch International & Co C.V. (guaranteed by Merrill Lynch & Co Inc.) and UBS AG London Branch.

The CAAP Issuers include connected persons of the Manager and the Trustee.

(d) IAP Maintenance Charge

SENSEX India Tracker

The IAP Issuer is entitled to an IAP maintenance charge, payable at the end of each quarter. The IAP maintenance charge equals 0.3% per annum of the average net asset value (at the close of business) of the IAPs held by SENSEX India Tracker up to and including US\$200 million, and 0.2% per annum of the average net asset value of the IAPs held by SENSEX India Tracker in excess of US\$200 million during the previous 12 months. The relevant IAP Issuer is Citigroup Global Markets Holdings Inc.

(e) Transaction Costs on Investments

A50 China Tracker

The CAAP Issuers also charge a 0.6% commission (including stamp duty of 0.1%) on each purchase and sale of each CAAP acquired for the account of the A50 China Tracker. With effect from 9th May 2008, the CAAP commission was reduced to 0.4% on each purchase and sale. The CAAP commission on purchase was further reduced to 0.3% with effect from 23rd October 2008, following the removal of stamp duty on the purchase of A shares.

The CAAP commission may be agreed from time to time between the Manager and the CAAP Issuers.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

SENSEX India Tracker

The IAP Issuer also charges a 0.4% commission (including Indian stamp duty of 0.1%) on each purchase and sale of each IAP acquired for the account of the SENSEX India Tracker. With effect from 30th May 2008, the IAP commission was decreased to 0.295%.

(f) Bank Balances

Bank balances are maintained with a group company of the Trustee, which carry interest at normal commercial rates. Bank balances held with this group company of the Trustee as at 31st December 2008 amounted to HK\$3,786,827, HK\$343,663,780 and HK\$3,252,596 for MSCI China Tracker, A50 China Tracker and SENSEX India Tracker respectively (2007: HK\$9,711,496, HK\$85,206,168 and HK\$15,435,417).

(g) Investment Transactions with Connected Persons of the Manager Are Set Out Below:

SUB-FUND	AGGREGATE VALUE OF PURCHASES AND SALES OF SECURITIES HK\$	TOTAL COMMISSION PAID HK\$
2008 A50 China Tracker – BARCLAYS BANK PLC	2,787,874,804	14,692,213
2007 A50 China Tracker – BARCLAYS BANK PLC	2,941,847,954	15,726,940
SUB-FUND	% OF SUB-FUND'S TOTAL TRANSACTIONS DURING THE YEAR %	AVERAGE COMMISSION RATE %
2008 A50 China Tracker – BARCLAYS BANK PLC	6.43	0.53
2007 A50 China Tracker – BARCLAYS BANK PLC	20.33	0.53

- (h) Barclays Capital Asia Limited is a connected person to the Manager and has subscribed for and redeemed units of the A50 China Tracker. All such transactions are entered into in the ordinary course of business and are on normal commercial terms. As of 31st December 2008, Barclays Capital Asia Limited held 396,000,000 units in the A50 China Tracker (2007: 110,000,000 units).

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

8. Major Non-Cash Transactions

(a) Subscriptions

Until 14th November 2008, units could only be subscribed on an in kind basis and not for cash. Since 14th November 2008, units can be subscribed either (a) in-kind for an Application Basket plus a cash component or (b) for a cash amount equivalent to the Application Basket Value plus a cash component. Relevant duties and charges are paid by the participating dealers directly to the Trustee and are therefore not reflected in the financial statements. Cash component represents the difference between the aggregate net asset value of the units comprising an Application Unit and the Application Basket Value.

MSCI China Tracker

During the year, all units issued were through in kind creation and the Sub-Fund issued 31,800,000 units (31st December 2007: 64,200,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$664,942,940 (31st December 2007: HK\$369,641,059) by the Manager at the time of issue plus cash component equal to HK\$4,261,060 (31st December 2007: HK\$2,100,941).

A50 China Tracker

During the year, the Sub-Fund issued 3,396,000,000 units (31st December 2007: 534,400,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$44,360,716,930 (31st December 2007: HK\$3,831,338,547) by the Manager at the time of issue plus the cash component equal to HK\$631,603,070 (31st December 2007: HK\$23,717,453).

The Sub-Fund also issued 154,000,000 units in exchange for cash equal to HK\$1,369,060,000 for the year ended 31st December 2008 (2007: nil).

SENSEX India Tracker

During the year, no units were issued by the Sub-Fund. During the period ended 31st December 2007, all units issued were through in kind creation and the Sub-Fund issued 103,200,000 units in exchange for Application Baskets consisting of investments valued at a total of HK\$1,943,493,453 by the Manager at the time of issue plus cash component equal to HK\$7,986,547.

(b) Redemptions

Until 14th November 2008, units could only be redeemed in kind and not for cash. Since 14th November 2008, units can be redeemed either (a) in-kind for an Application Basket plus a cash component or (b) for a cash amount equivalent to the Application Basket Value plus a cash component. Relevant duties and charges are paid by the participating dealers directly to the Trustee and are therefore not reflected in the financial statements.

MSCI China Tracker

During the year, the Sub-Fund redeemed 43,800,000 units (31st December 2007: 29,200,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$894,210,235 (31st December 2007: HK\$1,361,308,733) by the Manager at the time of redemption plus cash component equal to HK\$6,989,765 (31st December 2007: HK\$11,939,267).

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

A50 China Tracker

During the year, the Sub-Fund redeemed 474,000,000 units (31st December 2007: 164,600,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$6,993,119,094 (31st December 2007: 19,121,092,087) by the Manager at the time of redemption plus the cash component equal to HK\$112,940,906 (31st December 2007: 69,951,913).

The Sub-Fund also redeemed 26,000,000 units in exchange for cash equal to HK\$214,240,000 for the year ended 31st December 2008 (2007: nil).

SENSEX India Tracker

During the year ended 31st December 2008 and period ended 31st December 2007, there were no redemption of units by the Sub-Fund.

9. Soft Commission Arrangements

Since the inception of the Sub-Funds, the Manager confirmed that there were no soft commission arrangements exist in relation to directing transactions of the Sub-Funds through a broker or dealer.

10. Investment Limitation and Prohibitions under the SFC Code

MSCI China Tracker

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Traded Funds (the "ETF Guidelines"), the Manager is permitted to overweight the holdings of the MSCI China Tracker relative to their respective weightings in the MSCI China Index, on the condition that the maximum extra weighting in any constituent will not exceed 3%.

The Manager and Trustee confirmed that the Sub-Fund has complied with this limit during the year.

The following lists those constituent stocks that each account for more than 10% of net asset value of the Sub-Fund and their respective weightings of the MSCI China Index as at 31st December 2008 and 2007:

	RESPECTIVE WEIGHTING IN THE INDEX (%)		% OF NET ASSET VALUE	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
CHINA MOBILE (HONG KONG) LTD.	19.01	18.32	19.32	18.47

A50 China Tracker

Pursuant to the ETF Guidelines, the A50 China Tracker is permitted to overweight holdings of CAAPs relative to the respective weightings in the FTSE/Xinhua China A50 Index to which such CAAPs are linked, subject to a maximum limit of 2%.

The Manager and Trustee confirmed that the Sub-Fund has complied with this limit during the year.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

There were no CAAPs that accounted for more than 10% of the net asset value of the Sub-Fund as at 31st December 2008 and 2007.

SENSEX India Tracker

Pursuant to the ETF Guidelines, the SENSEX India Tracker is permitted to overweight holdings of IAPs relative to the respective weightings in the BSE SENSEX Index to which such IAPs are linked, subject to a maximum limit of 2%.

The Manager and Trustee confirmed that the Sub-Fund has complied with this limit during the year.

The following lists those constituent stocks that each account for more than 10% of net asset value of the Sub-Fund and their respective weightings of the BSE SENSEX Index as at 31st December 2008 and 2007.

	RESPECTIVE WEIGHTING IN THE INDEX (%)		% OF NET ASSET VALUE	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
RELIANCE INDUSTRIES LIMITED	14.16	15.24	14.11	15.17

11. Financial Risk Management

The objective of the Sub-Funds is to provide investment results that closely correspond to the performance of their respective Indexes. The Sub-Funds are exposed to various risks: market risk (including price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are stated below.

(a) Market Risk

(i) Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Funds are designated to track the performance of the relevant indices, therefore the exposures to market risk in the Sub-Funds will be substantially the same as the tracked indexes. The Manager manages the Sub-Funds' exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned to the characteristics of the tracked indexes.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

As at 31st December 2008 and 2007, the Sub-Funds' investments are concentrated in the following industries:

(i) MSCI China Tracker

INVESTMENTS — BY INDUSTRY	AT 31ST DECEMBER 2008		AT 31ST DECEMBER 2007	
	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE
AGRICULTURAL PRODUCTS	6,031,624	0.67	6,348,090	0.29
AIR FREIGHT AND LOGISTICS	—	—	4,424,700	0.20
AIRLINES	2,057,920	0.23	25,583,280	1.16
AIRPORT SERVICES	2,524,440	0.28	10,232,280	0.46
ALUMINUM	6,226,080	0.70	29,040,480	1.31
APPAREL RETAIL	3,335,400	0.37	—	—
AUTOMOBILE MANUFACTURERS	6,812,500	0.76	23,570,880	1.07
COAL AND CONSUMABLE FUELS	31,299,350	3.50	114,844,830	5.19
COMMODITY CHEMICALS	1,952,190	0.22	12,255,000	0.55
COMMUNICATIONS EQUIPMENT	1,548,890	0.17	5,392,200	0.24
COMPUTER AND ELECTRONICS RETAIL	2,907,520	0.32	10,134,240	0.46
COMPUTER HARDWARE	3,204,600	0.36	14,406,720	0.65
CONSTRUCTION AND ENGINEERING	29,606,853	3.31	61,571,700	2.79
CONSTRUCTION MATERIALS	8,681,196	0.97	29,121,750	1.31
DEPARTMENT STORES	3,815,000	0.43	—	—
DISTRIBUTORS	5,888,943	0.66	21,446,250	0.97
DIVERSIFIED BANKS	167,774,980	18.73	277,953,720	12.56
DIVERSIFIED METALS AND MINING	3,095,600	0.35	25,929,000	1.17
ELECTRONIC COMPONENTS	2,768,600	0.31	—	—
FERTILIZERS AND AGRICULTURAL CHEMICALS	4,443,930	0.49	—	—
GOLD	7,156,940	0.80	23,374,800	1.06
HEAVY ELECTRICAL EQUIPMENT	8,607,076	0.96	33,049,800	1.49
HIGHWAYS AND RAILTRACKS	6,049,500	0.68	16,130,160	0.73
HOTELS, RESORTS AND CRUISE LINES	1,962,000	0.22	9,282,840	0.42
INDEPENDENT POWER PRODUCERS AND ENERGY TRADERS	19,654,444	2.20	48,119,580	2.18
INDUSTRIAL CONGLOMERATES	12,541,540	1.41	48,936,795	2.22
INTEGRATED OIL AND GAS	82,348,410	9.20	234,413,640	10.59
INTEGRATED TELECOMMUNICATION SERVICES	37,267,601	4.16	53,753,010	2.43

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

INVESTMENTS — BY INDUSTRY (CONTINUED)	AT 31ST DECEMBER 2008		AT 31ST DECEMBER 2007	
	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE
INTERNET SOFTWARE AND SERVICES	18,736,010	2.09	14,525,400	0.66
LEISURE PRODUCTS	3,226,400	0.36	14,964,000	0.68
LIFE AND HEALTH INSURANCE	79,346,550	8.86	199,608,150	9.02
MARINE	10,364,810	1.16	53,667,870	2.42
MARINE PORTS AND SERVICES	9,368,768	1.04	45,297,705	2.04
OIL AND GAS DRILLING	3,610,625	0.40	5,727,600	0.26
OIL AND GAS EXPLORATION AND PRODUCTION	44,418,252	4.96	102,787,200	4.64
OTHER DIVERSIFIED FINANCIAL SERVICES	2,594,200	0.29	12,719,400	0.57
PACKAGED FOODS AND MEATS	17,177,964	1.91	14,731,800	0.67
PERSONAL PRODUCTS	5,351,900	0.60	—	—
PAPER PRODUCTS	—	—	12,513,000	0.56
PROPERTY AND CASUALTY INSURANCE	3,781,646	0.42	15,779,280	0.71
RAILROADS	1,558,700	0.17	7,249,800	0.33
REAL ESTATE MANAGEMENT AND DEVELOPMENT	38,823,140	4.35	109,247,520	4.94
REINSURANCE	2,572,400	0.29	5,572,800	0.25
SEMICONDUCTORS	—	—	4,702,050	0.21
STEEL	5,544,285	0.62	16,352,040	0.74
WATER UTILITIES	2,872,150	0.32	8,036,700	0.36
WIRELESS TELECOMMUNICATION SERVICES	172,996,080	19.32	422,676,240	19.09
	<u>891,907,007</u>	<u>99.62</u>	<u>2,205,474,300</u>	<u>99.65</u>

The MSCI China Tracker held 85 out of 98 shares comprising the MSCI China Index. The MSCI China Tracker is therefore exposed to substantially the same market price risk as the MSCI China Index.

As at 31st December 2008, if the MSCI China Index in local currency, Hong Kong Dollar (HK\$), were to increase by 3% (2007: 3%) with all other variables held constant, this would increase the net assets attributable to unitholders by approximately HK\$27 million (2007: HK\$66 million). Conversely, if the MSCI China Index in local currency were to decrease by 3% (2007: 3%), this would decrease the net assets attributable to unitholders by equal amounts.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(ii) A50 China Tracker

INVESTMENTS – BY SECTOR	AT 31ST DECEMBER 2008		AT 31ST DECEMBER 2007	
	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE
BASIC MATERIALS	3,119,842,586	10.67	2,019,492,468	16.14
CONSUMER GOODS	1,309,559,475	4.48	865,371,528	6.92
CONSUMER SERVICES	890,418,430	3.05	737,246,160	5.89
FINANCIALS	15,779,119,485	53.94	5,811,422,148	46.44
INDUSTRIALS	3,031,773,506	10.36	1,259,165,376	10.06
OIL & GAS	1,501,654,104	5.13	905,267,160	7.23
TELECOMMUNICATIONS	824,372,416	2.82	409,918,320	3.28
UTILITIES	2,038,173,219	6.97	456,858,360	3.65
TECHNOLOGY	451,018,807	1.54	–	–
	28,945,932,028	98.96	12,464,741,520	99.61

The A50 China Tracker invested all, or substantially all, of its assets in CAAPs which are linked to A Shares of those PRC companies comprising the FTSE/Xinhua China A50 Index in substantially the same weightings as constituted in the FTSE/Xinhua China A50 Index. A CAAP represented only an obligation of each CAAP Issuer to provide the economic performance equivalent to holding the underlying A Shares. The A50 China Tracker is therefore exposed to substantially the same market price risk as the FTSE/Xinhua China A50 Index.

As at 31st December 2008, if the FTSE/Xinhua China A50 Index in local currency, Renminbi (RMB), were to increase by 3% (2007: 3%) with all other variables held constant, this would increase the net assets attributable to unitholders by approximately HK\$868 million (2007: HK\$374 million). Conversely, if the FTSE/Xinhua China A50 Index in local currency were to decrease by 3% (2007: 3%), this would decrease the net assets attributable to unitholder by equal amounts.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(iii) SENSEX India Tracker

INVESTMENTS — BY INDUSTRY	AT 31ST DECEMBER 2008		AT 31ST DECEMBER 2007	
	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE	FAIR VALUE HK\$	% OF NET ASSETS VALUE AT LAST TRADED MARKET PRICE
CAPITAL GOODS	85,004,401	9.34	262,544,123	11.01
DIVERSIFIED	10,962,200	1.20	43,049,611	1.81
FINANCE	210,151,901	23.07	529,184,029	22.20
FMCG	96,557,901	10.60	136,890,650	5.74
HEALTHCARE	5,488,218	0.60	38,350,180	1.61
HOUSING RELATED	23,728,052	2.60	90,214,369	3.79
INFORMATION TECHNOLOGY	111,429,814	12.23	267,099,469	11.21
METAL, METAL PRODUCTS & MINING	32,612,926	3.58	113,003,891	4.74
OIL & GAS	166,402,077	18.27	452,948,963	19.00
POWER	56,339,039	6.18	109,292,735	4.59
TELECOM	84,621,212	9.29	206,038,798	8.64
TRANSPORT EQUIPMENTS	22,991,547	2.53	112,669,538	4.72
	906,289,288	99.49	2,361,286,356	99.06

The SENSEX India Tracker invested all, or substantially all, of its assets in IAPs which are linked to shares of those Indian companies comprising the BSE SENSEX Index in substantially the same weightings as constituted in the BSE SENSEX Index. An IAP represented only an obligation of each IAP Issuer to provide the economic performance equivalent to holding the underlying Indian shares. The SENSEX India Tracker is therefore exposed to substantially the same market price risk as the BSE SENSEX Index.

As at 31st December 2008, if the BSE SENSEX Index in local currency, Indian Rupees (INR), were to increase by 3% (2007: 3%) with all other variables held constant, this would increase the net assets attributable to unitholders by approximately HK\$27 million (2007: HK\$71 million). Conversely, if the BSE SENSEX Benchmark Index in local currency were to decrease by 3% (2007: 3%), this would decrease the net assets attributable to unitholders by equal amounts.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(II) Interest Rate Risk

The majority of the Sub-Funds' financial assets and liabilities are non-interest bearing. As a result, the Sub-Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. The Sub-Funds are only exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on bank balances. Any excess cash and cash equivalents are invested at short-term market interest rates.

The tables below summarize the Sub-Funds' exposure to interest rate risks.

(i) MSCI China Tracker

	LESS THAN 1 MONTH HK\$
AT 31ST DECEMBER 2008	
BANK BALANCES	3,786,827
TOTAL INTEREST SENSITIVE GAP	<u>3,786,827</u>
AT 31ST DECEMBER 2007	
BANK BALANCES	9,711,496
TOTAL INTEREST SENSITIVE GAP	<u>9,711,496</u>

An increase of 100 basis points in interest rates as at 31st December 2008 (2007: 100 basis points) with all other variables held constant would increase net assets attributable to unitholders by approximately HK\$38,000 (2007: HK\$97,000) for a one-year holding period. A decrease of 100 basis points (2007: 100 basis points) would have an equal but opposite effect.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(ii) A50 China Tracker

	LESS THAN 1 MONTH HK\$
AT 31ST DECEMBER 2008	
BANK BALANCES	344,075,187
TOTAL INTEREST SENSITIVE GAP	<u>344,075,187</u>
AT 31ST DECEMBER 2007	
BANK BALANCES	85,206,168
TOTAL INTEREST SENSITIVE GAP	<u>85,206,168</u>

An increase of 100 basis points in interest rates as at 31st December 2008 (2007: 100 basis points) with all other variables held constant would increase net assets attributable to unitholders by approximately HK\$3,440,000 (2007: HK\$852,000) for a one-year holding period. A decrease of 100 basis points (2007: 100 basis points) would have an equal but opposite effect.

(iii) SENSEX India Tracker

	LESS THAN 1 MONTH HK\$
AT 31ST DECEMBER 2008	
BANK BALANCES	3,252,596
TOTAL INTEREST SENSITIVE GAP	<u>3,252,596</u>
AT 31ST DECEMBER 2007	
BANK BALANCES	15,435,417
TOTAL INTEREST SENSITIVE GAP	<u>15,435,417</u>

An increase of 100 basis points in interest rates as at 31st December 2008 (2007: 100 basis points), with all other variables held constant, would increase net assets attributable to unitholders by approximately HK\$33,000 (2007: HK\$154,000) for a one-year holding period. A decrease of 100 basis points (2007: 100 basis points) would have an equal but opposite effect.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(III) Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to the changes in foreign exchange rates.

(i) MSCI China Tracker

The MSCI China Tracker has no significant direct currency risk as substantially all of its financial assets and liabilities are denominated in Hong Kong dollar, the Sub-Fund's functional currency. However, the MSCI China Tracker has an indirect currency risk towards the Chinese Renminbi as the companies in which the Sub-Fund invests in are based in the PRC.

(ii) A50 China Tracker

As the A50 China Tracker holds CAAPs which are linked to A shares whose share prices are quoted in Chinese Renminbi, the Sub-Fund is exposed to currency risk related to the Hong Kong dollar against Chinese Renminbi.

The table below summarizes the Sub-Fund's on-balance sheet exposure to currency risk.

	AT 31ST DECEMBER 2008 HK\$ EQUIVALENT	AT 31ST DECEMBER 2007 HK\$ EQUIVALENT
NET CURRENCY EXPOSURE TO (NOTE A)		
- RMB	28,951,983,717	12,464,985,087
- USD	221,412,983	-
	29,173,396,700	12,464,985,087

Note a = Net currency exposures on assets and liabilities include both monetary and non-monetary assets and liabilities.

Since the US dollar is currently pegged to HK dollar, the sensitivity of the Sub-Fund to changes in year end US dollar spot exchange rate was minimal. As at 31st December 2008, if the year end RMB spot exchange rate were to appreciate by 2% (2007: 2%) against the HK Dollar (HK\$) with all other variables held constant, this would increase the net assets attributable to unitholders by approximately HK\$579 million (2007: HK\$249 million). Conversely, if the year end RMB spot exchange rate were to depreciate by 2% (2007: 2%) against the HK\$, this would decrease the net assets attributable to unitholders by equal amounts.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(iii) SENSEX India Tracker

As the SENSEX India Tracker holds IAPs which are linked to Indian companies whose share price is quoted in Indian Rupees, the Sub-Fund is exposed to currency risk related to the Hong Kong dollar against Indian Rupees.

The table below summarizes the Sub-Fund's on-balance sheet exposure to currency risk.

	AT 31ST DECEMBER 2008 HK\$ EQUIVALENT	AT 31ST DECEMBER 2007 HK\$ EQUIVALENT
NET CURRENCY EXPOSURE TO (NOTE A)		
- INR	907,315,711	2,362,903,516

Note a = Net currency exposures on assets and liabilities include both monetary and non-monetary assets and liabilities.

As at 31st December 2008, if the year end INR spot exchange rate were to appreciate by 2% (2007: 2%) against the HK Dollar (HK\$) with all other variables held constant, this would increase the net assets attributable to unitholders by approximately HK\$18 million (2007: HK\$47 million). Conversely, if the year end INR spot exchange rate were to depreciate by 2% (2007: 2%) against the HK\$, this would decrease the net assets attributable to unitholders by equal amounts.

(b) Credit and Counterparty Risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Funds.

Financial assets which potentially subject the Sub-Funds to concentrations of credit and counterparty risk consist principally of investments issued by CAAP Issuers or IAP Issuer and bank balances.

The Sub-Funds limit their exposure to credit and counterparty risk by transacting the majority of their investments and contractual commitment activity with broker-dealers, banks and regulated exchanges with high credit ratings that the Sub-Funds consider to be well established.

All transactions in listed investments are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of investments sold is only made once the Sub-Funds' custodians have received payment. On a purchase, payment is made once the investments have been received by the broker. If either party fails to meet their obligation, the trade will fail.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(I) MSCI China Tracker

The table below sets out the net exposure of the MSCI China Tracker to counterparties as at 31st December 2008 and 2007 respectively together with their credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2008 NET EXPOSURE TO COUNTERPARTIES HK\$	2007 NET EXPOSURE TO COUNTERPARTIES HK\$
BANK BALANCES		
- THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	3,786,827	9,711,496
RATING	AA	AA

None of these assets are impaired nor past due as at 31st December 2008 (2007: nil).

(II) A50 China Tracker

The A50 China Tracker is subject to credit and counterparty risk associated with each CAAP Issuer and may suffer losses potentially equal to the full value of the CAAPs issued by a CAAP Issuer if such CAAP Issuer fails to perform its obligations under the CAAPs. The CAAPs constitute direct, general and unsecured contractual obligations of the CAAP Issuer.

The Manager has taken steps to mitigate the counterparty risk associated with the A50 China Tracker by increasing the number of CAAP Issuers from two to nine by the end of 2008. In addition, the Manager has entered into securities lending arrangements with Citigroup Global Markets Limited and UBS AG in order to reduce the A50 China Tracker's net relative exposure to each of Citigroup Global Markets Holdings Inc ("CGMHI") and UBS AG respectively.

On 5th December 2008, Citigroup Global Markets Ltd ("CGML"), an affiliate of CGMHI, agreed to provide up to HK\$5,425,343,363 (US\$700 million) of cash collateral to the A50 China Tracker pursuant to a securities lending arrangement under which the A50 China Tracker lent CAAPs worth 110% of the value of collateral to CGML. The loan expired on 29th December 2008. On 23rd December 2008, for settlement on 29th December 2008, CGML agreed to a second loan of up to HK\$3,100,200,000 (US\$400 million) by way of short term collateral in the form of American Depositary Receipts linked to shares of POSCO and constituents of the Hang Seng index. The A50 China Tracker lent to CGML CAAPs worth 100% of the value of the collateral. As at 31st December 2008, the value of collateral obtained by the Trustee from CGML under this loan amounted to HK\$3,100,201,710 (US\$400,000,711) against CAAPs lent to CGML valued at HK\$3,100,196,254 (US\$400,000,007).

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

On 24th December 2008, UBS AG agreed to provide collateral under a securities loan in such amount as to reduce the A50 China Tracker's net exposure to UBS AG to 15% of the Net Asset Value. The arrangement has no set duration and may be terminated on a month to month basis. The collateral may consist of Hong Kong listed securities. Under the arrangement the A50 China Tracker lends CAAPs worth 100% of the value of the collateral. As at 31st December 2008, the value of collateral obtained by the Trustee from UBS AG under this loan amounted to HK\$1,564,946,590 (US\$201,915,813) against CAAPs lent to UBS AG valued at HK\$1,502,238,867 (US\$193,825,006).

The collateral and CAAPs are marked to market every day by the borrower or an affiliate of the borrower. The Trustee may demand the provision of additional collateral to eliminate any deficiency. Likewise the borrower may demand the return of collateral to eliminate any excess.

The A50 China Tracker pays a fee in respect of the collateral arrangements. As at 31st December 2008, the A50 China Tracker had incurred expenses of HK\$9,795,759 (US\$1,263,888) (or 0.033% of the net asset value as at that date) on account of fees payable to CGML pursuant to the collateral arrangement.

Under the securities loans, both the lender and the borrower are obliged to pay and deliver any sum or money or property that the original owner would have been entitled including dividends and interest.

Collateral may involve risks including settlement, operational and realisation risks. For example, collateral is subject to fluctuations in market value and the prices of subject securities may go down as well as up. The value of the collateral securities may be lower upon realisation of the securities. 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. While the Manager will endeavour to use a tax efficient arrangement in respect of any collateral, there is no guarantee that such arrangement will not be challenged by the tax authorities. If such arrangement is successfully challenged, the A50 China Tracker may be required to pay the requisite tax (such as stamp duties) and other penalties.

Accordingly, the value of the collateral realised may not be sufficient to cover the value of the CAAPs secured by such collateral.

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

The table below sets out the net exposure of the A50 China Tracker to counterparties as at 31st December 2008 and 2007 respectively, together with their credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2008 NET EXPOSURE TO COUNTERPARTIES HK\$	2007 NET EXPOSURE TO COUNTERPARTIES HK\$
BANK BALANCES		
– THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	343,663,780	85,206,168
RATING	AA	AA
– CITIGROUP GLOBAL MARKETS HOLDINGS INC	411,407	N/A
RATING	A	N/A
CAAPS ISSUED BY CAAP ISSUERS		
– ABN AMRO BANK N.V.	4,360,569,411	N/A
RATING	A+	N/A
– BARCLAYS BANK PLC	3,329,888,004	2,720,479,300
RATING	AA–	AA
– CITIGROUP GLOBAL MARKETS HOLDINGS INC	3,710,621,829	9,744,262,220
RATING	A	AA
– CLSA FINANCIAL PRODUCTS, LTD., GUARANTEED BY CALYON S.A. (THE GUARANTOR IS RATED).	375,473,853	N/A
RATING	AA–	N/A
– CREDIT SUISSE	2,174,619,400	N/A
RATING	A+	N/A
– THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	2,290,623,940	N/A
RATING	AA	N/A
– J.P.MORGAN STRUCTURED PRODUCTS B.V., GUARANTEED BY JP MORGAN CHASE BANK N.A.. (THE GUARANTOR IS RATED).	800,252,069	N/A
RATING	AA–	N/A
– MERRILL LYNCH INTERNATIONAL & CO. C.V., GUARANTEED BY MERRILL LYNCH & CO. INC.* (THE GUARANTOR IS RATED).	2,901,499,487	N/A
RATING	A	N/A
– UBS AG	4,337,235,735	N/A
RATING	A+	N/A

* acquired by Bank of America

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

	2008 NET EXPOSURE TO COUNTERPARTIES HK\$	2007 NET EXPOSURE TO COUNTERPARTIES HK\$
AMOUNTS DUE FROM BROKERS		
– ABN AMRO BANK N.V.	211,075,567	N/A
RATING	A+	N/A
– CITIGROUP GLOBAL MARKETS HOLDINGS INC	12,430,355	N/A
RATING	A	N/A

Counterparty risk exposure to Citigroup Global Markets Holdings Inc, and UBS AG is reduced by collateral held by the A50 China Tracker, as described above.

None of these assets are impaired nor past due as at 31st December 2008 (2007: nil).

(III) SENSEX India Tracker

The SENSEX India Tracker is subject to credit and counterparty risk associated with IAP Issuer and may suffer losses potentially equal to the full value of the IAPs issued by a IAP Issuer if such IAP Issuer fails to perform its obligations under the IAPs.

The IAPs constitute direct, general and unsecured contractual obligations of the IAP Issuer. The SENSEX India Tracker has one IAP Issuer. The value of the SENSEX India Tracker's assets therefore depend entirely on the credit risk of a single counterparty. The table below sets out the net exposure of the SENSEX India Tracker to counterparties as at 31st December 2008 and 2007 respectively, together with their credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2008 NET EXPOSURE TO COUNTERPARTIES HK\$	2007 NET EXPOSURE TO COUNTERPARTIES HK\$
BANK BALANCES		
– THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	3,252,596	15,435,417
RATING	AA	AA
IAPS ISSUED BY IAP ISSUERS		
– CITIGROUP GLOBAL MARKETS HOLDINGS INC	906,289,288	2,361,286,356
RATING	A	AA

None of these assets are impaired nor past due as at 31st December 2008 (2007: nil).

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Sub-Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Redeemable shares can be redeemed on demand at the holder's option. Until 14th November 2008, units could only be redeemed in kind and not redeemable for cash. However since 14th November 2008, units can be redeemed either (a) in-kind for an Application Basket plus a cash component or (b) for a cash amount equivalent to the Application Basket Value plus a cash component. Cash component which represents the difference between the aggregate net asset value of the units comprising an Application Unit and the Application Basket Value may be paid by each of these Sub-Funds at the time of subscription or redemption.

The MSCI China Tracker invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Sub-Fund's securities are considered readily realisable, as they are listed on the Stock Exchange of Hong Kong.

The A50 China Tracker and the SENSEX India Tracker hold CAAPs and IAPs which do not have an active market. However, where a participating dealer subscribes or redeems in cash, such transactions would be effected with a CAAP/IAP Issuer nominated by the participant dealer.

The tables below analyse the Sub-Funds' financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(i) MSCI China Tracker

	REPAYABLE ON DEMAND HK\$	LESS THAN 1 MONTH HK\$
AT 31ST DECEMBER 2008		
MANAGEMENT FEE PAYABLE	–	2,019,074
OTHER ACCOUNTS PAYABLE	–	10,850
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	895,349,149	–
TOTAL FINANCIAL LIABILITIES	895,349,149	2,029,924
AT 31ST DECEMBER 2007		
MANAGEMENT FEE PAYABLE	–	6,046,656
OTHER ACCOUNTS PAYABLE	–	10,105
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	2,213,177,700	–
TOTAL FINANCIAL LIABILITIES	2,213,177,700	6,056,761

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(ii) A50 China Tracker

	REPAYABLE ON DEMAND HK\$	LESS THAN 1 MONTH HK\$
AT 31ST DECEMBER 2008		
AMOUNTS DUE TO BROKERS	–	12,549,139
AMOUNTS DUE TO UNITHOLDERS	–	214,240,000
MANAGEMENT FEE PAYABLE	–	64,494,462
OTHER ACCOUNTS PAYABLE	–	20,531,732
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	29,251,400,853	–
	<hr/>	<hr/>
TOTAL FINANCIAL LIABILITIES	29,251,400,853	311,815,333
	<hr/> <hr/>	<hr/> <hr/>
AT 31ST DECEMBER 2007		
MANAGEMENT FEE PAYABLE	–	30,978,744
OTHER ACCOUNTS PAYABLE	–	9,878,581
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	12,513,686,474	–
	<hr/>	<hr/>
	12,513,686,474	40,857,325
	<hr/> <hr/>	<hr/> <hr/>

(iii) SENSEX India Tracker

	REPAYABLE ON DEMAND HK\$	LESS THAN 1 MONTH HK\$
AT 31ST DECEMBER 2008		
MANAGEMENT FEE PAYABLE	–	2,159,567
OTHER ACCOUNTS PAYABLE	–	701,100
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	910,964,348	–
	<hr/>	<hr/>
TOTAL FINANCIAL LIABILITIES	910,964,348	2,860,667
	<hr/> <hr/>	<hr/> <hr/>
AT 31ST DECEMBER 2007		
MANAGEMENT FEE PAYABLE	–	4,568,254
OTHER ACCOUNTS PAYABLE	–	1,315,766
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	2,383,807,022	–
	<hr/>	<hr/>
TOTAL FINANCIAL LIABILITIES	2,383,807,022	5,884,020
	<hr/> <hr/>	<hr/> <hr/>

iShares MSCI China Tracker iShares FTSE/XINHUA A50 China Tracker and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

» Notes to the Financial Statements (continued)

(d) Capital Risk Management

The Sub-Funds' capital is represented by the redeemable units outstanding. The Sub-Funds do not have any internally and externally imposed capital requirements and therefore the Sub-Funds are not subject to significant capital risk.

(e) Fair Value Estimation

The Sub-Funds' carrying amounts of investments, other assets and liabilities approximate to their fair values. Other assets and liabilities include bank balances, dividend receivable, amounts due from brokers, amounts due to brokers, amounts due to unitholders, management fee payable and other accounts payable which are realised or settled within a short period of time.

12. Distribution

MSCI China Tracker

The Sub-Fund made a distribution of HK\$17,461,800 with respect to 65,400,000 units, which was equivalent to HK\$0.267 per unit on 29th December 2008. During 2007, the Sub-Fund made a distribution of HK\$16,200,000 with respect to 81,000,000 units, which was equivalent to HK\$0.20 per unit on 28th December 2007.

A50 China Tracker

The Sub-Fund made a distribution of HK\$579,050,000 with respect to 3,130,000,000 units, which was equivalent to HK\$0.185 per unit on 29th December 2008. The Sub-Fund did not make any distribution for the year ended 31st December 2007.

SENSEX India Tracker

The Sub-Fund made a distribution of HK\$4,334,400 with respect to 103,200,000 units, which was equivalent to HK\$0.042 per unit on 29th December 2008. The Sub-Fund did not make any distribution for the year ended 31st December 2007.

13. Subsequent Event

Barclays Global Investors North Asia Limited, the manager of the iShares Asia Trust and each of the Sub-funds (the "Manager"), is a part of Barclays Global Investors, the fund management arm of the global financial services firm, Barclays PLC.

On 9 April 2009, Barclays Global Investors UK Holdings Limited ("Barclays") announced its intention to sell its iShares business including its interests in the Manager to Blue Sparkle, L.P. a Cayman Islands Limited Partnership (the "Transaction"). Blue Sparkle, L.P. is an investment vehicle for private equity funds affiliated with CVC Capital Partners Group SICAV-FIS S.A., a private equity and investment advisory firm. The Transaction is intended to complete in four to seven months, subject to regulatory approvals and other conditions to closing. It is currently not intended that the Manager of the iShares Asia Trust (or any of the sub-funds) will change, nor is it intended that the Transaction will have any material impact on the day to day operations of the iShares Asia Trust (or any of the sub-funds).

14. Approval of Financial Statements

The financial statements were approved by the Trustee and the Manager on 24 April 2009.

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Investment Portfolio

As at 31st December 2008

INVESTMENTS (99.62%)	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED EQUITIES (99.62%)			
CHINA (60.46%)			
AIR CHINA LTD – H	872,000	2,057,920	0.23
ALIBABA.COM LTD – H	436,000	2,402,360	0.27
ALUMINUM CORP OF CHINA LTD – H	1,526,000	6,226,080	0.70
ANGANG STEEL CO LTD – H	436,000	3,775,760	0.42
ANHUI CONCH CEMENT CO LTD – H	160,230	5,640,096	0.63
BANK OF CHINA LTD – H	9,810,000	20,797,200	2.32
BANK OF COMMUNICATIONS LTD – H	2,180,000	12,186,200	1.36
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD – H	654,000	2,524,440	0.28
BYD CO LTD – H	218,000	2,768,600	0.31
CHINA BLUECHEMICAL LTD – H	436,000	1,386,480	0.15
CHINA CITIC BANK CORP LTD – H	1,635,000	4,300,050	0.48
CHINA COAL ENERGY CO – H	1,199,000	7,397,830	0.83
CHINA COMMUNICATIONS CONSTRUCTION CO LTD – H	1,555,430	14,854,357	1.66
CHINA COMMUNICATIONS SERVICES CORP LTD – H	763,000	3,708,180	0.41
CHINA CONSTRUCTION BANK – H	12,535,000	53,273,750	5.95
CHINA COSCO HLDGS CO LTD – H	981,000	5,287,590	0.59
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO LTD – H	327,000	3,057,450	0.34
CHINA HUIYUAN JUICE GROUP LTD – H	436,000	4,224,840	0.47
CHINA LIFE INSURANCE CO – H	2,616,000	61,606,800	6.88
CHINA MERCHANTS BANK CO LTD – H	981,000	14,067,540	1.57
CHINA NATIONAL BUILDING MATERIAL CO LTD – H	327,000	3,041,100	0.34
CHINA OILFIELD SERVICES LTD – H	577,700	3,610,625	0.40
CHINA PETROLEUM & CHEMICAL CORP – H	6,213,000	29,138,970	3.26
CHINA RAILWAY CONSTRUCTION CORP LTD – H	621,300	7,157,376	0.80
CHINA RAILWAY GROUP LTD – H	1,417,000	7,595,120	0.85
CHINA SHENHUA ENERGY CO LTD – H	1,199,000	19,567,680	2.19
CHINA SHIPPING CONTAINER LINES COMPANY LTD – H	1,526,000	1,785,420	0.20
CHINA SHIPPING DEVELOPMENT CO LTD – H	436,000	3,291,800	0.37
CHINA TELECOM CORP LTD – H	5,133,900	14,785,632	1.65
CHINA YURUN FOOD GROUP LTD – H	327,000	2,978,970	0.33
COUNTRY GARDEN HOLDINGS COMPANY – H	1,209,900	2,298,810	0.26
DATANG INTL POWER GEN CO LTD – H	1,308,000	5,362,800	0.60

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
CHINA (60.46%) (CONTINUED)			
DONGFENG MOTOR GROUP CO LTD – H	872,000	2,084,080	0.23
GUANGSHEN RAILWAY CO LTD – H	545,000	1,558,700	0.17
GUANGZHOU R&F PROPERTIES CO LTD – H	436,000	3,714,720	0.42
HUANENG POWER INTERNATIONAL INC – H	1,133,600	6,280,144	0.70
INDUSTRIAL AND COMMERCIAL BANK OF CHINA – H	15,478,000	63,150,240	7.05
JIANGSU EXPRESSWAY CO LTD – H	545,000	3,106,500	0.35
JIANGXI COPPER COMPANY LTD – H	545,000	3,095,600	0.35
PARKSON RETAIL GROUP LTD – H	436,000	3,815,000	0.43
PETROCHINA CO LTD – H	7,848,000	53,209,440	5.94
PICC PROPERTY AND CASUALTY CO LTD – H	904,700	3,781,646	0.42
PING AN INSURANCE (GROUP) CO OF CHINA LTD – H	473,060	17,739,750	1.98
SHANGHAI ELECTRIC GRP CORP – H	1,100,900	3,456,826	0.39
SINO-OCEAN LAND HLDGS LTD – H	1,253,500	4,387,250	0.49
SOHO CHINA LTD – H	599,500	1,924,395	0.22
TENCENT HOLDINGS LTD – H	327,000	16,333,650	1.82
TINGYI (CAYMAN ISLANDS) HLDG CORP – H	621,300	5,579,274	0.62
YANZHOU COAL MINING CO LTD – H	763,000	4,333,840	0.48
ZHEJIANG EXPRESSWAY CO LTD – H	654,000	2,943,000	0.33
ZIJIN MINING GROUP CO LTD – H	1,526,000	7,156,940	0.80
ZTE CORPORATION – H	76,300	1,548,890	0.17
		541,357,711	60.46
HONG KONG (39.16%)			
AGILE PROPERTY HLDGS LTD	654,000	2,642,160	0.30
BEIJING ENTERPRISES HLDGS LTD	147,150	4,649,940	0.52
BELLE INTERNATIONAL HLDGS LTD	981,000	3,335,400	0.37
CHAODA MODERN AGRICULTURE	793,520	3,927,924	0.44
CHINA AGRI-INDUSTRIES HLDGS LTD	545,000	2,103,700	0.23
CHINA EVERBRIGHT LTD	272,500	2,594,200	0.29
CHINA INSURANCE INTERNATIONAL HLDGS CO LTD	218,000	2,572,400	0.29
CHINA MENGNIU DAIRY CO LTD	436,000	4,394,880	0.49
CHINA MERCHANTS HLDGS INTERNATIONAL CO LTD	403,300	6,033,368	0.67
CHINA MOBILE LTD	2,223,600	172,996,080	19.32
CHINA OVERSEAS LAND & INVESTMENT LTD	1,417,000	15,246,920	1.70

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
HONG KONG (39.16%) (CONTINUED)			
CHINA OVERSEAS LAND & INVESTMENT NIL PAID RTS 21/01/09	56,680	157,570	0.02
CHINA RESOURCES ENTERPRISE LTD	441,450	5,888,943	0.66
CHINA RESOURCES LAND LTD	436,000	4,098,400	0.46
CHINA RESOURCES POWER HOLDINGS CO LTD	545,000	8,011,500	0.90
CHINA TRAVEL INTERNATIONAL INV HK	1,308,000	1,962,000	0.22
CHINA UNICOM	2,020,860	18,773,789	2.10
CITIC PACIFIC LTD	490,500	4,080,960	0.46
CNOOC LTD	5,780,270	41,791,352	4.67
CNPC (HONG KONG) LTD	1,090,000	2,626,900	0.29
COSCO PACIFIC LTD	436,000	3,335,400	0.37
DENWAY MOTORS LTD	1,962,000	4,728,420	0.53
GOME ELECTRICAL APPLIANCES HLDGS LTD	2,596,000	2,907,520	0.32
GUANGDONG INVESTMENTS LTD	926,500	2,872,150	0.32
HARBIN POWER EQUIPMENT COMPANY LTD – H	327,000	2,092,800	0.23
HENGAN INTERNATIONAL GROUP CO LTD	218,000	5,351,900	0.60
LENOVO GROUP LTD	1,526,000	3,204,600	0.36
LI NING CO LTD	272,500	3,226,400	0.36
MAANSHAN IRON & STEEL – H	643,100	1,768,525	0.20
SHANGHAI INDUSTRIAL HLDGS LTD	218,000	3,810,640	0.43
SHIMAO PROPERTY HOLDINGS LTD	490,500	2,624,175	0.29
SHUI ON LAND LTD	708,500	1,728,740	0.19
SINOFERT HOLDINGS LTD	817,500	3,057,450	0.34
SINOPEC SHANGHAI PETROCHEMICAL CO LTD – H	981,000	1,952,190	0.22
		<hr/> 350,549,296	<hr/> 39.16
TOTAL INVESTMENTS		891,907,007	99.62
OTHER NET ASSETS		<hr/> 3,442,142	<hr/> 0.38
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 31ST DECEMBER 2008		<hr/> <hr/> 895,349,149	<hr/> <hr/> 100.00
TOTAL INVESTMENTS, AT COST		<hr/> <hr/> 1,078,722,314	

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Statement of Movements in Investment Portfolio

For the Year Ended 31st December 2008

INVESTMENTS	HOLDINGS				
	2007	ADDITIONS	BONUS	DISPOSALS	2008
LISTED EQUITIES					
AGILE PROPERTY HLDGS LTD	774,000	318,000	–	438,000	654,000
AIR CHINA LTD – H	1,290,000	510,000	–	928,000	872,000
ALIBABA.COM LTD – H	516,000	212,000	–	292,000	436,000
ALUMINUM CORP OF CHINA LTD – H	1,806,000	880,000	–	1,160,000	1,526,000
ANGANG STEEL CO LTD – H	516,000	212,000	–	292,000	436,000
ANHUI CONCH CEMENT CO LTD – H	258,000	106,000	–	203,770	160,230
BANK OF CHINA LTD – H	11,610,000	4,770,000	–	6,570,000	9,810,000
BANK OF COMMUNICATIONS LTD – H	2,967,000	1,147,000	–	1,934,000	2,180,000
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD – H	774,000	318,000	–	438,000	654,000
BEIJING ENTERPRISES HLDGS LTD	219,300	90,100	–	162,250	147,150
BELLE INTERNATIONAL HLDGS LTD	–	1,304,000	–	323,000	981,000
BYD CO LTD – H	–	240,000	–	22,000	218,000
CHAODA MODERN AGRICULTURE	903,000	371,000	30,520	511,000	793,520
CHINA AGRI-INDUSTRIES HLDGS LTD	–	600,000	–	55,000	545,000
CHINA BLUECHEMICAL LTD – H	–	480,000	–	44,000	436,000
CHINA CITIC BANK CORP LTD – H	2,838,000	1,096,000	–	2,299,000	1,635,000
CHINA COAL ENERGY CO – H	774,000	1,078,000	–	653,000	1,199,000
CHINA COMMUNICATIONS CONSTRUCTION CO LTD – H	2,322,000	842,000	–	1,608,570	1,555,430
CHINA COMMUNICATIONS SERVICES CORP LTD – H	–	1,000,000	–	237,000	763,000
CHINA CONSTRUCTION BANK – H	12,771,000	7,679,000	–	7,915,000	12,535,000
CHINA COSCO HLDGS CO LTD – H	1,290,000	520,000	–	829,000	981,000
CHINA EVERBRIGHT LTD	516,000	202,000	–	445,500	272,500
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO LTD – H	387,000	159,000	–	219,000	327,000
CHINA HUIYUAN JUICE GROUP LTD – H	–	472,000	–	36,000	436,000
CHINA INSURANCE INTERNATIONAL HLDGS CO LTD	258,000	106,000	–	146,000	218,000
CHINA LIFE INSURANCE CO – H	3,483,000	1,371,000	–	2,238,000	2,616,000
CHINA MENGNIU DAIRY CO LTD	516,000	212,000	–	292,000	436,000
CHINA MERCHANTS BANK CO LTD – H	645,000	804,500	–	468,500	981,000
CHINA MERCHANTS HLDGS INTERNATIONAL CO LTD	606,300	249,100	–	452,100	403,300
CHINA MOBILE LTD	2,967,000	1,133,500	–	1,876,900	2,223,600
CHINA MOLYBDENUM CO LTD – H	516,000	116,000	–	632,000	–
CHINA NATIONAL BUILDING MATERIAL CO LTD – H	387,000	159,000	–	219,000	327,000

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
CHINA NETCOM GR CORP	387,000	383,000	–	770,000	–
CHINA OILFIELD SERVICES LTD – H	322,500	612,500	–	357,300	577,700
CHINA OVERSEAS LAND & INVESTMENT LTD	2,064,000	776,000	–	1,423,000	1,417,000
CHINA OVERSEAS LAND & INVESTMENT NIL PAID RTS 21/01/09	–	–	56,680	–	56,680
CHINA PETROLEUM & CHEMICAL CORP – H	8,514,000	3,320,000	–	5,621,000	6,213,000
CHINA RAILWAY CONSTRUCTION CORP LTD – H	–	889,200	–	267,900	621,300
CHINA RAILWAY GROUP LTD – H	1,290,000	890,000	–	763,000	1,417,000
CHINA RESOURCES ENTERPRISE LTD	645,000	265,000	–	468,550	441,450
CHINA RESOURCES LAND LTD	774,000	298,000	–	636,000	436,000
CHINA RESOURCES POWER HOLDINGS CO LTD	645,000	265,000	–	365,000	545,000
CHINA SHENHUA ENERGY CO LTD – H	1,677,000	627,500	–	1,105,500	1,199,000
CHINA SHIPPING CONTAINER LINES COMPANY LTD – H	2,193,000	871,000	–	1,538,000	1,526,000
CHINA SHIPPING DEVELOPMENT CO LTD – H	774,000	298,000	–	636,000	436,000
CHINA SOUTHERN AIRLINES CO LTD – H	1,032,000	418,000	333,000	1,783,000	–
CHINA TELECOM CORP LTD – H	7,224,000	2,898,000	–	4,988,100	5,133,900
CHINA TRAVEL INTERNATIONAL INV HK	1,806,000	886,000	–	1,384,000	1,308,000
CHINA UNICOM	774,000	1,928,500	–	681,640	2,020,860
CHINA YURUN FOOD GROUP LTD – H	–	360,000	–	33,000	327,000
CITIC PACIFIC LTD	645,000	239,500	–	394,000	490,500
CITIC RESOURCES HLDGS LTD	–	1,216,000	–	1,216,000	–
CITIC RESOURCES HLDGS LTD NIL PAID RTS 21/07/08	–	–	135,600	135,600	–
CNOOC LTD	7,740,000	3,088,000	–	5,047,730	5,780,270
CNPC (HONG KONG) LTD	–	1,200,000	–	110,000	1,090,000
COSCO PACIFIC LTD	774,000	298,000	–	636,000	436,000
COUNTRY GARDEN HOLDINGS COMPANY – H	1,677,000	929,000	–	1,396,100	1,209,900
DATANG INTL POWER GEN CO LTD – H	1,935,000	765,000	–	1,392,000	1,308,000
DENWAY MOTORS LTD	3,354,000	1,106,000	–	2,498,000	1,962,000
DONGFENG MOTOR GROUP CO LTD – H	1,290,000	510,000	–	928,000	872,000
GOME ELECTRICAL APPLIANCES HLDGS LTD	516,000	1,220,000	1,572,000	712,000	2,596,000
GUANGDONG INVESTMENTS LTD	1,806,000	610,000	–	1,489,500	926,500
GUANGSHEN RAILWAY CO LTD – H	1,290,000	410,000	–	1,155,000	545,000
GUANGZHOU R&F PROPERTIES CO LTD – H	516,000	212,000	–	292,000	436,000
HARBIN POWER EQUIPMENT COMPANY LTD – H	387,000	159,000	–	219,000	327,000
HENGAN INTERNATIONAL GROUP CO LTD	–	272,000	–	54,000	218,000

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				
	2007	ADDITIONS	BONUS	DISPOSALS	2008
HIDILI INDUSTRY INTERNATIONAL DEVT LTD – H	–	456,000	–	456,000	–
HOPSON DEVELOPMENT HLDGS LTD	–	480,000	–	480,000	–
HUANENG POWER INTERNATIONAL INC – H	2,064,000	752,000	–	1,682,400	1,133,600
HUNAN NON-FERROUS METAL CORP LTD – H	774,000	174,000	–	948,000	–
INDUSTRIAL AND COMMERCIAL BANK OF CHINA – H	14,964,000	12,172,000	–	11,658,000	15,478,000
JIANGSU EXPRESSWAY CO LTD – H	774,000	294,000	–	523,000	545,000
JIANGXI COPPER COMPANY LTD – H	774,000	308,000	–	537,000	545,000
LENOVO GROUP LTD	2,064,000	828,000	–	1,366,000	1,526,000
LI NING CO LTD	516,000	197,000	–	440,500	272,500
MAANSHAN IRON & STEEL – H	1,032,000	424,000	–	812,900	643,100
NINE DRAGONS PAPER HOLDINGS LTD	645,000	265,000	–	910,000	–
PARKSON RETAIL GROUP LTD – H	–	298,000	230,000	92,000	436,000
PETROCHINA CO LTD – H	9,675,000	3,822,000	–	5,649,000	7,848,000
PICC PROPERTY AND CASUALTY CO LTD – H	1,419,000	583,000	–	1,097,300	904,700
PING AN INSURANCE (GROUP) CO OF CHINA LTD – H	709,500	267,500	–	503,940	473,060
SEMICONDUCTOR MANUFACTURING INTL CORP	5,805,000	1,305,000	–	7,110,000	–
SHANGHAI ELECTRIC GRP CORP – H	2,322,000	740,000	–	1,961,100	1,100,900
SHANGHAI INDUSTRIAL HLDGS LTD	387,000	149,000	–	318,000	218,000
SHANGHAI INDUSTRIAL HLDGS LTD PREF OFFER NIL PAID RTS 30/06/08	4,290	–	–	4,290	–
SHENZHEN INVESTMENT LTD	1,290,000	290,000	–	1,580,000	–
SHIMAO PROPERTY HOLDINGS LTD	774,000	303,000	–	586,500	490,500
SHUI ON LAND LTD	–	988,000	–	279,500	708,500
SINOFERT HOLDINGS LTD	–	1,140,000	–	322,500	817,500
SINO-OCEAN LAND HLDGS LTD – H	–	1,636,000	–	382,500	1,253,500
SINOPEC SHANGHAI PETROCHEMICAL CO LTD – H	1,548,000	606,000	–	1,173,000	981,000
SINOPEC YIZHENG CHEMICAL FIBRE CO LTD – H	1,806,000	406,000	–	2,212,000	–
SINOTRANS LTD – H	1,290,000	290,000	–	1,580,000	–
SOHO CHINA LTD – H	–	660,000	–	60,500	599,500
TENCENT HOLDINGS LTD – H	–	456,000	–	129,000	327,000
TINGYI (CAYMAN ISLANDS) HLDG CORP – H	–	924,000	–	302,700	621,300
YANZHOU COAL MINING CO LTD – H	1,161,000	457,000	–	855,000	763,000
ZHEJIANG EXPRESSWAY CO LTD – H	774,000	318,000	–	438,000	654,000
ZIJIN MINING GROUP CO LTD – H	1,935,000	785,000	–	1,194,000	1,526,000
ZTE CORPORATION – H	129,000	70,200	44,800	167,700	76,300

iShares MSCI China Tracker

(A Sub-Fund of iShares Asia Trust)

» Performance Record

Net Asset Value

AT END OF FINANCIAL PERIOD DATED	NET ASSET VALUE PER UNIT HK\$	NET ASSET VALUE OF THE SUB-FUND HK\$
31ST DECEMBER 2006	52.56	2,228,703,612
31ST DECEMBER 2007	28.59	2,213,177,700
31ST DECEMBER 2008	13.69	895,349,149

Highest and Lowest Net Asset Value Per Unit

FINANCIAL PERIOD ENDED	HIGHEST NET ASSET VALUE PER UNIT HK\$	LOWEST NET ASSET VALUE PER UNIT HK\$
31ST DECEMBER 2002 (SINCE INCEPTION)	18.12	13.66
31ST DECEMBER 2003	25.65	13.27
31ST DECEMBER 2004	27.29	19.33
31ST DECEMBER 2005	30.70	23.96
31ST DECEMBER 2006	52.62	30.15
31ST DECEMBER 2007	35.30*	15.20*
31ST DECEMBER 2008	28.38	9.25

* Adjustment for the effect of sub-division of units during the year.

iShares FTSE/XINHUA A50 China Tracker

(A Sub-Fund of iShares Asia Trust)

» Investment Portfolio

As at 31st December 2008

INVESTMENTS (98.96%)	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
CHINA (98.96%)			
LISTED CAAPS ISSUED BY BARCLAYS BANK PLC			
AIR CHINA LTD	3,110,580	14,464,096	0.05
ALUMINUM CORP OF CHINA LTD	9,496,080	66,234,697	0.23
ANGANG STEEL CO LTD	2,439,360	19,283,007	0.07
ANHUI CONCH CEMENT CO LTD	1,057,122	31,050,100	0.11
BANK OF BEIJING CO LTD	2,469,060	24,875,606	0.08
BANK OF CHINA LTD	14,099,976	46,987,843	0.16
BANK OF COMMUNICATIONS CO LTD	38,116,213	203,825,031	0.70
BAOSHAN IRON & STEEL CO LTD	10,414,602	54,884,571	0.19
CHINA CITIC BANK	4,764,474	20,677,673	0.07
CHINA COAL ENERGY CO	3,628,548	26,714,999	0.09
CHINA CONSTRUCTION BANK CORP	17,344,800	75,275,908	0.26
CHINA COSCO HOLDINGS CO LTD	3,027,420	25,808,576	0.09
CHINA LIFE INSURANCE CO LTD	3,302,442	69,614,993	0.24
CHINA MERCHANTS BANK CO LTD	9,444,600	130,287,351	0.44
CHINA MINSHENG BANKING CORP LTD	27,522,000	125,843,470	0.43
CHINA OILFIELD SERVICES LTD	1,173,744	15,827,828	0.05
CHINA PACIFIC INSURANCE GROUP CO LTD	1,984,356	25,067,203	0.09
CHINA PETROLEUM & CHEMICAL CORP	8,118,000	64,801,484	0.22
CHINA RAILWAY CONSTRUCTION CORP LTD	6,102,360	69,520,653	0.24
CHINA RAILWAY GROUP LTD	9,801,000	60,006,205	0.20
CHINA SHENHUA ENERGY CO LTD	3,514,500	69,999,567	0.24
CHINA SHIPPING DEVELOPMENT CO LTD	1,207,206	11,133,380	0.04
CHINA UNITED TELECOMMUNICATIONS CORP LTD	16,609,626	93,968,306	0.32
CHINA VANKE CO LTD	18,948,600	138,039,591	0.47
CHINA YANGTZE POWER CO LTD	9,885,825	160,890,683	0.55
CITIC SECURITIES CO LTD/CHINA	9,741,600	198,556,781	0.68
DAQIN RAILWAY CO LTD	7,618,446	69,079,779	0.24
DATANG INTERNATIONAL POWER GENERATION CO	12,445,884	90,667,634	0.31
CHINA STATE SHIPBUILDING CO LTD	394,020	17,069,813	0.06
HUANENG POWER INTERNATIONAL INC	1,427,382	11,172,755	0.04

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY BARCLAYS BANK PLC (CONTINUED)			
HUAXIA BANK CO LTD	3,330,360	27,358,717	0.09
INDUSTRIAL & COMMERCIAL BANK OF CHINA	29,493,511	118,858,023	0.41
INDUSTRIAL BANK CO LTD	9,840,600	163,205,216	0.56
JIANGXI COPPER CO LTD	648,450	7,337,161	0.02
KWEICHOW MOUTAI CO LTD	561,330	68,864,889	0.23
PETROCHINA CO LTD	7,840,800	90,541,008	0.31
PING AN INSURANCE GROUP CO OF CHINA LTD	9,363,420	282,281,741	0.96
SAIC MOTOR CORP LTD	3,895,848	23,550,237	0.08
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	16,644,474	61,917,013	0.21
SHANGHAI PUDONG DEVELOPMENT BANK	5,611,320	84,365,609	0.29
SHANXI TAIGANG STAINLESS STEEL CO	4,392,036	18,040,162	0.06
SHANXI XISHAN COAL AND ELECTRICITY POWER	2,402,532	31,839,334	0.11
SHENZHEN DEVELOPMENT BANK CO	5,937,917	63,505,581	0.22
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	1,448,172	9,090,837	0.03
SUNING APPLIANCE CO LTD	4,286,304	87,032,797	0.30
WUHAN IRON & STEEL CO LTD	6,215,022	33,716,260	0.11
WULIANGYE YIBIN CO LTD	3,762,396	56,858,814	0.19
YANZHOU COAL MINING CO LTD	762,894	7,153,989	0.02
ZIJIN MINING GROUP CO LTD	2,088,504	11,330,055	0.04
ZTE CORP	1,666,764	51,410,978	0.18
		<u>3,329,888,004</u>	<u>11.38</u>

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY CITIGROUP GLOBAL MARKETS HOLDINGS INC			
AIR CHINA LTD	5,112,628	23,773,555	0.08
ALUMINUM CORP OF CHINA LTD	15,607,465	108,861,311	0.37
ANGANG STEEL CO LTD	4,009,470	31,694,640	0.11
ANHUI CONCH CEMENT CO LTD	1,737,666	51,039,240	0.17
BANK OF BEIJING CO LTD	4,058,221	40,886,292	0.14
BANK OF CHINA LTD	23,174,358	77,228,011	0.26
BANK OF COMMUNICATIONS CO LTD	97,298,060	520,297,757	1.78
BAOSHAN IRON & STEEL CO LTD	17,117,355	90,207,833	0.31
CHINA CITIC BANK	7,830,933	33,986,013	0.12
CHINA COAL ENERGY CO	5,963,949	43,909,269	0.15
CHINA CONSTRUCTION BANK CORP	44,774,690	194,320,803	0.66
CHINA COSCO HOLDINGS CO LTD	4,975,786	42,418,281	0.15
CHINA LIFE INSURANCE CO LTD	5,427,975	114,420,917	0.39
CHINA MERCHANTS BANK CO LTD	15,522,871	214,136,516	0.73
CHINA MINSHENG BANKING CORP LTD	45,234,486	206,833,249	0.71
CHINA OILFIELD SERVICES LTD	1,929,254	26,015,809	0.09
CHINA PACIFIC INSURANCE GROUP CO LTD	3,261,580	41,201,623	0.14
CHINA PETROLEUM & CHEMICAL CORP	13,342,693	106,507,306	0.36
CHINA RAILWAY CONSTRUCTION CORP LTD	10,029,854	114,264,317	0.39
CHINA RAILWAY GROUP LTD	16,108,770	98,625,258	0.34
CHINA SHENHUA ENERGY CO LTD	5,776,558	115,053,794	0.39
CHINA SHIPPING DEVELOPMENT CO LTD	1,984,327	18,300,328	0.06
CHINA UNITED TELECOMMUNICATIONS CORP LTD	27,299,080	154,443,471	0.53
CHINA VANKE CO LTD	31,143,435	226,878,346	0.78
CHINA YANGTZE POWER CO LTD	57,843,800	941,401,298	3.22
CITIC SECURITIES CO LTD/CHINA	16,011,045	326,342,855	1.12
DAQIN RAILWAY CO LTD	12,521,575	113,538,592	0.39
DATANG INTERNATIONAL POWER GENERATION CO	20,455,688	149,018,651	0.51
CHINA STATE SHIPBUILDING CO LTD	647,657	28,057,925	0.10
HUANENG POWER INTERNATIONAL INC	2,346,206	18,364,800	0.06
HUAXIA BANK CO LTD	5,473,873	44,967,554	0.15
INDUSTRIAL & COMMERCIAL BANK OF CHINA	48,474,835	195,352,226	0.67
INDUSTRIAL BANK CO LTD	25,119,746	416,608,090	1.42
JIANGXI COPPER CO LTD	1,065,902	12,060,597	0.04
KWEICHOW MOUTAI CO LTD	922,647	113,191,853	0.39
PETROCHINA CO LTD	12,886,941	148,810,916	0.51

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY CITIGROUP GLOBAL MARKETS HOLDINGS INC (CONTINUED)			
PING AN INSURANCE GROUP CO OF CHINA LTD	23,901,650	720,569,982	2.46
SAIC MOTOR CORP LTD	6,403,225	38,707,226	0.13
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	27,356,372	101,764,996	0.35
SHANGHAI PUDONG DEVELOPMENT BANK	9,222,742	138,662,962	0.47
SHANXI TAIGANG STAINLESS STEEL CO	7,218,627	29,650,304	0.10
SHANXI XISHAN COAL AND ELECTRICITY POWER	3,948,757	52,330,538	0.18
SHENZHEN DEVELOPMENT BANK CO	9,759,463	104,376,731	0.36
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	2,380,317	14,942,336	0.05
SUNING APPLIANCE CO LTD	7,044,849	143,044,664	0.49
WUHAN IRON & STEEL CO LTD	10,215,026	55,416,131	0.19
WULIANGYE YIBIN CO LTD	6,183,942	93,454,174	0.32
YANZHOU COAL MINING CO LTD	1,254,053	11,759,800	0.04
ZIJIN MINING GROUP CO LTD	3,432,746	18,622,518	0.06
ZTE CORP	2,739,584	84,501,881	0.29
		<u>6,810,823,539</u>	<u>23.28</u>

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY CLSA FINANCIAL PRODUCTS, LTD., GUARANTEED BY CALYON S.A.			
AIR CHINA LTD	368,544	1,713,718	0.01
ALUMINUM CORP OF CHINA LTD	1,125,144	7,847,825	0.03
ANGANG STEEL CO LTD	289,008	2,284,592	0.01
ANHUI CONCH CEMENT CO LTD	125,232	3,678,351	0.01
BANK OF BEIJING CO LTD	292,536	2,947,280	0.01
BANK OF CHINA LTD	1,670,640	5,567,369	0.02
BANK OF COMMUNICATIONS CO LTD	4,516,200	24,150,212	0.08
BAOSHAN IRON & STEEL CO LTD	1,233,960	6,502,924	0.02
CHINA CITIC BANK	564,504	2,449,930	0.01
CHINA COAL ENERGY CO	429,912	3,165,205	0.01
CHINA CONSTRUCTION BANK CORP	2,055,096	8,919,055	0.03
CHINA COSCO HOLDINGS CO LTD	358,704	3,057,930	0.01
CHINA LIFE INSURANCE CO LTD	391,272	8,247,956	0.03
CHINA MERCHANTS BANK CO LTD	1,119,048	15,437,160	0.05
CHINA MINSHENG BANKING CORP LTD	3,260,952	14,910,599	0.05
CHINA OILFIELD SERVICES LTD	139,056	1,875,157	0.01
CHINA PACIFIC INSURANCE GROUP CO LTD	235,104	2,969,931	0.01
CHINA PETROLEUM & CHEMICAL CORP	961,848	7,677,898	0.03
CHINA RAILWAY CONSTRUCTION CORP LTD	723,024	8,236,994	0.03
CHINA RAILWAY GROUP LTD	1,161,264	7,109,789	0.02
CHINA SHENHUA ENERGY CO LTD	416,400	8,293,589	0.03
CHINA SHIPPING DEVELOPMENT CO LTD	143,016	1,318,956	0.00
CHINA UNITED TELECOMMUNICATIONS CORP LTD	1,968,000	11,133,883	0.04
CHINA VANKE CO LTD	2,245,128	16,355,644	0.06
CITIC SECURITIES CO LTD/CHINA	1,154,232	23,525,970	0.08
DAQIN RAILWAY CO LTD	902,664	8,184,849	0.03
DATANG INTERNATIONAL POWER GENERATION CO	1,474,656	10,742,794	0.04
CHINA STATE SHIPBUILDING CO LTD	46,680	2,022,280	0.01
HUANENG POWER INTERNATIONAL INC	169,104	1,323,652	0.00
HUAXIA BANK CO LTD	394,584	3,241,485	0.01
INDUSTRIAL & COMMERCIAL BANK OF CHINA	3,494,544	14,082,914	0.05
INDUSTRIAL BANK CO LTD	1,165,968	19,337,445	0.07
JIANGXI COPPER CO LTD	76,824	869,258	0.00
KWEICHOW MOUTAI CO LTD	66,504	8,158,820	0.03
PETROCHINA CO LTD	929,016	10,727,738	0.04

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY CLSA FINANCIAL PRODUCTS, LTD., GUARANTEED BY CALYON S.A. (CONTINUED)			
PING AN INSURANCE GROUP CO OF CHINA LTD	1,109,424	33,446,127	0.11
SAIC MOTOR CORP LTD	461,592	2,790,304	0.01
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	1,972,128	7,336,265	0.03
SHANGHAI PUDONG DEVELOPMENT BANK	664,848	9,995,920	0.03
SHANXI TAIGANG STAINLESS STEEL CO	520,392	2,137,495	0.01
SHANXI XISHAN COAL AND ELECTRICITY POWER	284,664	3,772,483	0.01
SHENZHEN DEVELOPMENT BANK CO	703,560	7,524,522	0.03
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	171,576	1,077,061	0.00
SUNING APPLIANCE CO LTD	507,864	10,312,107	0.04
WUHAN IRON & STEEL CO LTD	736,368	3,994,769	0.01
WULIANGYE YIBIN CO LTD	445,776	6,736,743	0.02
YANZHOU COAL MINING CO LTD	90,384	847,570	0.00
ZIJIN MINING GROUP CO LTD	247,440	1,342,353	0.00
ZTE CORP	197,472	6,090,982	0.02
		<u>375,473,853</u>	<u>1.29</u>

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY CREDIT SUISSE			
AIR CHINA LTD	2,134,484	9,925,282	0.03
ALUMINUM CORP OF CHINA LTD	6,516,459	45,451,985	0.16
ANGANG STEEL CO LTD	1,673,838	13,231,597	0.04
ANHUI CONCH CEMENT CO LTD	725,302	21,303,785	0.07
BANK OF BEIJING CO LTD	1,694,271	17,069,662	0.06
BANK OF CHINA LTD	9,675,790	32,244,346	0.11
BANK OF COMMUNICATIONS CO LTD	26,156,325	139,869,975	0.48
BAOSHAN IRON & STEEL CO LTD	7,146,685	37,662,768	0.13
CHINA CITIC BANK	3,269,419	14,189,180	0.05
CHINA COAL ENERGY CO	2,489,907	18,331,813	0.06
CHINA CONSTRUCTION BANK CORP	11,902,431	51,656,191	0.18
CHINA COSCO HOLDINGS CO LTD	2,077,494	17,710,513	0.06
CHINA LIFE INSURANCE CO LTD	2,266,117	47,769,414	0.16
CHINA MERCHANTS BANK CO LTD	6,481,153	89,406,884	0.31
CHINA MINSHENG BANKING CORP LTD	18,886,347	86,357,221	0.30
CHINA OILFIELD SERVICES LTD	805,366	10,860,285	0.04
CHINA PACIFIC INSURANCE GROUP CO LTD	1,361,644	17,200,848	0.06
CHINA PETROLEUM & CHEMICAL CORP	5,570,703	44,467,827	0.15
CHINA RAILWAY CONSTRUCTION CORP LTD	4,187,514	47,705,921	0.16
CHINA RAILWAY GROUP LTD	6,725,654	41,177,530	0.14
CHINA SHENHUA ENERGY CO LTD	2,411,650	48,033,705	0.16
CHINA SHIPPING DEVELOPMENT CO LTD	828,301	7,638,953	0.03
CHINA UNITED TELECOMMUNICATIONS CORP LTD	11,398,000	64,483,737	0.22
CHINA VANKE CO LTD	13,003,033	94,726,437	0.32
CITIC SECURITIES CO LTD/CHINA	6,684,927	136,254,577	0.47
DAQIN RAILWAY CO LTD	5,227,929	47,403,917	0.16
DATANG INTERNATIONAL POWER GENERATION CO	8,540,716	62,218,683	0.21
CHINA STATE SHIPBUILDING CO LTD	270,355	11,712,373	0.04
HUANENG POWER INTERNATIONAL INC	979,394	7,666,153	0.03
HUAXIA BANK CO LTD	2,285,299	18,773,601	0.06
INDUSTRIAL & COMMERCIAL BANK OF CHINA	20,239,234	81,563,546	0.28
INDUSTRIAL BANK CO LTD	6,752,898	111,996,034	0.38
JIANGXI COPPER CO LTD	444,939	5,034,450	0.02
KWEICHOW MOUTAI CO LTD	385,169	47,253,167	0.16
PETROCHINA CO LTD	5,380,551	62,131,481	0.21

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY CREDIT SUISSE (CONTINUED)			
PING AN INSURANCE GROUP CO OF CHINA LTD	6,425,414	193,708,821	0.66
SAIC MOTOR CORP LTD	2,673,387	16,160,512	0.06
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	11,421,908	42,489,202	0.15
SHANGHAI PUDONG DEVELOPMENT BANK	3,850,578	57,893,038	0.20
SHANXI TAIGANG STAINLESS STEEL CO	3,013,937	12,379,660	0.04
SHANXI XISHAN COAL AND ELECTRICITY POWER	1,648,679	21,848,967	0.07
SHENZHEN DEVELOPMENT BANK CO	4,074,785	43,579,523	0.15
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	993,711	6,237,977	0.02
SUNING APPLIANCE CO LTD	2,941,379	59,724,285	0.20
WUHAN IRON & STEEL CO LTD	4,264,798	23,136,368	0.08
WULIANGYE YIBIN CO LTD	2,581,786	39,016,970	0.13
YANZHOU COAL MINING CO LTD	523,474	4,908,843	0.02
ZIJIN MINING GROUP CO LTD	1,433,090	7,774,459	0.03
ZTE CORP	1,143,692	35,276,934	0.12
		<u>2,174,619,400</u>	<u>7.43</u>

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED			
AIR CHINA LTD	2,827,800	13,149,179	0.04
ALUMINUM CORP OF CHINA LTD	8,632,800	60,213,361	0.21
ANGANG STEEL CO LTD	2,217,600	17,530,006	0.06
ANHUI CONCH CEMENT CO LTD	961,020	28,227,364	0.10
BANK OF BEIJING CO LTD	2,244,600	22,614,188	0.08
BANK OF CHINA LTD	12,818,160	42,716,221	0.15
BANK OF COMMUNICATIONS CO LTD	9,467,820	49,895,064	0.17
BAOSHAN IRON & STEEL CO LTD	4,331,340	18,797,885	0.06
CHINA CITIC BANK	3,298,680	24,286,363	0.08
CHINA CONSTRUCTION BANK CORP	15,768,000	68,432,644	0.23
CHINA COSCO HOLDINGS CO LTD	2,752,200	23,462,342	0.08
CHINA LIFE INSURANCE CO LTD	3,002,220	63,286,357	0.22
CHINA MERCHANTS BANK CO LTD	8,586,000	118,443,046	0.41
CHINA MINSHENG BANKING CORP LTD	25,020,000	114,403,154	0.39
CHINA OILFIELD SERVICES LTD	1,067,040	14,388,934	0.05
CHINA PACIFIC INSURANCE GROUP CO LTD	1,803,960	22,788,366	0.08
CHINA PETROLEUM & CHEMICAL CORP	7,380,000	58,910,440	0.20
CHINA RAILWAY CONSTRUCTION CORP LTD	5,547,600	63,200,593	0.22
CHINA RAILWAY GROUP LTD	8,910,000	54,551,096	0.19
CHINA SHENHUA ENERGY CO LTD	3,195,000	63,635,970	0.22
CHINA SHIPPING DEVELOPMENT CO LTD	1,097,460	10,121,254	0.03
CHINA UNITED TELECOMMUNICATIONS CORP LTD	15,099,660	85,425,732	0.29
CHINA VANKE CO LTD	17,226,000	125,490,537	0.43
CITIC SECURITIES CO LTD/CHINA	8,856,000	180,506,165	0.62
DAQIN RAILWAY CO LTD	6,925,860	62,799,799	0.21
DATANG INTERNATIONAL POWER GENERATION CO	11,314,440	82,425,122	0.28
CHINA STATE SHIPBUILDING CO LTD	358,200	15,518,012	0.05
HUANENG POWER INTERNATIONAL INC	1,297,620	10,157,050	0.03
HUAXIA BANK CO LTD	3,027,600	24,871,561	0.09
INDUSTRIAL & COMMERCIAL BANK OF CHINA	26,812,260	108,052,656	0.37
JIANGXI COPPER CO LTD	589,500	6,670,146	0.02
KWEICHOW MOUTAI CO LTD	510,300	62,604,444	0.21
PETROCHINA CO LTD	7,128,000	82,310,008	0.28
SAIC MOTOR CORP LTD	3,541,680	21,409,307	0.07
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	15,131,340	56,288,193	0.19

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (CONTINUED)			
SHANGHAI PUDONG DEVELOPMENT BANK	5,101,200	76,696,009	0.26
SHANXI TAIGANG STAINLESS STEEL CO	3,992,760	16,400,148	0.06
SHANXI XISHAN COAL AND ELECTRICITY POWER	2,184,120	28,944,849	0.10
SHENZHEN DEVELOPMENT BANK CO	5,398,200	57,733,348	0.20
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	1,316,520	8,264,397	0.03
SUNING APPLIANCE CO LTD	3,896,640	79,120,725	0.27
WUHAN IRON & STEEL CO LTD	5,650,020	30,651,145	0.10
WULIANGYE YIBIN CO LTD	3,420,360	51,689,831	0.18
YANZHOU COAL MINING CO LTD	693,540	6,503,626	0.02
ZIJIN MINING GROUP CO LTD	1,898,640	10,300,050	0.04
ZTE CORP	1,515,240	46,737,253	0.16
		<u>2,290,623,940</u>	<u>7.83</u>



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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY J.P. MORGAN STRUCTURED PRODUCTS B.V., GUARANTEED BY JP MORGAN CHASE BANK N.A..			
AIR CHINA LTD	785,500	3,652,550	0.01
ALUMINUM CORP OF CHINA LTD	2,398,000	16,725,934	0.06
ANGANG STEEL CO LTD	616,000	4,869,446	0.02
ANHUI CONCH CEMENT CO LTD	266,950	7,840,934	0.03
BANK OF BEIJING CO LTD	623,500	6,281,719	0.02
BANK OF CHINA LTD	3,560,600	11,865,617	0.04
BANK OF COMMUNICATIONS CO LTD	9,625,300	51,470,934	0.18
BAOSHAN IRON & STEEL CO LTD	2,629,950	13,859,740	0.05
CHINA CITIC BANK	1,203,150	5,221,635	0.02
CHINA COAL ENERGY CO	916,300	6,746,212	0.02
CHINA CONSTRUCTION BANK CORP	4,380,000	19,009,068	0.06
CHINA COSCO HOLDINGS CO LTD	764,500	6,517,317	0.02
CHINA LIFE INSURANCE CO LTD	833,950	17,579,544	0.06
CHINA MERCHANTS BANK CO LTD	2,385,000	32,900,846	0.11
CHINA MINSHENG BANKING CORP LTD	6,950,000	31,778,654	0.11
CHINA OILFIELD SERVICES LTD	296,400	3,996,926	0.01
CHINA PACIFIC INSURANCE GROUP CO LTD	501,100	6,330,102	0.02
CHINA PETROLEUM & CHEMICAL CORP	2,050,000	16,364,011	0.06
CHINA RAILWAY CONSTRUCTION CORP LTD	1,541,000	17,555,720	0.06
CHINA RAILWAY GROUP LTD	2,475,000	15,153,082	0.05
CHINA SHENHUA ENERGY CO LTD	887,500	17,676,658	0.06
CHINA SHIPPING DEVELOPMENT CO LTD	304,850	2,811,460	0.01
CHINA UNITED TELECOMMUNICATIONS CORP LTD	4,194,350	23,729,370	0.08
CHINA VANKE CO LTD	4,785,000	34,858,483	0.12
CITIC SECURITIES CO LTD/CHINA	2,460,000	50,140,601	0.17
DAQIN RAILWAY CO LTD	1,923,850	17,444,389	0.06
DATANG INTERNATIONAL POWER GENERATION CO	3,142,900	22,895,867	0.08
CHINA STATE SHIPBUILDING CO LTD	99,500	4,310,559	0.01
HUANENG POWER INTERNATIONAL INC	360,450	2,821,403	0.01
HUAXIA BANK CO LTD	841,000	6,908,767	0.02
INDUSTRIAL & COMMERCIAL BANK OF CHINA	7,447,850	30,014,627	0.10
INDUSTRIAL BANK CO LTD	2,485,000	41,213,438	0.14
JIANGXI COPPER CO LTD	163,750	1,852,818	0.01
KWEICHOW MOUTAI CO LTD	141,750	17,390,123	0.06
PETROCHINA CO LTD	1,980,000	22,863,891	0.08

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY J.P. MORGAN STRUCTURED PRODUCTS B.V., GUARANTEED BY JP MORGAN CHASE BANK N.A.. (CONTINUED)			
PING AN INSURANCE GROUP CO OF CHINA LTD	2,364,500	71,283,268	0.24
SAIC MOTOR CORP LTD	983,800	5,947,030	0.02
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	4,203,150	15,635,609	0.05
SHANGHAI PUDONG DEVELOPMENT BANK	1,417,000	21,304,447	0.07
SHANXI TAIGANG STAINLESS STEEL CO	1,109,100	4,555,597	0.02
SHANXI XISHAN COAL AND ELECTRICITY POWER	606,700	8,040,236	0.03
SHENZHEN DEVELOPMENT BANK CO	1,499,500	16,037,041	0.06
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	365,700	2,295,666	0.01
SUNING APPLIANCE CO LTD	1,082,400	21,977,979	0.08
WUHAN IRON & STEEL CO LTD	1,569,450	8,514,207	0.03
WULIANGYE YIBIN CO LTD	950,100	14,358,286	0.05
YANZHOU COAL MINING CO LTD	192,650	1,806,563	0.01
ZIJIN MINING GROUP CO LTD	527,400	2,861,125	0.01
ZTE CORP	420,900	12,982,570	0.04
		800,252,069	2.74



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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY MERRILL LYNCH INTERNATIONAL & CO. C.V., GUARANTEED BY MERRILL LYNCH & CO, INC.			
AIR CHINA LTD	2,917,318	13,565,434	0.05
ALUMINUM CORP OF CHINA LTD	8,906,093	62,119,567	0.21
ANGANG STEEL CO LTD	2,287,751	18,084,546	0.06
ANHUI CONCH CEMENT CO LTD	991,419	29,120,252	0.10
BANK OF BEIJING CO LTD	2,315,642	23,329,931	0.08
BANK OF CHINA LTD	13,223,900	44,068,340	0.15
BANK OF COMMUNICATIONS CO LTD	35,747,960	191,160,887	0.65
BAOSHAN IRON & STEEL CO LTD	9,767,485	51,474,288	0.18
CHINA CITIC BANK	4,468,468	19,393,016	0.07
CHINA COAL ENERGY CO	3,403,049	25,054,774	0.09
CHINA COSCO HOLDINGS CO LTD	2,839,313	24,204,975	0.08
CHINA LIFE INSURANCE CO LTD	3,097,224	65,289,028	0.22
CHINA MERCHANTS BANK CO LTD	8,857,831	122,192,929	0.42
CHINA MINSHENG BANKING CORP LTD	25,812,019	118,024,636	0.40
CHINA OILFIELD SERVICES LTD	1,100,812	14,844,347	0.05
CHINA PACIFIC INSURANCE GROUP CO LTD	1,861,083	23,509,967	0.08
CHINA PETROLEUM & CHEMICAL CORP	7,613,606	60,775,187	0.21
CHINA RAILWAY CONSTRUCTION CORP LTD	5,723,203	65,201,137	0.22
CHINA RAILWAY GROUP LTD	9,192,008	56,277,678	0.19
CHINA SHENHUA ENERGY CO LTD	3,296,100	65,649,615	0.22
CHINA SHIPPING DEVELOPMENT CO LTD	1,132,172	10,441,384	0.04
CHINA UNITED TELECOMMUNICATIONS CORP LTD	15,577,670	88,130,055	0.30
CHINA VANKE CO LTD	17,771,341	129,463,319	0.44
CITIC SECURITIES CO LTD/CHINA	9,136,329	186,219,931	0.64
DAQIN RAILWAY CO LTD	7,145,078	64,787,544	0.22
DATANG INTERNATIONAL POWER GENERATION CO	11,672,637	85,034,569	0.29
CHINA STATE SHIPBUILDING CO LTD	369,560	16,010,152	0.05
HUANENG POWER INTERNATIONAL INC	1,338,653	10,478,233	0.04
HUAXIA BANK CO LTD	3,123,423	25,658,741	0.09
INDUSTRIAL & COMMERCIAL BANK OF CHINA	27,661,013	111,473,107	0.38
INDUSTRIAL BANK CO LTD	9,229,196	153,065,151	0.52
JIANGXI COPPER CO LTD	608,153	6,881,203	0.02
KWEICHOW MOUTAI CO LTD	526,463	64,587,348	0.22
PETROCHINA CO LTD	7,353,627	84,915,417	0.29
PING AN INSURANCE GROUP CO OF CHINA LTD	8,781,678	264,743,796	0.91

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY MERRILL LYNCH INTERNATIONAL & CO. C.V., GUARANTEED BY MERRILL LYNCH & CO, INC. (CONTINUED)			
SAIC MOTOR CORP LTD	3,653,759	22,086,820	0.08
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	15,610,346	58,070,083	0.20
SHANGHAI PUDONG DEVELOPMENT BANK	5,262,656	79,123,483	0.27
SHANXI TAIGANG STAINLESS STEEL CO	4,119,119	16,919,164	0.06
SHANXI XISHAN COAL AND ELECTRICITY POWER	2,253,223	29,860,630	0.10
SHENZHEN DEVELOPMENT BANK CO	5,569,045	59,560,522	0.20
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	1,358,187	8,525,960	0.03
SUNING APPLIANCE CO LTD	4,019,963	81,624,781	0.28
WUHAN IRON & STEEL CO LTD	5,828,836	31,621,215	0.11
WULIANGYE YIBIN CO LTD	3,528,592	53,325,476	0.18
YANZHOU COAL MINING CO LTD	715,478	6,709,348	0.02
ZIJIN MINING GROUP CO LTD	1,958,735	10,626,063	0.04
ZTE CORP	1,563,164	48,215,458	0.17
		<u>2,901,499,487</u>	<u>9.92</u>

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY ABN AMRO N.V.			
AIR CHINA LTD	4,238,448	19,708,646	0.07
ALUMINUM CORP OF CHINA LTD	12,939,636	90,253,333	0.31
ANGANG STEEL CO LTD	3,323,812	26,274,551	0.09
ANHUI CONCH CEMENT CO LTD	1,440,340	42,306,092	0.15
BANK OF BEIJING CO LTD	3,364,308	33,895,167	0.12
BANK OF CHINA LTD	19,212,956	64,026,731	0.22
BANK OF COMMUNICATIONS CO LTD	51,938,020	277,736,630	0.95
BAOSHAN IRON & STEEL CO LTD	14,191,068	74,786,408	0.26
CHINA CITIC BANK	6,492,084	28,175,449	0.10
CHINA COAL ENERGY CO	4,944,256	36,401,832	0.12
CHINA CONSTRUCTION BANK CORP	23,634,392	102,572,548	0.35
CHINA COSCO HOLDINGS CO LTD	4,125,240	35,167,426	0.12
CHINA LIFE INSURANCE CO LTD	4,499,896	94,857,148	0.32
CHINA MERCHANTS BANK CO LTD	12,869,456	177,532,911	0.61
CHINA MINSHENG BANKING CORP LTD	37,502,216	171,477,690	0.59
CHINA OILFIELD SERVICES LTD	1,599,316	21,566,626	0.07
CHINA PACIFIC INSURANCE GROUP CO LTD	2,703,840	34,156,021	0.12
CHINA PETROLEUM & CHEMICAL CORP	11,061,684	88,299,279	0.30
CHINA RAILWAY CONSTRUCTION CORP LTD	8,315,112	94,729,255	0.32
CHINA RAILWAY GROUP LTD	13,355,016	81,765,517	0.28
CHINA SHENHUA ENERGY CO LTD	4,788,792	95,380,101	0.33
CHINA SHIPPING DEVELOPMENT CO LTD	1,644,856	15,169,579	0.05
CHINA UNITED TELECOMMUNICATIONS CORP LTD	22,632,740	128,043,836	0.44
CHINA VANKE CO LTD	25,819,856	188,096,343	0.64
CHINA YANGTZE POWER CO LTD	2,608,246	42,448,909	0.15
CITIC SECURITIES CO LTD/CHINA	13,274,148	270,558,440	0.92
DAQIN RAILWAY CO LTD	10,381,020	94,129,244	0.32
DATANG INTERNATIONAL POWER GENERATION CO	16,959,092	123,546,126	0.42
CHINA STATE SHIPBUILDING CO LTD	536,868	23,258,302	0.08
HUANENG POWER INTERNATIONAL INC	1,944,868	15,223,348	0.05
HUAXIA BANK CO LTD	4,537,908	37,278,655	0.13
INDUSTRIAL & COMMERCIAL BANK OF CHINA	40,188,544	161,958,706	0.55
INDUSTRIAL BANK CO LTD	13,409,036	222,387,315	0.76
JIANGXI COPPER CO LTD	883,524	9,997,005	0.03
KWEICHOW MOUTAI CO LTD	764,844	93,832,322	0.32

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY ABN AMRO N.V. (CONTINUED)			
PETROCHINA CO LTD	10,684,068	123,373,417	0.42
PING AN INSURANCE GROUP CO OF CHINA LTD	12,758,856	384,644,936	1.31
SAIC MOTOR CORP LTD	5,308,500	32,089,659	0.11
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	22,680,212	84,369,802	0.29
SHANGHAI PUDONG DEVELOPMENT BANK	7,646,040	114,957,412	0.39
SHANXI TAIGANG STAINLESS STEEL CO	5,984,700	24,581,984	0.08
SHANXI XISHAN COAL AND ELECTRICITY POWER	3,273,732	43,384,832	0.15
SHENZHEN DEVELOPMENT BANK CO	8,091,228	86,535,082	0.30
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	1,973,220	12,386,802	0.04
SUNING APPLIANCE CO LTD	5,840,628	118,593,127	0.41
WUHAN IRON & STEEL CO LTD	8,468,644	45,942,074	0.16
WULIANGYE YIBIN CO LTD	5,126,616	77,475,446	0.27
YANZHOU COAL MINING CO LTD	1,039,464	9,747,506	0.03
ZIJIN MINING GROUP CO LTD	2,845,780	15,438,249	0.05
ZTE CORP	2,271,100	70,051,592	0.24
		<u>4,360,569,411</u>	<u>14.91</u>

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY UBS AG			
AIR CHINA LTD	5,793,390	26,939,076	0.09
ALUMINUM CORP OF CHINA LTD	17,686,255	123,360,771	0.42
ANGANG STEEL CO LTD	4,543,230	35,913,983	0.12
ANHUI CONCH CEMENT CO LTD	1,968,855	57,829,791	0.20
BANK OF BEIJING CO LTD	4,598,565	46,330,220	0.16
BANK OF CHINA LTD	26,260,890	87,513,807	0.30
BANK OF COMMUNICATIONS CO LTD	70,990,365	379,618,337	1.30
BAOSHAN IRON & STEEL CO LTD	19,396,950	102,221,216	0.35
CHINA CITIC BANK	8,873,740	38,511,764	0.13
CHINA COAL ENERGY CO	6,758,065	49,755,908	0.17
CHINA CONSTRUCTION BANK CORP	32,304,315	140,199,752	0.48
CHINA COSCO HOLDINGS CO LTD	5,638,500	48,067,878	0.16
CHINA LIFE INSURANCE CO LTD	6,150,710	129,656,065	0.44
CHINA MERCHANTS BANK CO LTD	17,590,385	242,657,673	0.83
CHINA MINSHENG BANKING CORP LTD	51,258,970	234,380,010	0.80
CHINA OILFIELD SERVICES LTD	2,186,070	29,478,949	0.10
CHINA PACIFIC INSURANCE GROUP CO LTD	3,695,830	46,687,248	0.16
CHINA PETROLEUM & CHEMICAL CORP	15,119,595	120,691,328	0.41
CHINA RAILWAY CONSTRUCTION CORP LTD	11,365,510	129,480,672	0.44
CHINA RAILWAY GROUP LTD	18,254,130	111,760,134	0.38
CHINA SHENHUA ENERGY CO LTD	6,545,660	130,372,276	0.45
CHINA SHIPPING DEVELOPMENT CO LTD	2,248,380	20,735,540	0.07
CHINA UNITED TELECOMMUNICATIONS CORP LTD	30,935,085	175,014,026	0.60
CHINA VANKE CO LTD	35,291,340	257,095,624	0.88
CITIC SECURITIES CO LTD/CHINA	18,143,515	369,807,623	1.26
DAQIN RAILWAY CO LTD	14,189,180	128,659,495	0.44
DATANG INTERNATIONAL POWER GENERATION CO	23,180,210	168,866,655	0.58
CHINA STATE SHIPBUILDING CO LTD	733,865	31,792,645	0.11
HUANENG POWER INTERNATIONAL INC	2,658,445	20,808,834	0.07
HUAXIA BANK CO LTD	6,202,715	50,954,949	0.17
INDUSTRIAL & COMMERCIAL BANK OF CHINA	54,930,820	221,369,665	0.76
INDUSTRIAL BANK CO LTD	18,327,910	303,966,273	1.04
JIANGXI COPPER CO LTD	1,207,695	13,664,974	0.05
KWEICHOW MOUTAI CO LTD	1,045,470	128,259,981	0.44
PETROCHINA CO LTD	14,603,315	168,630,607	0.58

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
LISTED CAAPS ISSUED BY UBS AG (CONTINUED)			
PING AN INSURANCE GROUP CO OF CHINA LTD	17,439,180	525,744,023	1.80
SAIC MOTOR CORP LTD	7,255,915	43,861,701	0.15
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	30,999,985	115,319,142	0.39
SHANGHAI PUDONG DEVELOPMENT BANK	10,450,950	157,128,940	0.54
SHANXI TAIGANG STAINLESS STEEL CO	8,180,055	33,599,342	0.12
SHANXI XISHAN COAL AND ELECTRICITY POWER	4,474,645	59,299,821	0.20
SHENZHEN DEVELOPMENT BANK CO	11,059,220	118,277,535	0.40
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	2,697,185	16,931,461	0.06
SUNING APPLIANCE CO LTD	7,983,135	162,096,429	0.55
WUHAN IRON & STEEL CO LTD	11,575,325	62,795,701	0.22
WULIANGYE YIBIN CO LTD	7,007,360	105,897,992	0.36
YANZHOU COAL MINING CO LTD	1,420,790	13,323,366	0.05
ZIJIN MINING GROUP CO LTD	3,889,790	21,101,964	0.07
ZTE CORP	3,104,290	95,751,159	0.33
		<u>5,902,182,325</u>	<u>20.18</u>
TOTAL INVESTMENTS		28,945,932,028	98.96
OTHER NET ASSETS		<u>305,468,825</u>	<u>1.04</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 31ST DECEMBER 2008		<u><u>29,251,400,853</u></u>	<u>100.00</u>
TOTAL INVESTMENTS, AT COST		<u><u>36,318,884,709</u></u>	

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» Statement of Movements in Investment Portfolio

For the Year Ended 31st December 2008

INVESTMENTS	HOLDINGS				
	2007	ADDITIONS	BONUS	DISPOSALS	2008
LISTED CAAPS ISSUED BY BARCLAYS BANK PLC					
AIR CHINA LTD	1,386,000	5,135,810	–	3,411,230	3,110,580
ALUMINUM CORP OF CHINA LTD	951,500	16,796,060	–	8,251,480	9,496,080
ANGANG STEEL CO LTD	990,000	4,073,920	–	2,624,560	2,439,360
ANHUI CONCH CEMENT CO LTD	275,000	1,832,809	–	1,050,687	1,057,122
BANK OF BEIJING CO LTD	–	4,907,770	–	2,438,710	2,469,060
BANK OF CHINA LTD	5,885,000	23,575,972	–	15,360,996	14,099,976
BANK OF COMMUNICATIONS CO LTD	2,035,000	68,543,891	–	32,462,678	38,116,213
BAOSHAN IRON & STEEL CO LTD	4,290,000	17,385,569	–	11,260,967	10,414,602
CHINA CITIC BANK	1,622,500	7,707,743	–	4,565,769	4,764,474
CHINA COAL ENERGY CO	–	7,803,686	–	4,175,138	3,628,548
CHINA CONSTRUCTION BANK CORP	8,635,000	30,283,600	–	21,573,800	17,344,800
CHINA COSCO HOLDINGS CO LTD	1,446,500	5,265,990	–	3,685,070	3,027,420
CHINA LIFE INSURANCE CO LTD	852,500	5,477,919	–	3,027,977	3,302,442
CHINA MERCHANTS BANK CO LTD	3,960,000	15,801,700	–	10,317,100	9,444,600
CHINA MINSHENG BANKING CORP LTD	8,910,000	44,398,200	4,258,200	30,044,400	27,522,000
CHINA OILFIELD SERVICES LTD	–	2,382,968	–	1,209,224	1,173,744
CHINA PACIFIC INSURANCE GROUP CO LTD	–	4,180,542	–	2,196,186	1,984,356
CHINA PETROLEUM & CHEMICAL CORP	3,465,000	13,654,000	–	9,001,000	8,118,000
CHINA RAILWAY CONSTRUCTION CORP LTD	–	11,126,020	–	5,023,660	6,102,360
CHINA RAILWAY GROUP LTD	–	19,364,500	–	9,563,500	9,801,000
CHINA SHENHUA ENERGY CO LTD	1,485,000	5,893,850	–	3,864,350	3,514,500
CHINA SHIPPING DEVELOPMENT CO LTD	330,000	2,000,617	–	1,123,411	1,207,206
CHINA SOUTHERN AIRLINES CO LTD	1,100,000	1,306,600	–	2,406,600	–
CHINA UNITED TELECOMMUNICATIONS CORP LTD	6,930,000	27,782,897	–	18,103,271	16,609,626
CHINA VANKE CO LTD	5,005,000	28,442,700	5,124,000	19,623,100	18,948,600
CHINA YANGTZE POWER CO LTD	3,850,000	14,934,525	–	8,898,700	9,885,825
CITIC SECURITIES CO LTD/CHINA	2,062,500	14,482,700	3,132,000	9,935,600	9,741,600
DAQIN RAILWAY CO LTD	3,190,000	12,767,487	–	8,339,041	7,618,446
DATANG INTERNATIONAL POWER GENERATION CO	440,000	25,240,298	–	13,234,414	12,445,884
GUANGSHEN RAILWAY CO LTD	1,980,000	–	–	1,980,000	–
CHINA STATE SHIPBUILDING CO LTD	–	801,890	–	407,870	394,020
HUANENG POWER INTERNATIONAL INC	627,000	2,482,879	–	1,682,497	1,427,382
HUAXIA BANK CO LTD	1,485,000	5,535,620	–	3,690,260	3,330,360
INDUSTRIAL & COMMERCIAL BANK OF CHINA	8,250,000	48,710,502	–	27,466,991	29,493,511

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY BARCLAYS BANK PLC (CONTINUED)					
INDUSTRIAL BANK CO LTD	605,000	18,470,700	–	9,235,100	9,840,600
JIANGXI COPPER CO LTD	264,000	1,043,325	–	658,875	648,450
KWEICHOW MOUTAI CO LTD	231,000	939,485	–	609,155	561,330
MAANSHAN IRON & STEEL	929,500	–	–	929,500	–
PETROCHINA CO LTD	3,355,000	13,170,800	–	8,685,000	7,840,800
PING AN INSURANCE GROUP CO OF CHINA LTD	786,500	17,496,640	–	8,919,720	9,363,420
POLY REAL ESTATE GROUP CO LTD	506,000	1,074,200	636,400	2,216,600	–
SAIC MOTOR CORP LTD	1,710,500	6,482,156	–	4,296,808	3,895,848
SHANGHAI INTERNATIONAL AIRPORT CO LTD	852,500	933,200	–	1,785,700	–
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	2,200,000	31,662,353	–	17,217,879	16,644,474
SHANGHAI PUDONG DEVELOPMENT BANK	1,072,500	8,888,240	660,960	5,010,380	5,611,320
SHANGHAI ZHENHUA PORT MACHINERY CO	1,188,000	160,000	–	1,348,000	–
SHANXI TAIGANG STAINLESS STEEL CO	902,000	6,993,684	711,578	4,215,226	4,392,036
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	3,549,195	831,179	1,977,842	2,402,532
SHENZHEN DEVELOPMENT BANK CO	1,281,500	8,261,539	1,093,470	4,698,592	5,937,917
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	649,000	2,512,934	–	1,713,762	1,448,172
SUNING APPLIANCE CO LTD	880,000	5,994,920	1,482,888	4,071,504	4,286,304
WESTERN MINING CO LTD	302,500	388,300	–	690,800	–
WUHAN IRON & STEEL CO LTD	2,585,000	10,396,859	–	6,766,837	6,215,022
WULIANGYE YIBIN CO LTD	990,000	6,238,922	–	3,466,526	3,762,396
YANTAI WANHUA POLYURETHANES CO LTD	720,500	–	–	720,500	–
YANZHOU COAL MINING CO LTD	385,000	1,303,643	–	925,749	762,894
YOUNGOR GROUP CO	1,375,000	–	–	1,375,000	–
YUNNAN COPPER INDUSTRY CO	319,000	265,000	–	584,000	–
ZIJIN MINING GROUP CO LTD	–	3,807,828	–	1,719,324	2,088,504
ZTE CORP	–	3,038,898	–	1,372,134	1,666,764

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				
	2007	ADDITIONS	BONUS	DISPOSALS	2008
LISTED CAAPS ISSUED BY CITIGROUP GLOBAL MARKETS HOLDINGS INC					
AIR CHINA LTD	4,964,400	38,498,870	–	38,350,642	5,112,628
ALUMINUM CORP OF CHINA LTD	3,408,100	111,075,620	–	98,876,255	15,607,465
ANGANG STEEL CO LTD	3,546,000	30,621,040	–	30,157,570	4,009,470
ANHUI CONCH CEMENT CO LTD	985,000	12,933,683	–	12,181,017	1,737,666
BANK OF BEIJING CO LTD	–	32,980,590	–	28,922,369	4,058,221
BANK OF CHINA LTD	21,079,000	177,653,164	–	175,557,806	23,174,358
BANK OF COMMUNICATIONS CO LTD	7,289,000	442,942,392	–	352,933,332	97,298,060
BAOSHAN IRON & STEEL CO LTD	15,366,000	130,982,803	–	129,231,448	17,117,355
CHINA CITIC BANK	5,811,500	56,131,266	–	54,111,833	7,830,933
CHINA COAL ENERGY CO	–	50,739,932	–	44,775,983	5,963,949
CHINA CONSTRUCTION BANK CORP	30,929,000	248,105,407	–	234,259,717	44,774,690
CHINA COSCO HOLDINGS CO LTD	5,181,100	40,434,130	–	40,639,444	4,975,786
CHINA LIFE INSURANCE CO LTD	3,053,500	38,554,978	–	36,180,503	5,427,975
CHINA MERCHANTS BANK CO LTD	14,184,000	119,129,100	–	117,790,229	15,522,871
CHINA MINSHENG BANKING CORP LTD	31,914,000	335,588,890	19,479,000	341,747,404	45,234,486
CHINA OILFIELD SERVICES LTD	–	16,061,416	–	14,132,162	1,929,254
CHINA PACIFIC INSURANCE GROUP CO LTD	–	27,865,704	–	24,604,124	3,261,580
CHINA PETROLEUM & CHEMICAL CORP	12,411,000	103,126,030	–	102,194,337	13,342,693
CHINA RAILWAY CONSTRUCTION CORP LTD	–	70,331,240	–	60,301,386	10,029,854
CHINA RAILWAY GROUP LTD	–	124,069,890	–	107,961,120	16,108,770
CHINA SHENHUA ENERGY CO LTD	5,319,000	44,502,870	–	44,045,312	5,776,558
CHINA SHIPPING DEVELOPMENT CO LTD	1,182,000	14,303,354	–	13,501,027	1,984,327
CHINA SOUTHERN AIRLINES CO LTD	3,940,000	14,175,000	–	18,115,000	–
CHINA UNITED TELECOMMUNICATIONS CORP LTD	24,822,000	209,598,139	–	207,121,059	27,299,080
CHINA VANKE CO LTD	17,927,000	207,521,080	29,106,000	223,410,645	31,143,435
CHINA YANGTZE POWER CO LTD	13,790,000	117,949,100	–	73,895,300	57,843,800
CITIC SECURITIES CO LTD/CHINA	7,387,500	102,900,680	19,140,000	113,417,135	16,011,045
DAQIN RAILWAY CO LTD	11,426,000	96,405,369	–	95,309,794	12,521,575
DATANG INTERNATIONAL POWER GENERATION CO	1,576,000	172,091,826	–	153,212,138	20,455,688
GUANGSHEN RAILWAY CO LTD	7,092,000	–	–	7,092,000	–
CHINA STATE SHIPBUILDING CO LTD	–	5,407,230	–	4,759,573	647,657
HUANENG POWER INTERNATIONAL INC	2,245,800	19,051,373	–	18,950,967	2,346,206
HUAXIA BANK CO LTD	5,319,000	41,624,540	–	41,469,667	5,473,873
INDUSTRIAL & COMMERCIAL BANK OF CHINA	29,550,000	347,503,674	–	328,578,839	48,474,835
INDUSTRIAL BANK CO LTD	2,167,000	120,944,490	–	97,991,744	25,119,746

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY CITIGROUP GLOBAL MARKETS HOLDINGS INC (CONTINUED)					
JIANGXI COPPER CO LTD	945,600	7,725,175	–	7,604,873	1,065,902
KWEICHOW MOUTAI CO LTD	827,400	7,081,495	–	6,986,248	922,647
MAANSHAN IRON & STEEL	3,329,300	–	–	3,329,300	–
PETROCHINA CO LTD	12,017,000	99,438,490	–	98,568,549	12,886,941
PING AN INSURANCE GROUP CO OF CHINA LTD	2,817,100	115,698,900	–	94,614,350	23,901,650
POLY REAL ESTATE GROUP CO LTD	1,812,400	13,470,400	1,350,200	16,633,000	–
SAIC MOTOR CORP LTD	6,126,700	48,764,372	–	48,487,847	6,403,225
SHANGHAI INTERNATIONAL AIRPORT CO LTD	3,053,500	10,252,000	–	13,305,500	–
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	7,880,000	220,901,011	–	201,424,639	27,356,372
SHANGHAI PUDONG DEVELOPMENT BANK	3,841,500	62,415,880	4,039,200	61,073,838	9,222,742
SHANGHAI ZHENHUA PORT MACHINERY CO	4,255,200	160,000	–	4,415,200	–
SHANXI TAIGANG STAINLESS STEEL CO	3,230,800	47,053,470	5,822,474	48,888,117	7,218,627
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	21,101,026	6,588,762	23,741,031	3,948,757
SHENZHEN DEVELOPMENT BANK CO	4,590,100	56,018,893	7,896,518	58,746,048	9,759,463
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	2,324,600	19,211,458	–	19,155,741	2,380,317
SUNING APPLIANCE CO LTD	3,152,000	39,536,032	12,025,464	47,668,647	7,044,849
WESTERN MINING CO LTD	1,083,500	4,251,500	–	5,335,000	–
WUHAN IRON & STEEL CO LTD	9,259,000	78,261,733	–	77,305,707	10,215,026
WULIANGYE YIBIN CO LTD	3,546,000	43,926,564	–	41,288,622	6,183,942
YANTAI WANHUA POLYURETHANES CO LTD	2,580,700	–	–	2,580,700	–
YANZHOU COAL MINING CO LTD	1,379,000	9,815,441	–	9,940,388	1,254,053
YOUNGOR GROUP CO	4,925,000	–	–	4,925,000	–
YUNNAN COPPER INDUSTRY CO	1,142,600	2,705,000	–	3,847,600	–
ZIJIN MINING GROUP CO LTD	–	24,070,536	–	20,637,790	3,432,746
ZTE CORP	–	19,209,876	–	16,470,292	2,739,584

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY CLSA FINANCIAL PRODUCTS, LTD., GUARANTEED BY CALYON S.A.					
AIR CHINA LTD	–	368,544	–	–	368,544
ALUMINUM CORP OF CHINA LTD	–	1,125,144	–	–	1,125,144
ANGANG STEEL CO LTD	–	289,008	–	–	289,008
ANHUI CONCH CEMENT CO LTD	–	125,232	–	–	125,232
BANK OF BEIJING CO LTD	–	292,536	–	–	292,536
BANK OF CHINA LTD	–	1,670,640	–	–	1,670,640
BANK OF COMMUNICATIONS CO LTD	–	4,516,200	–	–	4,516,200
BAOSHAN IRON & STEEL CO LTD	–	1,233,960	–	–	1,233,960
CHINA CITIC BANK	–	564,504	–	–	564,504
CHINA COAL ENERGY CO	–	429,912	–	–	429,912
CHINA CONSTRUCTION BANK CORP	–	2,055,096	–	–	2,055,096
CHINA COSCO HOLDINGS CO LTD	–	358,704	–	–	358,704
CHINA LIFE INSURANCE CO LTD	–	391,272	–	–	391,272
CHINA MERCHANTS BANK CO LTD	–	1,119,048	–	–	1,119,048
CHINA MINSHENG BANKING CORP LTD	–	3,260,952	–	–	3,260,952
CHINA OILFIELD SERVICES LTD	–	139,056	–	–	139,056
CHINA PACIFIC INSURANCE GROUP CO LTD	–	235,104	–	–	235,104
CHINA PETROLEUM & CHEMICAL CORP	–	961,848	–	–	961,848
CHINA RAILWAY CONSTRUCTION CORP LTD	–	723,024	–	–	723,024
CHINA RAILWAY GROUP LTD	–	1,161,264	–	–	1,161,264
CHINA SHENHUA ENERGY CO LTD	–	416,400	–	–	416,400
CHINA SHIPPING DEVELOPMENT CO LTD	–	143,016	–	–	143,016
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	1,968,000	–	–	1,968,000
CHINA VANKE CO LTD	–	2,245,128	–	–	2,245,128
CITIC SECURITIES CO LTD/CHINA	–	1,154,232	–	–	1,154,232
DAQIN RAILWAY CO LTD	–	902,664	–	–	902,664
DATANG INTERNATIONAL POWER GENERATION CO	–	1,474,656	–	–	1,474,656
CHINA STATE SHIPBUILDING CO LTD	–	46,680	–	–	46,680
HUANENG POWER INTERNATIONAL INC	–	169,104	–	–	169,104
HUAXIA BANK CO LTD	–	394,584	–	–	394,584
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	3,494,544	–	–	3,494,544
INDUSTRIAL BANK CO LTD	–	1,165,968	–	–	1,165,968
JIANGXI COPPER CO LTD	–	76,824	–	–	76,824
KWEICHOW MOUTAI CO LTD	–	66,504	–	–	66,504
PETROCHINA CO LTD	–	929,016	–	–	929,016

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY CLSA FINANCIAL PRODUCTS, LTD., GUARANTEED BY CALYON S.A. (CONTINUED)					
PING AN INSURANCE GROUP CO OF CHINA LTD	–	1,109,424	–	–	1,109,424
SAIC MOTOR CORP LTD	–	461,592	–	–	461,592
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	1,972,128	–	–	1,972,128
SHANGHAI PUDONG DEVELOPMENT BANK	–	664,848	–	–	664,848
SHANXI TAIGANG STAINLESS STEEL CO	–	520,392	–	–	520,392
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	284,664	–	–	284,664
SHENZHEN DEVELOPMENT BANK CO	–	703,560	–	–	703,560
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	171,576	–	–	171,576
SUNING APPLIANCE CO LTD	–	507,864	–	–	507,864
WUHAN IRON & STEEL CO LTD	–	736,368	–	–	736,368
WULIANGYE YIBIN CO LTD	–	445,776	–	–	445,776
YANZHOU COAL MINING CO LTD	–	90,384	–	–	90,384
ZIJIN MINING GROUP CO LTD	–	247,440	–	–	247,440
ZTE CORP	–	197,472	–	–	197,472

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				
	2007	ADDITIONS	BONUS	DISPOSALS	2008
LISTED CAAPS ISSUED BY CREDIT SUISSE					
AIR CHINA LTD	–	2,134,484	–	–	2,134,484
ALUMINUM CORP OF CHINA LTD	–	6,516,459	–	–	6,516,459
ANGANG STEEL CO LTD	–	1,673,838	–	–	1,673,838
ANHUI CONCH CEMENT CO LTD	–	725,302	–	–	725,302
BANK OF BEIJING CO LTD	–	1,694,271	–	–	1,694,271
BANK OF CHINA LTD	–	9,675,790	–	–	9,675,790
BANK OF COMMUNICATIONS CO LTD	–	26,156,325	–	–	26,156,325
BAOSHAN IRON & STEEL CO LTD	–	7,146,685	–	–	7,146,685
CHINA CITIC BANK	–	3,269,419	–	–	3,269,419
CHINA COAL ENERGY CO	–	2,489,907	–	–	2,489,907
CHINA CONSTRUCTION BANK CORP	–	11,902,431	–	–	11,902,431
CHINA COSCO HOLDINGS CO LTD	–	2,077,494	–	–	2,077,494
CHINA LIFE INSURANCE CO LTD	–	2,266,117	–	–	2,266,117
CHINA MERCHANTS BANK CO LTD	–	6,481,153	–	–	6,481,153
CHINA MINSHENG BANKING CORP LTD	–	18,886,347	–	–	18,886,347
CHINA OILFIELD SERVICES LTD	–	805,366	–	–	805,366
CHINA PACIFIC INSURANCE GROUP CO LTD	–	1,361,644	–	–	1,361,644
CHINA PETROLEUM & CHEMICAL CORP	–	5,570,703	–	–	5,570,703
CHINA RAILWAY CONSTRUCTION CORP LTD	–	4,187,514	–	–	4,187,514
CHINA RAILWAY GROUP LTD	–	6,725,654	–	–	6,725,654
CHINA SHENHUA ENERGY CO LTD	–	2,411,650	–	–	2,411,650
CHINA SHIPPING DEVELOPMENT CO LTD	–	828,301	–	–	828,301
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	11,398,000	–	–	11,398,000
CHINA VANKE CO LTD	–	13,003,033	–	–	13,003,033
CITIC SECURITIES CO LTD/CHINA	–	6,684,927	–	–	6,684,927
DAQIN RAILWAY CO LTD	–	5,227,929	–	–	5,227,929
DATANG INTERNATIONAL POWER GENERATION CO	–	8,540,716	–	–	8,540,716
CHINA STATE SHIPBUILDING CO LTD	–	270,355	–	–	270,355
HUANENG POWER INTERNATIONAL INC	–	979,394	–	–	979,394
HUAXIA BANK CO LTD	–	2,285,299	–	–	2,285,299
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	20,239,234	–	–	20,239,234
INDUSTRIAL BANK CO LTD	–	6,752,898	–	–	6,752,898
JIANGXI COPPER CO LTD	–	444,939	–	–	444,939
KWEICHOW MOUTAI CO LTD	–	385,169	–	–	385,169
PETROCHINA CO LTD	–	5,380,551	–	–	5,380,551

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY CREDIT SUISSE (CONTINUED)					
PING AN INSURANCE GROUP CO OF CHINA LTD	–	6,425,414	–	–	6,425,414
SAIC MOTOR CORP LTD	–	2,673,387	–	–	2,673,387
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	11,421,908	–	–	11,421,908
SHANGHAI PUDONG DEVELOPMENT BANK	–	3,850,578	–	–	3,850,578
SHANXI TAIGANG STAINLESS STEEL CO	–	3,013,937	–	–	3,013,937
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	1,648,679	–	–	1,648,679
SHENZHEN DEVELOPMENT BANK CO	–	4,074,785	–	–	4,074,785
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	993,711	–	–	993,711
SUNING APPLIANCE CO LTD	–	2,941,379	–	–	2,941,379
WUHAN IRON & STEEL CO LTD	–	4,264,798	–	–	4,264,798
WULIANGYE YIBIN CO LTD	–	2,581,786	–	–	2,581,786
YANZHOU COAL MINING CO LTD	–	523,474	–	–	523,474
ZIJIN MINING GROUP CO LTD	–	1,433,090	–	–	1,433,090
ZTE CORP	–	1,143,692	–	–	1,143,692

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED					
AIR CHINA LTD	–	2,827,800	–	–	2,827,800
ALUMINUM CORP OF CHINA LTD	–	8,632,800	–	–	8,632,800
ANGANG STEEL CO LTD	–	2,217,600	–	–	2,217,600
ANHUI CONCH CEMENT CO LTD	–	961,020	–	–	961,020
BANK OF BEIJING CO LTD	–	2,244,600	–	–	2,244,600
BANK OF CHINA LTD	–	12,818,160	–	–	12,818,160
BAOSHAN IRON & STEEL CO LTD	–	9,467,820	–	–	9,467,820
CHINA CITIC BANK	–	4,331,340	–	–	4,331,340
CHINA COAL ENERGY CO	–	3,298,680	–	–	3,298,680
CHINA CONSTRUCTION BANK CORP	–	15,768,000	–	–	15,768,000
CHINA COSCO HOLDINGS CO LTD	–	2,752,200	–	–	2,752,200
CHINA LIFE INSURANCE CO LTD	–	3,002,220	–	–	3,002,220
CHINA MERCHANTS BANK CO LTD	–	8,586,000	–	–	8,586,000
CHINA MINSHENG BANKING CORP LTD	–	25,020,000	–	–	25,020,000
CHINA OILFIELD SERVICES LTD	–	1,067,040	–	–	1,067,040
CHINA PACIFIC INSURANCE GROUP CO LTD	–	1,803,960	–	–	1,803,960
CHINA PETROLEUM & CHEMICAL CORP	–	7,380,000	–	–	7,380,000
CHINA RAILWAY CONSTRUCTION CORP LTD	–	5,547,600	–	–	5,547,600
CHINA RAILWAY GROUP LTD	–	8,910,000	–	–	8,910,000
CHINA SHENHUA ENERGY CO LTD	–	3,195,000	–	–	3,195,000
CHINA SHIPPING DEVELOPMENT CO LTD	–	1,097,460	–	–	1,097,460
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	15,099,660	–	–	15,099,660
CHINA VANKE CO LTD	–	17,226,000	–	–	17,226,000
CITIC SECURITIES CO LTD/CHINA	–	8,856,000	–	–	8,856,000
DAQIN RAILWAY CO LTD	–	6,925,860	–	–	6,925,860
DATANG INTERNATIONAL POWER GENERATION CO	–	11,314,440	–	–	11,314,440
CHINA STATE SHIPBUILDING CO LTD	–	358,200	–	–	358,200
HUANENG POWER INTERNATIONAL INC	–	1,297,620	–	–	1,297,620
HUAXIA BANK CO LTD	–	3,027,600	–	–	3,027,600
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	26,812,260	–	–	26,812,260
JIANGXI COPPER CO LTD	–	589,500	–	–	589,500
KWEICHOW MOUTAI CO LTD	–	510,300	–	–	510,300
PETROCHINA CO LTD	–	7,128,000	–	–	7,128,000
SAIC MOTOR CORP LTD	–	3,541,680	–	–	3,541,680
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	15,131,340	–	–	15,131,340

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	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (CONTINUED)					
SHANGHAI PUDONG DEVELOPMENT BANK	–	5,101,200	–	–	5,101,200
SHANXI TAIGANG STAINLESS STEEL CO	–	3,992,760	–	–	3,992,760
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	2,184,120	–	–	2,184,120
SHENZHEN DEVELOPMENT BANK CO	–	5,398,200	–	–	5,398,200
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	1,316,520	–	–	1,316,520
SUNING APPLIANCE CO LTD	–	3,896,640	–	–	3,896,640
WUHAN IRON & STEEL CO LTD	–	5,650,020	–	–	5,650,020
WULIANGYE YIBIN CO LTD	–	3,420,360	–	–	3,420,360
YANZHOU COAL MINING CO LTD	–	693,540	–	–	693,540
ZIJIN MINING GROUP CO LTD	–	1,898,640	–	–	1,898,640
ZTE CORP	–	1,515,240	–	–	1,515,240

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY J.P. MORGAN STRUCTURED PRODUCTS B.V., GUARANTEED BY JP MORGAN CHASE BANK N.A..					
AIR CHINA LTD	–	785,500	–	–	785,500
ALUMINUM CORP OF CHINA LTD	–	2,398,000	–	–	2,398,000
ANGANG STEEL CO LTD	–	616,000	–	–	616,000
ANHUI CONCH CEMENT CO LTD	–	266,950	–	–	266,950
BANK OF BEIJING CO LTD	–	623,500	–	–	623,500
BANK OF CHINA LTD	–	3,560,600	–	–	3,560,600
BANK OF COMMUNICATIONS CO LTD	–	9,625,300	–	–	9,625,300
BAOSHAN IRON & STEEL CO LTD	–	2,629,950	–	–	2,629,950
CHINA CITIC BANK	–	1,203,150	–	–	1,203,150
CHINA COAL ENERGY CO	–	916,300	–	–	916,300
CHINA CONSTRUCTION BANK CORP	–	4,380,000	–	–	4,380,000
CHINA COSCO HOLDINGS CO LTD	–	764,500	–	–	764,500
CHINA LIFE INSURANCE CO LTD	–	833,950	–	–	833,950
CHINA MERCHANTS BANK CO LTD	–	2,385,000	–	–	2,385,000
CHINA MINSHENG BANKING CORP LTD	–	6,950,000	–	–	6,950,000
CHINA OILFIELD SERVICES LTD	–	296,400	–	–	296,400
CHINA PACIFIC INSURANCE GROUP CO LTD	–	501,100	–	–	501,100
CHINA PETROLEUM & CHEMICAL CORP	–	2,050,000	–	–	2,050,000
CHINA RAILWAY CONSTRUCTION CORP LTD	–	1,541,000	–	–	1,541,000
CHINA RAILWAY GROUP LTD	–	2,475,000	–	–	2,475,000
CHINA SHENHUA ENERGY CO LTD	–	887,500	–	–	887,500
CHINA SHIPPING DEVELOPMENT CO LTD	–	304,850	–	–	304,850
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	4,194,350	–	–	4,194,350
CHINA VANKE CO LTD	–	4,785,000	–	–	4,785,000
CITIC SECURITIES CO LTD/CHINA	–	2,460,000	–	–	2,460,000
DAQIN RAILWAY CO LTD	–	1,923,850	–	–	1,923,850
DATANG INTERNATIONAL POWER GENERATION CO	–	3,142,900	–	–	3,142,900
CHINA STATE SHIPBUILDING CO LTD	–	99,500	–	–	99,500
HUANENG POWER INTERNATIONAL INC	–	360,450	–	–	360,450
HUAXIA BANK CO LTD	–	841,000	–	–	841,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	7,447,850	–	–	7,447,850
INDUSTRIAL BANK CO LTD	–	2,485,000	–	–	2,485,000
JIANGXI COPPER CO LTD	–	163,750	–	–	163,750
KWEICHOW MOUTAI CO LTD	–	141,750	–	–	141,750
PETROCHINA CO LTD	–	1,980,000	–	–	1,980,000

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY J.P. MORGAN STRUCTURED PRODUCTS B.V., GUARANTEED BY JP MORGAN CHASE BANK N.A.. (CONTINUED)					
PING AN INSURANCE GROUP CO OF CHINA LTD	–	2,364,500	–	–	2,364,500
SAIC MOTOR CORP LTD	–	983,800	–	–	983,800
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	4,203,150	–	–	4,203,150
SHANGHAI PUDONG DEVELOPMENT BANK	–	1,417,000	–	–	1,417,000
SHANXI TAIGANG STAINLESS STEEL CO	–	1,109,100	–	–	1,109,100
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	606,700	–	–	606,700
SHENZHEN DEVELOPMENT BANK CO	–	1,499,500	–	–	1,499,500
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	365,700	–	–	365,700
SUNING APPLIANCE CO LTD	–	1,082,400	–	–	1,082,400
WUHAN IRON & STEEL CO LTD	–	1,569,450	–	–	1,569,450
WULIANGYE YIBIN CO LTD	–	950,100	–	–	950,100
YANZHOU COAL MINING CO LTD	–	192,650	–	–	192,650
ZIJIN MINING GROUP CO LTD	–	527,400	–	–	527,400
ZTE CORP	–	420,900	–	–	420,900

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY MERRILL LYNCH INTERNATIONAL & CO. C.V., GUARANTEED BY MERRILL LYNCH & CO, INC.					
AIR CHINA LTD	–	2,917,318	–	–	2,917,318
ALUMINUM CORP OF CHINA LTD	–	8,906,093	–	–	8,906,093
ANGANG STEEL CO LTD	–	2,287,751	–	–	2,287,751
ANHUI CONCH CEMENT CO LTD	–	991,419	–	–	991,419
BANK OF BEIJING CO LTD	–	2,315,642	–	–	2,315,642
BANK OF CHINA LTD	–	13,223,900	–	–	13,223,900
BANK OF COMMUNICATIONS CO LTD	–	35,747,960	–	–	35,747,960
BAOSHAN IRON & STEEL CO LTD	–	9,767,485	–	–	9,767,485
CHINA CITIC BANK	–	4,468,468	–	–	4,468,468
CHINA COAL ENERGY CO	–	3,403,049	–	–	3,403,049
CHINA CONSTRUCTION BANK CORP	–	16,267,137	–	16,267,137	–
CHINA COSCO HOLDINGS CO LTD	–	2,839,313	–	–	2,839,313
CHINA LIFE INSURANCE CO LTD	–	3,097,224	–	–	3,097,224
CHINA MERCHANTS BANK CO LTD	–	8,857,831	–	–	8,857,831
CHINA MINSHENG BANKING CORP LTD	–	25,812,019	–	–	25,812,019
CHINA OILFIELD SERVICES LTD	–	1,100,812	–	–	1,100,812
CHINA PACIFIC INSURANCE GROUP CO LTD	–	1,861,083	–	–	1,861,083
CHINA PETROLEUM & CHEMICAL CORP	–	7,613,606	–	–	7,613,606
CHINA RAILWAY CONSTRUCTION CORP LTD	–	5,723,203	–	–	5,723,203
CHINA RAILWAY GROUP LTD	–	9,192,008	–	–	9,192,008
CHINA SHENHUA ENERGY CO LTD	–	3,296,100	–	–	3,296,100
CHINA SHIPPING DEVELOPMENT CO LTD	–	1,132,172	–	–	1,132,172
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	15,577,670	–	–	15,577,670
CHINA VANKE CO LTD	–	17,771,341	–	–	17,771,341
CITIC SECURITIES CO LTD/CHINA	–	9,136,329	–	–	9,136,329
DAQIN RAILWAY CO LTD	–	7,145,078	–	–	7,145,078
DATANG INTERNATIONAL POWER GENERATION CO	–	11,672,637	–	–	11,672,637
CHINA STATE SHIPBUILDING CO LTD	–	369,560	–	–	369,560
HUANENG POWER INTERNATIONAL INC	–	1,338,653	–	–	1,338,653
HUAXIA BANK CO LTD	–	3,123,423	–	–	3,123,423
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	27,661,013	–	–	27,661,013
INDUSTRIAL BANK CO LTD	–	9,229,196	–	–	9,229,196
JIANGXI COPPER CO LTD	–	608,153	–	–	608,153
KWEICHOW MOUTAI CO LTD	–	526,463	–	–	526,463
PETROCHINA CO LTD	–	7,353,627	–	–	7,353,627

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY MERRILL LYNCH INTERNATIONAL & CO. C.V., GUARANTEED BY MERRILL LYNCH & CO, INC. (CONTINUED)					
PING AN INSURANCE GROUP CO OF CHINA LTD	–	8,781,678	–	–	8,781,678
SAIC MOTOR CORP LTD	–	3,653,759	–	–	3,653,759
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	15,610,346	–	–	15,610,346
SHANGHAI PUDONG DEVELOPMENT BANK	–	5,262,656	–	–	5,262,656
SHANXI TAIGANG STAINLESS STEEL CO	–	4,119,119	–	–	4,119,119
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	2,253,223	–	–	2,253,223
SHENZHEN DEVELOPMENT BANK CO	–	5,569,045	–	–	5,569,045
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	1,358,187	–	–	1,358,187
SUNING APPLIANCE CO LTD	–	4,019,963	–	–	4,019,963
WUHAN IRON & STEEL CO LTD	–	5,828,836	–	–	5,828,836
WULIANGYE YIBIN CO LTD	–	3,528,592	–	–	3,528,592
YANZHOU COAL MINING CO LTD	–	715,478	–	–	715,478
ZIJIN MINING GROUP CO LTD	–	1,958,735	–	–	1,958,735
ZTE CORP	–	1,563,164	–	–	1,563,164

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				
	2007	ADDITIONS	BONUS	DISPOSALS	2008
LISTED CAAPS ISSUED BY ABN AMRO N.V.					
AIR CHINA LTD	–	4,438,076	–	199,628	4,238,448
ALUMINUM CORP OF CHINA LTD	–	13,549,089	–	609,453	12,939,636
ANGANG STEEL CO LTD	–	3,480,358	–	156,546	3,323,812
ANHUI CONCH CEMENT CO LTD	–	1,508,174	–	67,834	1,440,340
BANK OF BEIJING CO LTD	–	3,522,765	–	158,457	3,364,308
BANK OF CHINA LTD	–	20,117,886	–	904,930	19,212,956
BANK OF COMMUNICATIONS CO LTD	–	54,384,295	–	2,446,275	51,938,020
BAOSHAN IRON & STEEL CO LTD	–	14,859,463	–	668,395	14,191,068
CHINA CITIC BANK	–	6,797,857	–	305,773	6,492,084
CHINA COAL ENERGY CO	–	5,177,125	–	232,869	4,944,256
CHINA CONSTRUCTION BANK CORP	–	24,747,569	–	1,113,177	23,634,392
CHINA COSCO HOLDINGS CO LTD	–	4,319,538	–	194,298	4,125,240
CHINA LIFE INSURANCE CO LTD	–	4,711,835	–	211,939	4,499,896
CHINA MERCHANTS BANK CO LTD	–	13,475,607	–	606,151	12,869,456
CHINA MINSHENG BANKING CORP LTD	–	39,268,565	–	1,766,349	37,502,216
CHINA OILFIELD SERVICES LTD	–	1,674,638	–	75,322	1,599,316
CHINA PACIFIC INSURANCE GROUP CO LTD	–	2,831,188	–	127,348	2,703,840
CHINA PETROLEUM & CHEMICAL CORP	–	11,582,685	–	521,001	11,061,684
CHINA RAILWAY CONSTRUCTION CORP LTD	–	8,706,750	–	391,638	8,315,112
CHINA RAILWAY GROUP LTD	–	13,984,034	–	629,018	13,355,016
CHINA SHENHUA ENERGY CO LTD	–	5,014,342	–	225,550	4,788,792
CHINA SHIPPING DEVELOPMENT CO LTD	–	1,722,323	–	77,467	1,644,856
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	23,698,740	–	1,066,000	22,632,740
CHINA VANKE CO LTD	–	27,035,967	–	1,216,111	25,819,856
CHINA YANGTZE POWER CO LTD	–	3,122,812	–	514,566	2,608,246
CITIC SECURITIES CO LTD/CHINA	–	13,899,357	–	625,209	13,274,148
DAQIN RAILWAY CO LTD	–	10,869,963	–	488,943	10,381,020
DATANG INTERNATIONAL POWER GENERATION CO	–	17,757,864	–	798,772	16,959,092
CHINA STATE SHIPBUILDING CO LTD	–	562,153	–	25,285	536,868
HUANENG POWER INTERNATIONAL INC	–	2,036,466	–	91,598	1,944,868
HUAXIA BANK CO LTD	–	4,751,641	–	213,733	4,537,908
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	42,081,422	–	1,892,878	40,188,544
INDUSTRIAL BANK CO LTD	–	14,040,602	–	631,566	13,409,036
JIANGXI COPPER CO LTD	–	925,137	–	41,613	883,524
KWEICHOW MOUTAI CO LTD	–	800,867	–	36,023	764,844

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY ABN AMRO N.V. (CONTINUED)					
PETROCHINA CO LTD	–	11,187,285	–	503,217	10,684,068
PING AN INSURANCE GROUP CO OF CHINA LTD	–	13,359,794	–	600,938	12,758,856
SAIC MOTOR CORP LTD	–	5,558,529	–	250,029	5,308,500
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	23,748,448	–	1,068,236	22,680,212
SHANGHAI PUDONG DEVELOPMENT BANK	–	8,006,166	–	360,126	7,646,040
SHANXI TAIGANG STAINLESS STEEL CO	–	6,266,579	–	281,879	5,984,700
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	3,427,925	–	154,193	3,273,732
SHENZHEN DEVELOPMENT BANK CO	–	8,472,323	–	381,095	8,091,228
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	2,066,157	–	92,937	1,973,220
SUNING APPLIANCE CO LTD	–	6,115,721	–	275,093	5,840,628
WUHAN IRON & STEEL CO LTD	–	8,867,510	–	398,866	8,468,644
WULIANGYE YIBIN CO LTD	–	5,368,078	–	241,462	5,126,616
YANZHOU COAL MINING CO LTD	–	1,088,422	–	48,958	1,039,464
ZIJIN MINING GROUP CO LTD	–	2,979,810	–	134,030	2,845,780
ZTE CORP	–	2,378,064	–	106,964	2,271,100

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» Statement of Movements in Investment Portfolio (continued)

INVESTMENTS	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY UBS AG					
AIR CHINA LTD	–	5,793,390	–	–	5,793,390
ALUMINUM CORP OF CHINA LTD	–	17,686,255	–	–	17,686,255
ANGANG STEEL CO LTD	–	4,543,230	–	–	4,543,230
ANHUI CONCH CEMENT CO LTD	–	1,968,855	–	–	1,968,855
BANK OF BEIJING CO LTD	–	4,598,565	–	–	4,598,565
BANK OF CHINA LTD	–	26,260,890	–	–	26,260,890
BANK OF COMMUNICATIONS CO LTD	–	70,990,365	–	–	70,990,365
BAOSHAN IRON & STEEL CO LTD	–	19,396,950	–	–	19,396,950
CHINA CITIC BANK	–	8,873,740	–	–	8,873,740
CHINA COAL ENERGY CO	–	6,758,065	–	–	6,758,065
CHINA CONSTRUCTION BANK CORP	–	32,304,315	–	–	32,304,315
CHINA COSCO HOLDINGS CO LTD	–	5,638,500	–	–	5,638,500
CHINA LIFE INSURANCE CO LTD	–	6,150,710	–	–	6,150,710
CHINA MERCHANTS BANK CO LTD	–	17,590,385	–	–	17,590,385
CHINA MINSHENG BANKING CORP LTD	–	51,258,970	–	–	51,258,970
CHINA OILFIELD SERVICES LTD	–	2,186,070	–	–	2,186,070
CHINA PACIFIC INSURANCE GROUP CO LTD	–	3,695,830	–	–	3,695,830
CHINA PETROLEUM & CHEMICAL CORP	–	15,119,595	–	–	15,119,595
CHINA RAILWAY CONSTRUCTION CORP LTD	–	11,365,510	–	–	11,365,510
CHINA RAILWAY GROUP LTD	–	18,254,130	–	–	18,254,130
CHINA SHENHUA ENERGY CO LTD	–	6,545,660	–	–	6,545,660
CHINA SHIPPING DEVELOPMENT CO LTD	–	2,248,380	–	–	2,248,380
CHINA UNITED TELECOMMUNICATIONS CORP LTD	–	30,935,085	–	–	30,935,085
CHINA VANKE CO LTD	–	35,291,340	–	–	35,291,340
CITIC SECURITIES CO LTD/CHINA	–	18,143,515	–	–	18,143,515
DAQIN RAILWAY CO LTD	–	14,189,180	–	–	14,189,180
DATANG INTERNATIONAL POWER GENERATION CO	–	23,180,210	–	–	23,180,210
CHINA STATE SHIPBUILDING CO LTD	–	733,865	–	–	733,865
HUANENG POWER INTERNATIONAL INC	–	2,658,445	–	–	2,658,445
HUAXIA BANK CO LTD	–	6,202,715	–	–	6,202,715
INDUSTRIAL & COMMERCIAL BANK OF CHINA	–	54,930,820	–	–	54,930,820
INDUSTRIAL BANK CO LTD	–	18,327,910	–	–	18,327,910
JIANGXI COPPER CO LTD	–	1,207,695	–	–	1,207,695
KWEICHOW MOUTAI CO LTD	–	1,045,470	–	–	1,045,470
PETROCHINA CO LTD	–	14,603,315	–	–	14,603,315

iShares FTSE/XINHUA A50 China Tracker

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED CAAPS ISSUED BY UBS AG (CONTINUED)					
PING AN INSURANCE GROUP CO OF CHINA LTD	–	17,439,180	–	–	17,439,180
SAIC MOTOR CORP LTD	–	7,255,915	–	–	7,255,915
SHANGHAI INTERNATIONAL PORT GROUP CO LTD	–	30,999,985	–	–	30,999,985
SHANGHAI PUDONG DEVELOPMENT BANK	–	10,450,950	–	–	10,450,950
SHANXI TAIGANG STAINLESS STEEL CO	–	8,180,055	–	–	8,180,055
SHANXI XISHAN COAL AND ELECTRICITY POWER	–	4,474,645	–	–	4,474,645
SHENZHEN DEVELOPMENT BANK CO	–	10,367,150	692,070	–	11,059,220
SINOPEC SHANGHAI PETROCHEMICAL CO LTD	–	2,697,185	–	–	2,697,185
SUNING APPLIANCE CO LTD	–	7,983,135	–	–	7,983,135
WUHAN IRON & STEEL CO LTD	–	11,575,325	–	–	11,575,325
WULIANGYE YIBIN CO LTD	–	7,007,360	–	–	7,007,360
YANZHOU COAL MINING CO LTD	–	1,420,790	–	–	1,420,790
ZIJIN MINING GROUP CO LTD	–	3,889,790	–	–	3,889,790
ZTE Corp	–	3,104,290	–	–	3,104,290

iShares FTSE/XINHUA A50 China Tracker

(A Sub-Fund of iShares Asia Trust)

» Performance Record

Net Asset Value

AT END OF FINANCIAL PERIOD DATED	NET ASSET VALUE PER UNIT HK\$	NET ASSET VALUE OF THE SUB-FUND HK\$
31ST DECEMBER 2006	105.33	14,135,633,054
31ST DECEMBER 2007	24.83	12,513,686,474
31ST DECEMBER 2008	8.23	29,251,400,853

Highest and Lowest Net Asset Value Per Unit

FINANCIAL PERIOD ENDED	HIGHEST NET ASSET VALUE PER UNIT HK\$	LOWEST NET ASSET VALUE PER UNIT HK\$
31ST DECEMBER 2004 (SINCE INCEPTION)	44.70*	41.79*
31ST DECEMBER 2005	44.75	35.14
31ST DECEMBER 2006	105.34	46.56
31ST DECEMBER 2007	27.61**	10.53**
31ST DECEMBER 2008	26.54	7.64

* These are unaudited figures

** Adjustment for the effect of sub-division of units during the year

iShares BSE SENSEX India Tracker

(A Sub-Fund of iShares Asia Trust)

» Investment Portfolio

As at 31st December 2008

INVESTMENTS (99.49%)	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
INDIA (99.49%)			
ACC LTD	86,172	6,564,883	0.72
BHARAT HEAVY ELECTRICALS LTD	143,190	30,939,463	3.40
BHARTI AIRTEL LTD	555,216	63,124,710	6.93
DLF LTD	210,786	9,409,608	1.03
GRASIM INDUSTRIES LTD	56,760	10,962,200	1.20
HDFC BANK LTD	301,860	47,654,498	5.23
HINDALCO INDUSTRIES LTD	997,428	8,193,977	0.90
HINDUSTAN UNILEVER LTD	910,740	36,209,213	3.98
HOUSING DEVELOPMENT FINANCE CORP	202,014	47,610,769	5.23
ICICI BANK LTD	929,832	66,225,814	7.27
INFOSYS TECHNOLOGIES LTD	406,866	72,335,605	7.94
ITC LTD	2,205,900	60,348,688	6.62
JAIPRAKASH ASSOCIATES LTD	588,498	7,753,561	0.85
LARSEN & TOUBRO LTD	440,406	54,064,938	5.94
MAHINDRA & MAHINDRA LTD	162,024	6,981,704	0.77
MARUTI SUZUKI INDIA LTD	120,744	9,937,963	1.09
NTPC LTD	1,033,548	29,797,573	3.27
OIL & NATURAL GAS CORP LTD	357,588	37,911,969	4.16
RANBAXY LABORATORIES LTD	137,772	5,488,218	0.60
RELIANCE COMMUNICATIONS LTD	596,496	21,496,502	2.36
RELIANCE INDUSTRIES LTD	657,642	128,490,108	14.11
RELIANCE INFRASTRUCTURE LTD	120,744	11,145,117	1.22
SATYAM COMPUTER SERVICES LTD	534,834	14,756,260	1.62
STATE BANK OF INDIA LTD	236,844	48,660,820	5.34
STERLITE INDUSTRIES INDIA LTD	236,070	9,788,179	1.07
TATA CONSULTANCY SERVICES LTD	200,982	15,249,204	1.67
TATA MOTORS LTD	244,068	6,071,880	0.67
TATA POWER CO LTD	129,000	15,396,349	1.69

iShares BSE SENSEX India Tracker

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» Investment Portfolio (continued)

	HOLDINGS	FAIR VALUE HK\$	% OF NET ASSETS
INDIA (99.49%) (CONTINUED)			
TATA STEEL LTD	425,184	14,630,770	1.61
WIPRO LTD	243,810	9,088,745	1.00
		<hr/>	
TOTAL INVESTMENTS		906,289,288	99.49
OTHER NET ASSETS		4,675,060	0.51
		<hr/>	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 31ST DECEMBER 2008		910,964,348	100.00
		<hr/> <hr/>	
TOTAL INVESTMENTS, AT COST		1,915,455,962	
		<hr/> <hr/>	

iShares BSE SENSEX India Tracker

(A Sub-Fund of iShares Asia Trust)

» Statement of Movements in Investment Portfolio

For the Year Ended 31st December 2008

INVESTMENTS	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
LISTED IAPS* ISSUED BY CITIGROUP					
AMBUJA CEMENTS LTD	799,800	–	–	799,800	–
ACC LTD	102,168	–	–	15,996	86,172
BAJAJ AUTO	–	–	57,534	57,534	–
BAJAJ FINSERV LTD	–	–	57,534	57,534	–
BAJAJ HOLDINGS AND INVESTMENT LTD	57,534	–	–	57,534	–
BHARAT HEAVY ELECTRICALS LTD	150,156	–	–	6,966	143,190
BHARTI AIRTEL LTD	582,048	–	–	26,832	555,216
CIPLA LTD/INDIA	458,724	–	–	458,724	–
DLF LTD	218,010	–	–	7,224	210,786
GRASIM INDUSTRIES LTD	60,372	–	–	3,612	56,760
HDFC BANK LTD	245,100	61,920	–	5,160	301,860
HINDALCO INDUSTRIES LTD	752,844	312,917	–	68,333	997,428
HINDALCO INDUSTRIES LTD NIL PAID RTS 16/11/2008	–	–	312,917	312,917	–
HINDUSTAN UNILEVER LTD	967,500	–	–	56,760	910,740
HOUSING DEVELOPMENT FINANCE CORP	206,658	–	–	4,644	202,014
ICICI BANK LTD	960,018	–	–	30,186	929,832
INFOSYS TECHNOLOGIES LTD	425,442	–	–	18,576	406,866
ITC LTD	2,309,616	–	–	103,716	2,205,900
JAIPRAKASH ASSOCIATES LTD	–	593,400	–	4,902	588,498
LARSEN & TOUBRO LTD	225,750	–	221,880	7,224	440,406
MAHINDRA & MAHINDRA LTD	178,278	–	–	16,254	162,024
MARUTI SUZUKI INDIA LTD	118,680	2,064	–	–	120,744
NTPC LTD	1,084,116	–	–	50,568	1,033,548
OIL & NATURAL GAS CORP LTD	374,874	–	–	17,286	357,588
RANBAXY LABORATORIES LTD	228,846	–	–	91,074	137,772
RELIANCE COMMUNICATIONS LTD	631,068	–	–	34,572	596,496
RELIANCE INDUSTRIES LTD	634,680	44,892	–	21,930	657,642
RELIANCE INFRASTRUCTURE LTD	131,580	–	–	10,836	120,744
SATYAM COMPUTER SERVICES LTD	556,764	–	–	21,930	534,834
STATE BANK OF INDIA LTD NIL PAID RTS 30/04/2008	–	–	41,538	41,538	–
STATE BANK OF INDIA LTD	207,690	32,250	–	3,096	236,844

iShares BSE SENSEX India Tracker

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» Statement of Movements in Investment Portfolio (continued)

	HOLDINGS				2008
	2007	ADDITIONS	BONUS	DISPOSALS	
STERLITE INDUSTRIES INDIA LTD	–	236,070	–	–	236,070
TATA CONSULTANCY SERVICES LTD	205,110	–	–	4,128	200,982
TATA MOTORS LTD NIL PAID RTS 11/10/2008	–	–	33,798	33,798	–
TATA MOTORS LTD	202,788	41,280	–	–	244,068
TATA POWER CO LTD	–	129,000	–	–	129,000
TATA STEEL LTD	438,600	–	–	13,416	425,184
WIPRO LTD	255,936	–	–	12,126	243,810

iShares BSE SENSEX India Tracker

(A Sub-Fund of iShares Asia Trust)

» Performance Record

Net Asset Value

AT END OF FINANCIAL PERIOD DATED	NET ASSET VALUE PER UNIT HK\$	NET ASSET VALUE OF THE SUB-FUND HK\$
31ST DECEMBER 2007	23.10	2,383,807,022
31ST DECEMBER 2008	8.83	910,964,348

Highest and Lowest Net Asset Value Per Unit

FINANCIAL PERIOD ENDED	HIGHEST NET ASSET VALUE PER UNIT HK\$	LOWEST NET ASSET VALUE PER UNIT HK\$
31ST DECEMBER 2007 (SINCE INCEPTION)	23.20	12.56
31ST DECEMBER 2008	23.87	7.54

MANAGEMENT AND ADMINISTRATION

» iShares Asia Trust

Directors of the Manager

Robert J. Haber

Mark A A C Talbot

Frederick James Horsey

David Jonathan Semaya

Nicholas Michael Whateley Good

(Appointed on 5th February 2008)

Michael Bernard Walsh (Appointed on 14th February 2008
and resigned effective from 31st July 2008)

Francis Sean Ryan (Resigned on 5th February 2008)

Manager

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Registrar for MSCI China Tracker

Hong Kong Registrars Limited
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Registrar for A50 China Tracker and SENSEX India Tracker

HSBC Institutional Trust Services (Asia) Limited
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Conversion Agent for MSCI China Tracker

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Service Agent for A50 China Tracker and SENSEX India Tracker

HK Conversion Agency Services Limited
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Auditor

PricewaterhouseCoopers
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Prince's Building
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Hong Kong

Any opinions expressed herein reflect the Manager's view at this date and are subject to change. Investors should not rely on the information contained in this report for their final investment decisions. For more information about the Sub-Funds including the related risks and other important information, please refer to the prospectus of the Sub-Funds which are available by contacting the Manager or visiting the website www.iShares.com.hk.

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