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THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE TWO EXCHANGE TRADED FUNDS NAMED BELOW

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*If you are in any doubt* about this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

*If you have sold or transferred* all your Units in the iShares MSCI Asia APEX Mid Cap Index ETF and/or iShares MSCI Asia APEX Small Cap Index ETF, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (the “SEHK”), the Hong Kong Exchange and Clearing Limited, the Securities and Futures Commission (the “SFC”) and the Hong Kong Securities Clearing Company Limited (the “HKSCC”) take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.

BlackRock Asset Management North Asia Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.

SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

## **iShares Asia Trust (the “Trust”)**

*(A Hong Kong umbrella unit trust authorised under*

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

**iShares MSCI Asia APEX Mid Cap Index ETF  
(Stock Code: 3032) (the “APEX Mid Cap ETF”)**

**iShares MSCI Asia APEX Small Cap Index ETF  
(Stock Code: 3004) (the “APEX Small Cap ETF”)**

**(each of the APEX Mid Cap ETF and APEX Small Cap ETF also referred to  
as a “Sub-Fund”, and together the “Sub-Funds”)**

## **ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE OF CERTAIN PROVISIONS OF THE CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading, proposed termination, proposed Deauthorisation and proposed Delisting of the Sub-Funds, and the waivers from strict compliance of certain provisions of the Code for the period from 26 October 2015 (i.e. the Trading Cessation Date) to the Deauthorisation date. In particular, investors should note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Values of the Sub-Funds (see details of the factors in section 1 below), the Manager has, by means of a resolution of the board of directors of the Manager, decided to exercise its power under Clause 35.7(a) of the Trust Deed to propose to terminate each of the Sub-Funds with effect from the Termination Date;
- the Last Trading Day of the Units in the Sub-Funds will be 23 October 2015, i.e. the last day on which investors may buy or sell Units on the SEHK and the last day for redemption of Units in accordance with the usual trading arrangements currently in place, but no creation of Units in the primary market through any Participating Dealers will be allowed from 21 September 2015 following the publication of this announcement and notice;
- the Units of both Sub-Funds will cease trading as from 26 October 2015 (i.e. the Trading Cessation Date); that means no further buying or selling Units on the SEHK and no redemption of Units will be possible from the Trading Cessation Date onwards;
- from the Trading Cessation Date onwards, (i) there will be no further trading of Units of each Sub-Fund and no further redemption of Units of each Sub-Fund; (ii) the Manager will start to realise all the assets of each Sub-Fund and each Sub-Fund will therefore cease to track the relevant Index and will not be able to meet their respective investment objectives of tracking the performance of such Index; (iii) the Sub-Funds will no longer be marketed to the public; and (iv) the Sub-Funds will mainly hold cash, and both Sub-Funds will only be operated in a limited manner;
- with a view to minimising further costs, fees and expenses in managing the Sub-Funds following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the following provisions of the Code for the period commencing from the Trading Cessation Date to the Deauthorisation date: (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) paragraphs 4 and 17(a) and (b) of Appendix I (with regard to providing the estimated Net Asset Value or R.U.P.V. and last closing Net Asset Value on a real time or near-real time basis); and (iii) Chapters 6.1 and 11.1B (with regard to updating the Prospectus). The details and the conditions on which such waiver is granted are as described in section 5 below;
- the Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations until the Deauthorisation date;
- the Manager will, after having consulted with the Sub-Funds' auditor, declare a Final Distribution (please refer to section 3.2 below for further information) to the investors who remain so as at 28 October 2015 (i.e. the Distribution Record Date) and the Final Distribution is expected to be payable on or around 4 December 2015 (the "Final Distribution Date"). The Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the Relevant Investors;
- by the date the Trustee and the Manager have formed an opinion that both of the Sub-Funds have no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the termination of both Sub-Funds (i.e. the Termination Date);

- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Sub-Funds' respective SFC authorised status and the Sub-Funds' SEHK listed status, and, subject to the SEHK's approval, expects the Delisting to take effect at or around the same time as the Deauthorisation;
- the Manager will bear all costs and expenses associated with the termination of each Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of a Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date;
- the Manager expects that the Deauthorisation and the Delisting will take place either on the Termination Date or shortly after the Termination Date (please note any product documentation for the Sub-Funds previously issued to investors, including the Prospectus, should be retained for personal use only and not for public circulation); and
- investors should pay attention to the risk factors as set out in section 7.1 below (including liquidity risk, Units trading at a discount or premium and Market Makers' inefficiency risk, tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, failure to track the Index risk and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealing in the Units in a Sub-Fund or otherwise deciding on the course of actions to be taken in relation to their Units in a Sub-Fund.

Stockbrokers and financial intermediaries are urged to:

- forward a copy of this Announcement and Notice to their clients holding Units in either or both of the Sub-Funds, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in either or both of the Sub-Funds on or before the Last Trading Day; and
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units in the Sub-Funds.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 9 below for further information).

The Manager will, until the Last Trading Day, issue reminder announcements on a weekly basis to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. Also, further announcements will be made in due course to inform the investors of the Final Distribution Date, the Termination Date, the dates for the Deauthorisation and the Delisting, and whether there is any further distribution after the Final Distribution, as and when appropriate in accordance with the applicable regulatory requirements.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Unless otherwise defined herein, terms and expressions used in this Announcement and Notice have the same meanings as given to them in the Prospectus.

BlackRock Asset Management North Asia Limited (the "Manager"), the manager of the Trust and the Sub-Funds, reserves its right to terminate each Sub-Fund in its absolute discretion by notice in writing to the Trustee under Clause 35.7(a) of the Trust Deed if the aggregate Net Asset Value of all the Units outstanding in each Sub-Fund is less than HK\$150,000,000.

As at 8 September 2015, the Net Asset Value of all the Units outstanding in each Sub-Fund was less than HK\$150,000,000. The Manager therefore announces that it has, by means of a resolution of the board of directors of the Manager, decided to terminate the Sub-Funds and voluntarily seek Deauthorisation and Delisting of these Sub-Funds. The proposed termination, Deauthorisation and Delisting (i.e. the Proposal) will be subject to the final approval of the SFC and the SEHK, and will be completed after the Trustee and the Manager have formed an opinion that the Sub-Funds have no outstanding contingent or actual liabilities or assets.

Before the proposed termination, Deauthorisation and Delisting, the Units of each of the Sub-Funds will cease trading on the SEHK as from 26 October 2015, the Trading Cessation Date. Accordingly, the last day on which the Units of the Sub-Funds can be traded on the SEHK will be 23 October 2015, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. Also, while investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date, no creation of Units in the primary market through Participating Dealers will be allowed from 21 September 2015 following the publication of this Announcement and Notice.

The Manager by this Announcement and Notice notifies the investors of the proposed termination of the Sub-Funds. Also, as required under Chapter 11.1A of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Sub-Funds will cease to track the Index, and cease trading, from the Trading Cessation Date.

The Manager will bear all costs and expenses associated with the termination of each Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of a Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date.

## **1. Proposed termination of the Sub-Funds, cessation of trading and liquidation of assets**

### **1.1. Proposed termination of the Sub-Funds**

According to Clause 35.7(a) of the Trust Deed, each Sub-Fund may be terminated by the Manager in its absolute discretion if the aggregate Net Asset Value of all the Units in each Sub-Fund outstanding shall be less than HK\$150,000,000. The Trust Deed does not require investors' approval for terminating one or more of the Sub-Funds on the ground set out in Clause 35.7(a) of the Trust Deed.

The Net Asset Value and the Net Asset Value per Unit of each of the Sub-Funds as at 8 September 2015 were as follows:

<b>Sub-Fund</b>	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
APEX Mid Cap ETF	HK\$8,500,174	HK\$34.00
APEX Small Cap ETF	HK\$43,369,703	HK\$36.14

Having taken into account the relevant factors including the interests of the investors as a whole, the currently relatively small Net Asset Value and the relatively low trading volume of each of the Sub-Funds, the Manager is of the view that the proposed termination of each of the Sub-Funds would be in the best interests of the relevant investors in the Sub-Funds. Therefore, the Manager has decided to exercise its power under Clause 35.7(a) of the Trust Deed to terminate both Sub-Funds on the date on which the Trustee and the Manager form an opinion that the Sub-Funds cease to have any contingent or actual assets or liabilities.

### **1.2. The proposed cessation of trading**

The Manager will apply to SEHK to have the Units of the Sub-Funds cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 26 October 2015. The Manager will aim to realise all of the assets of both Sub-Funds commencing from 26 October 2015 in exercise of its investment powers under Clause 9.5 of the Trust Deed.

The Manager will then proceed with a Final Distribution for each Sub-Fund on or around 4 December 2015 (see details in section 2.2 below). As such, 23 October 2015 will be the Last Trading Day on which investors may buy or sell Units in either Sub-Fund on the SEHK in accordance with the usual trading arrangements currently in place.

If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement of the revised dates.

Also, in view of the proposed cessation of trading, no further creation of Units through Participating Dealers will be allowed from 21 September 2015.

For the avoidance of doubt redemption of Units in either Sub-Fund by Participating Dealers of the relevant Sub-Fund will continue to be permitted until the Last Trading Day.

Investors should note that they cannot redeem Units directly from either Sub-Fund. Only Participating Dealers may submit redemption applications to the Manager and the Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

### **1.3. Impact on the proposed realisation of the assets**

After the realisation of the assets of each Sub-Fund (as described in section 1.2 above), each Sub-Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets. It therefore follows that, from the Trading Cessation Date, each Sub-Fund will cease to track their respective Index and will not be able to meet their respective investment objectives of tracking the performance of its Index.

## **2. What will happen after the Trading Cessation Date?**

### **2.1. Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units of each Sub-Fund will cease trading on the SEHK. This means that investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 23 October 2015 and will not be allowed to do so from the Trading Cessation Date onwards.

### **2.2. During the period from the Trading Cessation Date until the Termination Date**

The Manager will, after having consulted with the Sub-Funds' auditor, declare a Final Distribution for each Sub-Fund in respect of those investors who remain invested as at the Distribution Record Date (the "**Relevant Investors**") i.e. those investors who do not sell their Units in the relevant Sub-Fund on or before the Last Trading Day. Such Final Distribution is expected to be made on or around 4 December 2015. Please refer to section 3.2 below for further details on the Final Distribution.

On the Termination Date (which is expected to be on or around 18 December 2015) which is the date on which the Trustee and the Manager form an opinion that both Sub-Funds cease to have any contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the termination of the two Sub-Funds.

During the period from the Trading Cessation Date until, at least, the Termination Date, both Sub-Funds will continue to have listing status on the SEHK, and both Sub-Funds will remain authorised by the SFC, although the Sub-Funds will be operated only in a limited manner (as described in section 4.2 below). The Manager has therefore applied to the SFC, and has been granted, waivers from strict compliance of certain provisions of the Code for the period from the Trading Cessation Date to the date of Deauthorisation. The details and the conditions on which such waiver is granted are as described in section 5 below.

The Deauthorisation and Delisting will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC's and the SEHK's approval respectively. The Manager expects, subject to the approval of SEHK and SFC respectively, that the Delisting will only take place at or around the same time of the Deauthorisation.

The proposed termination, Deauthorisation and Delisting will be subject to the payment of all outstanding fees and expenses (please refer to section 6 below for further information), the discharge of all outstanding liabilities of both of the Sub-Funds, as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the Sub-Funds will no longer be subject to regulation by the SFC. Any product documentation for the Sub-Funds previously issued to investors, including the Prospectus, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the two Sub-Funds to the public in Hong Kong as this may be in breach of the SFO.

### 2.3. Important dates

Subject to the SFC's and the SEHK's respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of both Sub-Funds will be as follows:

Dispatch of this Announcement and Notice	18 September 2015 (Friday)
No further creation of Units in each Sub-Fund from this date	21 September 2015 (Monday)
Last day for dealings in the Units in each Sub-Fund on the SEHK and last day for redemption of Units in each Sub-Fund by Participating Dealers (the " <b>Last Trading Day</b> ")	23 October 2015 (Friday)
Dealings in the Units in each Sub-Fund on the SEHK cease (the " <b>Trading Cessation Date</b> ") and no further redemption of Units of each Sub-Fund, i.e. same date on which the Manager will start to realise all the assets of both Sub-Funds and each Sub-Fund will cease to be able to track its respective Index	26 October 2015 (Monday)
The date as at which an investor needs to be recorded by HKSCC as the beneficial owner of Units of a Sub-Fund which are registered in the name of HKSCC Nominees Limited and held in CCASS to be entitled to the Final Distribution and further distribution (if any) (the " <b>Distribution Record Date</b> ")	28 October 2015 (Wednesday)
Final Distribution, after having consulted with the Sub-Funds' auditor, will be paid to the investors who are still holding Units as at the Distribution Record Date (the " <b>Final Distribution Date</b> ")	On or around 4 December 2015 (Friday)
Termination of the Sub-Funds (the " <b>Termination Date</b> ")	On or around 18 December 2015 (Friday), which is the date on which the Manager and the Trustee form an opinion that both Sub-Funds cease to have any respective contingent or actual assets or liabilities
Deauthorisation and Delisting of both Sub-Funds	On or around 18 December 2015 (Friday), which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively  The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or shortly after the Termination Date

The Manager will, on a weekly basis from the date of this Announcement and Notice to the Last Trading Day, issue reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. In addition, the Manager will issue further announcements in due course to inform the investors of the Final Distribution Date, the dates for the Deauthorisation and Delisting, as well as the Termination Date, and whether there is any further distribution after the Final Distribution with regard to both Sub-Funds, as and when appropriate in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units of either or both Sub-Funds, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

### **3. Potential actions to be taken by investors on or before the Last Trading Day**

#### **3.1. Trading on the SEHK on any trading day up to (and including) the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Sub-Funds on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The Market Makers of both Sub-Funds will continue to perform their market making functions in accordance with the Trading Rules of the SEHK in respect of each Sub-Fund.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of each Sub-Fund on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units of each Sub-Fund or such other applicable rate) and a trading fee (at 0.005% of the price of the Units of each Sub-Fund) will be payable by each of the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units of the Sub-Funds on the SEHK.

The trading price of Units of each Sub-Fund may be below or above the Net Asset Value per Unit of the relevant Sub-Fund.

#### **3.2. Holding Units after the Last Trading Day**

For Relevant Investors who are still holding Units in either of the Sub-Funds after the Last Trading Day, the Manager will, after having consulted with the Sub-Funds' auditor, declare Final Distributions in respect of such Relevant Investors. Each Relevant Investor will be entitled to a Final Distribution of an amount equal to the relevant Sub-Fund's then Net Asset Value in proportion to the Relevant Investor's interests in the Sub-Fund as at the Distribution Record Date ("**Final Distribution**"). The relevant Sub-Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the relevant Sub-Fund as described in section 1.3 above.

The Final Distribution in respect of a Sub-Fund to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 4 December 2015. The Manager will issue further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution in respect of a Sub-Fund, together with the amount of Final Distribution per Unit in respect of a Sub-Fund, in due course. The Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the Relevant Investors.

If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement informing the Relevant Investors of the revised dates.

**IMPORTANT NOTE:** Investors should note and consider the risk factors as set out in section 7.1 below and consult with their professional and financial advisers before disposing of any Units in either Sub-Fund. If an investor disposes of its Units in either Sub-Fund at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Final Distribution for the relevant Sub-Fund, in respect of any Units of a Sub-Fund so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units in either Sub-Fund or otherwise deciding on any course of action to be taken in relation to their Units in either Sub-Fund.

#### **4. Consequences of the commencement of the cessation of trading**

##### **4.1. Continued existence of both Sub-Funds**

Both of the Sub-Funds will maintain its SFC authorisation status and its SEHK listing status, until the Deauthorisation and Delisting. Deauthorisation and Delisting will follow as soon as possible after the termination of both Sub-Funds.

By the time the Trustee and the Manager form an opinion that both of the Sub-Funds cease to have any contingent or actual assets or liabilities, the Manager and the Trustee will complete the proposed termination process and the Manager will proceed with applying to the SFC for Deauthorisation, and to the SEHK to complete the Delisting of both Sub-Funds respectively.-

##### **4.2. Limited operation of the Sub-Funds**

During the period from the Trading Cessation Date until the Deauthorisation, each Sub-Fund will only be operated in a limited manner as there will not be any trading of Units in either Sub-Fund and the Sub-Funds will have no investment activities from the Trading Cessation Date onwards.

#### **5. Waiver**

##### **5.1. Background**

As set out in section 2.2 above, while the Units in each of the Sub-Funds will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Sub-Funds, both of the Sub-Funds will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Sub-Funds will maintain their SFC authorised status and their SEHK listed status, until the completion of the proposed termination, Deauthorisation and Delisting.

However, following the date of this Announcement and Notice, there will be no further creation of Units, and from the Trading Cessation Date onwards: (i) there will be no further trading of Units and no further redemption of Units in each Sub-Fund; (ii) the Manager will start to realise all the assets of each Sub-Fund and each Sub-Fund will therefore cease to track its relevant Index. Therefore each Sub-Fund will not be able to meet its respective investment objective of tracking the performance of its relevant Index; (iii) the Sub-Funds will no longer be marketed to the public; and (iv) the Sub-Funds will mainly hold cash, and will only be operated in a limited manner.

Accordingly, with a view to minimising further costs, fees and expenses in managing the Sub-Funds following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the date of Deauthorisation.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section 5.



## 5.2. Publishing of the suspension of dealing

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units of either Sub-Fund ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner (the requirements under (b) are referred to as the “**Investor Notification Requirements**”).

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the Investor Notification Requirements under Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation date), subject to the conditions that (a) a statement shall be posted in a prominent position of the Manager’s website from the Trading Cessation Date until the date of Deauthorisation to notify investors that the Units of both of the Sub-Funds have ceased trading on the SEHK from 26 October 2015, and draw investors’ attention to this Announcement and Notice and all other relevant announcements; and (b) the announcements in relation to both Sub-Funds will remain published on the Manager’s website for a period of one year after the date of Deauthorisation.

Because both of the Sub-Funds will retain their SEHK listing status after the Last Trading Day (23 October 2015) until the date of Deauthorisation, investors may continue to access further announcements in relation to the Sub-Funds via the HKEx’s website and the Manager’s website during such period. In addition, as one of the conditions of this waiver, the announcements in relation to the Sub-Funds will remain published on the Manager’s website for a period of one year after the date of Deauthorisation. The Manager is of the view that the period of one year should be sufficient to cater for investors who may have questions about either or both of the Sub-Funds after the Deauthorisation. Also, according to the current policy of the SEHK (which may change from time to time), all announcements in relation to the Sub-Funds will remain published on the HKEx’s website for a period of at least five years after the date of Delisting.

## 5.3. Provision of the estimated Net Asset Value or R.U.P.V.<sup>1</sup> and last closing Net Asset Value on a real time or near real time basis

Under Paragraphs 4 and 17(a) and (b) of Appendix I to the Code, the Manager is required to provide the estimated Net Asset Value or R.U.P.V. and last closing Net Asset Value of each Sub-Fund to the public on a real time or near-real time basis unless otherwise waived, via any suitable channels in paragraph 18 of Appendix I of the Code (which include the Sub-Funds’ own website).

As following the date of this Announcement and Notice, there will be no further creation of Units in both Sub-Funds, and from the Trading Cessation Date onwards, there will be no further trading of Units in both Sub-Funds and no further redemption of Units in both Sub-Funds, and the Sub-Funds will mainly hold cash and both Sub-Funds will only be operated in a limited manner, the Manager proposes and the Trustee consents that the Net Asset Value per Unit of each Sub-Fund will be updated on the Manager’s website only when there is any event which causes that Net Asset Value to change. The Manager and the Trustee expect that the events which will cause the Net Asset Value per Unit of a Sub-Fund to change are: (i) the Final Distribution (please see further in section 3.2 above); (ii) further distribution (if any); and (iii) any change in the market value of any scrip dividend receivable by the Sub-Fund concerned.

Accordingly, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Paragraphs 4 and 17(a) and (b) of Appendix I to the Code (for the period from the Trading Cessation Date to the Deauthorisation date), subject to the following conditions:

- (A) the Net Asset Value per Unit of each Sub-Fund as of 23 October 2015 (i.e. the Last Trading Date), which will be the latest Net Asset Value per Unit of each Sub-Fund, will be published on the Manager’s website;

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<sup>1</sup> R.U.P.V stands for “Reference Underlying Portfolio Value” which is updated at 15-second intervals during trading hours.

- (B) the Manager shall update the latest available Net Asset Value per Unit of each Sub-Fund on the Manager's website as soon as practicable should there be any other change to the Net Asset Value of each Sub-Fund including but not limited to changes arising from (i) the Final Distribution (please see further in section 3.2 above); (ii) further distribution (if any); and (iii) any change in the market value of any scrip dividend receivable by the Sub-Fund concerned.

#### 5.4. Updating of the Prospectus

Under Chapters 6.1 and 11.1B of the Code, the Prospectus must be up-to-date and must be updated to incorporate any relevant changes to the relevant Sub-Fund.

In view of the cessation of trading of Units of both Sub-Funds from the Trading Cessation Date, and there being no further creation or redemption of Units of each Sub-Fund, the Manager considers that it is not necessary to update the Prospectus (which by their nature are offering documents) to reflect any future changes to the relevant Sub-Funds.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code (for the period from the Trading Cessation Date to the Deauthorisation date) so that the Prospectus need not be updated from the Trading Cessation Date.

Without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager has undertaken and confirmed with the SFC that it shall:

- (A) promptly notify investors of any changes to the Sub-Funds or to the Prospectus by means of publishing the announcement(s) on its and the HKEx's websites (each, a "**Relevant Future Announcement**"); and
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, and any other Relevant Future Announcement(s).

#### 5.5. Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of both Sub-Funds.

### 6. Costs

As indicated in section 3.1 above, investors' stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units in either Sub-Fund on or before the Last Trading Day.

All redemptions of Units in a Sub-Fund by the Participating Dealers will be subject to the fees and costs as set out in the Sub-Fund's Prospectus. The Participating Dealers may pass on to the relevant investors such fees and costs. The Participating Dealers may also impose fees and charges in handling any redemption request which would also increase the cost of redemption. Investors are advised to check with the Participating Dealers as to the relevant fees, costs and charges.

The Manager will bear all costs and expenses associated with the termination of each Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of a Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date. The Manager will continue to charge a Management Fee up to and including the Final Distribution Date.

For your information, the ongoing charges over a year\* as disclosed in the Prospectus for the:

- APEX Mid Cap ETF is 0.76%; and
- APEX Small Cap ETF is 0.86%.

\* *The ongoing charges figures are based on expenses for the year ended 31 December 2014 for each Sub-Fund.*

The Manager does not expect that the termination of the Sub-Funds will impact the figures disclosed above for ongoing charges. Please note for completeness the ongoing charges figures shown above are calculated in accordance with the guidance under the relevant SFC circular, and exclude the following costs and expenses associated with the termination of the Sub-Funds (which are to be borne by each relevant Sub-Fund): (i) normal operating expenses such as transaction costs and (ii) any taxes relating to the liquidation of assets of the Sub-Funds.

Each of the Sub-Funds does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

## 7. Other matters

### 7.1. Other implications of the proposed cessation of trading, the proposed termination of the Sub-Funds and the proposed Deauthorisation and Delisting

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the Sub-Funds and the proposed Deauthorisation and Delisting, investors should note and consider the following risks:

**Liquidity risk** – Trading of Units in each of the Sub-Funds on the SEHK from the date of this Announcement and Notice may become less liquid.

**Units trading at a discount or premium and Market Makers' inefficiency risk** – Although up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the relevant Sub-Funds in accordance with the Trading Rules of the SEHK, Units in each of the Sub-Funds may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units in the Sub-Funds after the Proposal has been announced but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units of each of the Sub-Funds may trade at a premium because there will be no creation of new Units from 21 September 2015 and consequently the divergence between the supply of and demand for such Units may be larger than usual. The Market Makers may not be able to effectively perform its market making activities to provide liquidity of the trading of Units in each Sub-Fund on the SEHK in these extreme market situations. As a result, the price volatility of the Units in each Sub-Fund may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk** – It is possible that the size of the relevant Sub-Funds may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of either or both Sub-Funds and result in significant tracking error. In the extreme situation where the size of the relevant Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the relevant Sub-Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the relevant Sub-Fund into cash or deposits in order to protect the interest of the investors of that Sub-Fund.

**Net Asset Value downward adjustment risk** – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the securities.

**Failure to track the Sub-Fund Index risk** – The Manager will aim to realise all securities held by both Sub-Funds with effect from the Trading Cessation Date. Thereafter, the Sub-Funds' assets will mainly be in cash. Both Sub-Funds will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, each of the Sub-Funds will cease to track their relevant Index, and will not be able to meet its investment objective of tracking the performance of its relevant Index.

**Delay in distribution risk** – The Manager will aim to realise all of the assets of both Sub-Funds and then proceed with the Final Distributions as soon as practicable. However, the Manager may not be able to realise all the assets of the Sub-Funds in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Final Distributions to the Relevant Investors may be delayed.

Investors attention is also drawn to the risks disclosed in the Prospectus for the Sub-Funds (see "Risk Factors" section in the Prospectus), including "Investors Buying at a Premium Risk".

## 7.2. Tax implications

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Trust and the Sub-Funds are collective investment schemes authorised under Section 104 of the SFO, profits of the Sub-Funds derived from realisation of their assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Sub-Funds derived from realisation of their assets are exempt from Hong Kong profits tax, the Sub-Funds may be subject to tax in certain jurisdictions where investments are made on income or capital gains derived from such investments.

No Hong Kong profits tax shall generally be payable by investors in respect of the Final Distributions to the extent of distribution of profits and/or capital of the Sub-Funds. For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business are sourced in Hong Kong and the Units are revenue assets of the investors.

Investors should consult their professional tax advisers as to their particular tax position.

## 7.3. Connected party transaction

None of the connected persons of the Manager and/or the Trustee\* is involved in any transaction in relation to the Sub-Funds, nor holds any interest in the Sub-Funds.

\* Please note The Hongkong and Shanghai Banking Corporation Limited ("**HSBC Limited**"), a Participating Dealer, is a connected person of the Trustee and may hold a substantial amount of Units in the Sub-Funds from time to time. HSBC Limited may decide to dispose of all or part of their Units, either by selling the Units on the SEHK or by redeeming the Units in the primary market, after being informed of the Proposal via this Announcement and Notice. Any disposal of Units by HSBC Limited, which is beyond the control of the Manager, may significantly reduce the size of the relevant Sub-Fund and impair the Manager's ability to fulfill the investment objectives of the relevant Sub-Funds and result in significant tracking error. Please refer to "Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk" in section 7.1 above.

## **8. Documents available for inspection**

A copy of the Trust Deed is available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set. Copies of the (i) audited accounts and the half-yearly unaudited reports of the Trust and the Sub-Funds and (ii) the Prospectus are available from the Manager free of charge.

## **9. Enquiries**

If you have any queries concerning this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at (852) 3903 2823 during office hours (except Hong Kong statutory holidays) or by email: [iSharesAsiaEnquiry@blackrock.com](mailto:iSharesAsiaEnquiry@blackrock.com).

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

### **BlackRock Asset Management North Asia Limited**

as Manager of the Trust and the Sub-Funds

18 September 2015

## DEFINITIONS

In this Announcement and Notice, unless the context otherwise requires, the following terms shall have the following meanings:

CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.
Code	The Code on Unit Trusts and Mutual Funds issued by the SFC (as amended or replaced from time to time).
Deauthorisation	The deauthorisation of each Sub-Fund and their respective offering documents by the SFC under section 106 of the SFO.
Delisting	The delisting of each Sub-Fund from the SEHK.
Distribution Record Date	28 October 2015, being the date for the purpose of determining the beneficial owners of Units in each of the Sub-Funds who are entitled to the Final Distribution in respect of that Sub-Fund and further distribution (if any) in respect of that Sub-Fund.
Final Distribution	Has the meaning given to that term in section 3.2 above.
Final Distribution Date	On or around 4 December 2015, being the date on which the Final Distribution of the relevant Sub-Fund will take place.
HKSCC	Hong Kong Securities Clearing Company Limited or its successors.
Index	In respect of each Sub-Fund, the index (as disclosed in the Prospectus for the Sub-Fund) against which that Sub-Fund is benchmarked.
Investor Notification Requirements	Has the meaning given to that term in section 5.2 above.
Last Trading Day	23 October 2015, being the last day for dealings in the Units in a Sub-Fund on the SEHK and last day for redemption of Units in a Sub-Fund by Participating Dealers.
Management Fee	The management fee as disclosed in the Prospectus.
Manager	BlackRock Asset Management North Asia Limited or its successors.
Market Maker	a broker or dealer permitted by the SEHK to act as such by making a market for the Units of the Sub-Funds in the secondary market on the SEHK.
Participating Dealer	any licensed broker or dealer who is (or who has appointed an agent who is) admitted by HKSCC as either a Direct Clearing Participant or a General Clearing Participant (as defined in the General Rules of CCASS) in CCASS and who has entered into a Participation Agreement in respect of either of the Sub-Funds.
Proposal	The proposal to terminate each of the Sub-Funds, and to voluntarily seek the Deauthorisation and the Delisting.
Prospectus	The Sub-Funds' combined prospectus dated 27 July 2015 as supplemented from time to time.

Relevant Future Announcement	Has the meaning given to that term in section 5.4 above.
Relevant Investors	Has the meaning given to that term in section 2.2 above.
SEHK	The Stock Exchange of Hong Kong Limited or its successors.
SFC	The Securities and Futures Commission of Hong Kong or its successors.
SFO	The Securities and Futures Ordinance (Cap.571 Laws of Hong Kong).
Termination Date	The date on which the Trustee and the Manager form an opinion that the Sub-Funds cease to have any contingent or actual assets or liabilities.
Trading Cessation Date	26 October 2015, being the date on which the dealings in the Units of both Sub-Funds on the SEHK cease.
Trust Deed	The trust deed dated 16 November 2001 between Barclays Global Investors North Asia Limited (now known as BlackRock Asset Management North Asia Limited) and the Trustee constituting the Trust, as amended from time to time.
Trustee	HSBC Institutional Trust Services (Asia) Limited or its successors.
Units	In respect of either Sub-Fund, representing undivided shares in such Sub-Fund.
Unitholder	A holder of Units in respect of a Sub-Fund.

**IMPORTANT:** Investments involve risks, including the loss of principal. Investors are advised to consider their own investment objectives and circumstances in determining the suitability of an investment in each fund described in this Prospectus (called an “Index Fund”). An investment in an Index Fund may not be suitable for everyone. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent financial advice.

## iShares Asia Trust

A Hong Kong unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong

## PROSPECTUS

**iShares MSCI AC Asia ex Japan Index ETF (Stock Code: 3010)**

**iShares MSCI Asia APEX Mid Cap Index ETF (Stock Code: 3032)**

**iShares MSCI Asia APEX Small Cap Index ETF (Stock Code: 3004)**

**iShares MSCI Emerging Asia Index ETF (Stock Code: 2802)**

**(the “Index Funds”)**

Listing Agent and Manager

**BlackRock Asset Management North Asia Limited**

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The iShares Asia Trust and each of the Index Funds have been authorised as collective investment schemes by the Hong Kong Securities and Futures Commission. Authorisation by the Securities and Futures Commission is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.



# IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of Units in the Index Funds, being sub-funds of the iShares Asia Trust (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 16 November 2001 between Barclays Global Investors North Asia Limited (now known as BlackRock Asset Management North Asia Limited) (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) as amended from time to time.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and for the accuracy and fairness of the opinions expressed (at the date of its publication), and confirm that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”) and the Code on Unit Trusts and Mutual Funds (the “Code”) and the Overriding Principles of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Investment Products for the purposes of giving information with regard to the Units of the Index Funds and that having made all reasonable enquiries, the Manager confirms that, to the best of its knowledge and belief that the information contained in this Prospectus is true, accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this Prospectus misleading, whether of fact or opinion; any inferences that might reasonably be drawn from any statement in the Prospectus are true and are not misleading; and all opinions and intents expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under “Trustee and Registrar”.

The Index Funds are funds falling within Chapter 8.6 and Appendix I of the Code. The Trust and the Index Funds are authorised by the Securities and Futures Commission (the “SFC”) in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Index Funds or for the correctness of any statements made or opinions expressed in this Prospectus. Authorisation by the SFC is not a recommendation or endorsement of the Trust or the Index Funds nor does it guarantee the commercial merits of any of the Index Funds or its performance. It does not mean the Index Funds are suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Applicants for Units shall undertake to the Manager and the Trustee that, to the best of their knowledge, the monies used to invest in Units in the Index Funds are not sourced from mainland China.

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

Dealings in the Units in the Index Funds on the SEHK commenced on 23 April 2009. Units in the Index Funds have been accepted as eligible securities by the Hong Kong Securities Clearing Company Limited (“HKSCC”) for deposit, clearing and settlement in the Central Clearing and Settlement System (“CCASS”) with effect from 23 April 2009. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Further applications may be made to list units in additional Index Funds constituted under the Trust in future on the SEHK.

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

In particular:

- (a) Units in each Index Fund have not been registered under the United States Securities Act of 1933 (as amended) and except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of such Act);
- (b) The Index Funds have not been and will not be registered under the United States Investment Company Act of 1940, as amended. Accordingly, Units may not, except pursuant to an exemption from, or in a transaction not subject to, the regulatory requirements of the US Investment Company Act of 1940 be acquired by a person who is deemed to be a US Person under the 1940 Act and regulations;
- (c) Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

Where the Manager becomes aware that the Units are directly or indirectly beneficially owned by any person in breach of the above restrictions, the Manager may give notice to such person requiring him to transfer such Units to a person who would not thereby be in contravention of such restrictions or to request in writing the redemption of such Units in accordance with the trust deed.

Investors should note that any amendment, addendum or replacement to this Prospectus will only be posted on the Manager's website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). Investors should refer to "Information Available on the Internet" for more details.

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# DIRECTORY

## MANAGER

BLACKROCK ASSET MANAGEMENT NORTH ASIA LIMITED  
16TH FLOOR, CHEUNG KONG CENTER  
2 QUEEN'S ROAD CENTRAL  
HONG KONG

## TRUSTEE, REGISTRAR AND CUSTODIAN

HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED  
1 QUEEN'S ROAD CENTRAL  
HONG KONG

## AUDITORS

PRICEWATERHOUSECOOPERS  
22ND FLOOR  
PRINCE'S BUILDING  
CENTRAL  
HONG KONG

## DIRECTORS OF THE MANAGER

MARC BOVELL PAUL DESMIDT  
GRAHAM DOUGLAS TURL  
SUSAN WAI-LAN CHAN  
MICHAEL TIMOTHY MARQUARDT  
RYAN DAVID STORK

## SERVICE AGENT

HK CONVERSION AGENCY SERVICES LIMITED  
2ND FLOOR, INFINITUS PLAZA  
199 DES VOEUX ROAD CENTRAL  
HONG KONG

# Product Key Facts

## iShares MSCI AC Asia ex Japan INDEX ETF

BlackRock Asset Management North Asia Limited

27 July 2015

*This is an exchange traded fund.*

*This statement provides you with key information about this product.*

*This statement is a part of the Prospectus.*

*You should not invest in this product based on this statement alone.*

### Quick facts

<b>Stock code:</b>	3010	<b>Trading lot size:</b>	200 units
<b>Manager:</b>	BlackRock Asset Management North Asia Limited		
<b>Trustee and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited		
<b>Ongoing charges over a year<sup>#</sup>:</b>	Estimated to be 0.60%		
<b>Estimated annual tracking difference<sup>##</sup>:</b>	Estimated to be -0.62%		
<b>Underlying Index:</b>	MSCI All Country Asia ex Japan Index		
<b>Base currency:</b>	Hong Kong dollars		
<b>Financial year end of this fund:</b>	31 December		
<b>Dividend policy:</b>	Annually, at Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. Please refer to the risk factor "Dividends payable out of capital or effectively out of capital risk" on page 5 below.		
<b>ETF website:</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a> (Please refer to the section Additional Information on how to access the product webpage)		

### What is this product?

This is a fund constituted in the form of a unit trust. The units of the iShares MSCI AC Asia ex Japan Index ETF (the "Asia ex Japan ETF") are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). These units are traded on SEHK like listed stocks.

<sup>#</sup> Due to the change of Underlying Index which became effective on 27 July 2015, the ongoing charges figure calculated based on expenses before such date may not be indicative of the level of charges of Asia ex Japan ETF going forward. Instead, the Manager provides a best estimate figure based on the Asia ex Japan ETF's estimated ongoing expenses expressed as a percentage of the Asia ex Japan ETF's estimated average net assets. The actual figure may be different upon actual operation of the Asia ex Japan ETF and may vary from year to year. This does not represent estimated tracking error.

<sup>##</sup> This is an estimated annual tracking difference. Investors should refer to the website of the Asia ex Japan ETF for information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The Asia ex Japan ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI All Country Asia ex Japan Index (the “**Underlying Index**”).

### Investment Strategy

The Asia ex Japan ETF adopts a representative sampling investment strategy to achieve its investment objective. A representative sampling investment strategy involves investing in a representative sample of the securities in the Underlying Index (either directly or indirectly) selected by the Manager.

The Asia ex Japan ETF will invest primarily in securities included in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the Asia ex Japan ETF achieve its investment objective.

The Manager may switch between the representative sampling and the replication investment strategies without notice to investors and in its absolute discretion. A replication investment strategy involves investing in substantially all the securities (either directly or indirectly) in substantially the same weightings as those securities comprised in the Underlying Index.

The Asia ex Japan ETF invests in the iShares MSCI India Index ETF (the “MSCI India ETF”), a Singapore-listed ETF, to gain access to the India securities comprised in the Underlying Index (“Indian Constituents”). The MSCI India ETF has the exact same constituents as the Indian Constituents in approximately the same weightings (as compared to the weighting of each Indian Constituent out of all Indian Constituents). The MSCI India ETF is not authorised by the SFC and not available to Hong Kong residents. There is no guarantee as to the performance of the MSCI India ETF or correlation of its future performance to that of the Indian Constituents.

The Manager seeks to invest the Asia ex Japan ETF in the MSCI India ETF in such weighting (as a percentage of the NAV of the Asia ex Japan ETF) corresponding to the weighting of the Indian Constituents (as a percentage of the market capitalisation of the Underlying Index) at the relevant time. Where the weighting of the Indian Constituents (as a percentage of the Underlying Index) exceeds 10%, the Asia ex Japan ETF may invest more than 10% of its NAV in the MSCI India ETF provided that:

- (i) it is limited to when the combined weighting of the Indian Constituents account for more than 10% of the weighting of the Underlying Index; and
- (ii) the Asia ex Japan ETF’s weighted holding of the MSCI India ETF may not exceed the total combined weighting of the Indian Constituents in the Underlying Index, except where such combined weighting is exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature.

In addition to the MSCI India ETF, the Manager may also invest up to 10% of the Asia ex Japan ETF’s NAV in other ETF(s) for cash management and contingency purposes.

The Asia ex Japan ETF may invest in financial derivative instruments to achieve its investment objective. The Asia ex Japan ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month’s prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

## Underlying Index

The Underlying Index is a free-float adjusted market capitalisation-weighted index that is compiled and published by MSCI Inc. It is designed to capture the large and mid cap representation across two of three developed markets countries (excluding Japan) and eight emerging markets countries in Asia. The Underlying Index was launched on 1 January 2001. As of 30 June 2015, there were 613 index constituents and the market capitalization was HK\$27,561,054.55 million. The Asia ex Japan ETF will track the total return version of the Underlying Index, net of dividend withholding tax.

The Manager (or its Connected Persons) is independent of MSCI Inc.

As at 30 June 2015, the following were the top 10 index constituents:–

Rank	Constituent Name	Sector	% of Index
1	Samsung Electronics Co. Ltd.	Information Technology	3.74
2	Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	3.34
3	Tencent Holdings Limited	Information Technology	3.07
4	AIA Group Ltd.	Financials	2.35
5	China Mobile Ltd.	Telecommunication Services	2.34
6	China Construction Bank Corporation	Financials	2.29
7	Industrial and Commercial Bank of China Ltd.	Financials	1.75
8	Bank of China Ltd.	Financials	1.54
9	Hon Hai Precision Industry Co., Ltd.	Information Technology	1.25
10	CK Hutchison Holdings Limited	Industrials	1.18

The Bloomberg ticker of the Underlying Index is MJASJ and the Reuters ticker of the Underlying Index is dMIAX00000NHK.

For details (including the latest index level and other important news), please refer to the index website at [www.msci.com](http://www.msci.com).

## What are the key risks?

**Investment involves risks. Please refer to the Prospectus for details including the risk factors.**

### 1. Rebalancing period risk

The underlying index of the Asia ex Japan ETF was changed to the present index effective from 27 July 2015. During the rebalancing period from the previous index to the Underlying Index, which is anticipated to take between 3 to 5 trading days from 27 July 2015, holdings of the Asia ex Japan ETF will be rebalanced from constituents of the previous index to the Underlying Index. Although there is a high degree of correlation between the two indices, the Manager considers there is a risk that the tracking error and tracking difference of the Asia ex Japan ETF during the rebalancing period may increase. Investors who deal with Units of the Asia ex Japan ETF during the rebalancing period should exercise caution.

### 2. Emerging market risk

- The Asia ex Japan ETF invests in eight emerging market countries in Asia. Generally, investments in emerging markets such as Asian stock markets are subject to a greater risk of loss than investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- Many Asian stock markets are not as developed or efficient. Trading volumes are usually lower and commissions for trades and custody expenses are generally higher.
- Emerging market regions are also subject to special risks including exchange rate fluctuations and exchange control, imposition of restrictions on the expatriation of funds or other assets, higher transaction and custody costs, settlement delays, governmental interference and smaller market capitalisation.

**What are the key risks? (Cont'd)****3. Mid-capitalisation companies risk**

The Asia ex Japan ETF invests in stocks of large to mid-capitalisation companies. Stocks of mid-capitalisation companies may have lower liquidity and typically higher volatility compared to stocks of larger capitalisation companies. These companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products.

**4. Risk related to restrictions on foreign investors**

Asian stock exchanges may require prior governmental approvals or impose limits on the amount or types of securities or companies in which foreigners may invest. These restrictions may limit the Asia ex Japan ETF's investment in certain countries, increase its costs and impact its ability to accurately match the Underlying Index.

**5. Investment in ETFs risk**

- The Asia ex Japan ETF may invest in the MSCI India ETF in order to track the performance of Indian Constituents, and in other ETF(s) for cash management and contingency purposes. Conflicts of interest may arise if the Manager also acts as manager of the other ETF(s) invested in by the Asia ex Japan ETF. The Manager will have regard to its obligations to the Asia ex Japan ETF and Unitholders and will endeavour to resolve such conflicts fairly. Fees and costs charged in respect of ETFs which are not managed by the Manager or its affiliate will be borne by the Asia ex Japan ETF.
- There is no guarantee that these ETFs will achieve their respective investment objectives and any tracking error of these ETFs will also contribute to the tracking error of the Asia ex Japan ETF. Further, although the Manager will only invest in ETFs that track indices that have a high correlation with the Underlying Index (or a certain sector or portion of it), the difference of the underlying constituents between the indices tracked by the relevant ETFs and the Underlying Index may also contribute to tracking error. There is no guarantee as to the performance of the MSCI India ETF or any other ETFs in which the Asia ex Japan ETF may invest, or as to correlation of their future performance to that of the whole or part of the Underlying Index.

**6. Concentration risk**

The exposure of the Asia ex Japan ETF is concentrated in the Asian market and may be more volatile than funds adopting a more diversified strategy.

**7. Foreign security and exchange risk**

The Asia ex Japan ETF may invest in securities of non-Hong Kong companies which are subject to special risks not typically associated with investing in Hong Kong companies including differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which may affect local investments in foreign countries and potential restrictions on the flow of international capital. Any fluctuations between the local currency and the Hong Kong dollar may affect the net asset value of the Asia ex Japan ETF.

**8. Passive investment risk**

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

**9. Underlying Index related risks**

There is no guarantee that the Asia ex Japan ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Asia ex Japan ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the Asia ex Japan ETF and its Unitholders.

## What are the key risks? (Cont'd)

### 10. Tracking error risk

Changes in the net NAV of the Asia ex Japan ETF may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index.

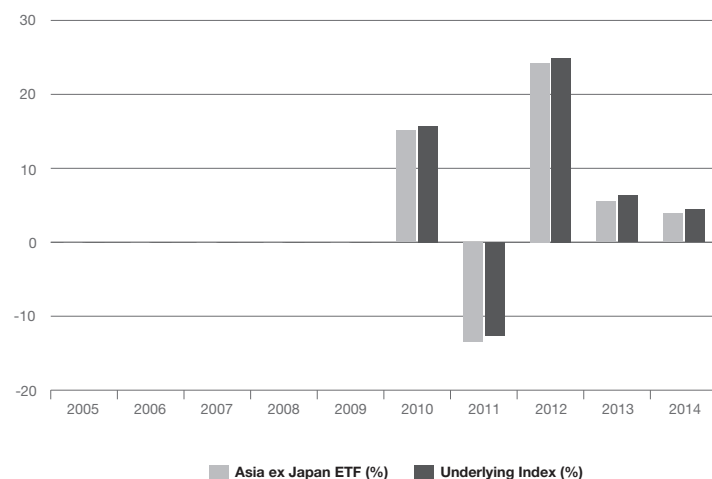
### 11. Dividends payable out of capital or effectively out of capital risk

The Manager may at its discretion pay dividends out of the capital of the Asia ex Japan ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Asia ex Japan ETF are charged to/paid out of the capital of the Asia ex Japan ETF, resulting in an increase in distributable income for the payment of dividends by the Asia ex Japan ETF and therefore, the Asia ex Japan ETF may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the Asia ex Japan ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

### 12. Trading risk

Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the Asia ex Japan ETF on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV.

## How has the fund performed?



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Asia ex Japan ETF Return (%)	-	-	-	-	-	15.13	-13.45	24.25	5.51	3.88
Underlying Index Return (%)	-	-	-	-	-	15.70	-12.71	24.90	6.34	4.42

**Note: The performance of the Asia ex Japan ETF during 2010 - 2014 were achieved under circumstances that no longer apply. The Underlying Index was changed on 27 July 2015.**

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the Asia ex Japan ETF increased or decreased in value during the calendar year shown. Performance data has been calculated in the base currency of the Asia ex Japan ETF, including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: MSCI All Country Asia ex Japan Index.
- Launch date of Asia ex Japan ETF (previously iShares MSCI Asia APEX 50 Index ETF): 12 March 2009.



**Is there any guarantee?**

The Asia ex Japan ETF does not have any guarantees. You may not get back the amount of money you invest.

**What are the fees and charges?****Charges incurred when trading the Asia ex Japan ETF on SEHK**

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% <sup>1</sup>
Trading fee	0.005% <sup>2</sup>
Stamp duty	Nil

**Ongoing fees payable by the Asia ex Japan ETF**

The following expenses will be paid out of the Asia ex Japan ETF. They affect you because they reduce the net asset value of the Asia ex Japan ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.59% p.a. of net asset value calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

**Other costs**

Please refer to the Prospectus for other fees and expenses payable by the Asia ex Japan ETF.

<sup>1</sup> Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the price of the units, payable by the buyer and the seller.

### **Additional information**

You can find the following information of the Asia ex Japan ETF at the following website at [www.blackrock.com/hk](http://www.blackrock.com/hk).

- The Asia ex Japan ETF's Prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Latest closing level of the Underlying Index;
- Notices and announcements; and
- Composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

All of the information outlined above can be found on the product webpage of the Asia ex Japan ETF. The product webpage of the Asia ex Japan ETF can be located by using the search function and inserting the ticker number of the Asia ex Japan ETF (i.e. 3010) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

### **Important**

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

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

# Product Key Facts

## iShares MSCI ASIA APEX MID CAP INDEX ETF

BlackRock Asset Management North Asia Limited

27 July 2015

*This is an exchange traded fund.*

*This statement provides you with key information about this product.*

*This statement is a part of the Prospectus.*

*You should not invest in this product based on this statement alone.*

### Quick facts

<b>Stock code:</b>	3032	<b>Trading lot size:</b>	200 units
<b>Manager:</b>	BlackRock Asset Management North Asia Limited		
<b>Trustee and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited		
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.76%		
<b>Tracking difference of the last calendar year<sup>##</sup>:</b>	-0.85%		
<b>Underlying Index:</b>	MSCI Asia APEX Mid Cap 50 Index		
<b>Base currency:</b>	Hong Kong dollars		
<b>Financial year end of this fund:</b>	31 December		
<b>Dividend policy:</b>	Annually, at Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. Please refer to the risk factor "Dividends payable out of capital or effectively out of capital risk" on page 11 below.		
<b>ETF website:</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a> (Please refer to the section Additional Information on how to access the product webpage)		

### What is this product?

This is a fund constituted in the form of a unit trust. The units of the iShares MSCI Asia APEX Mid Cap Index ETF (the "APEX Mid Cap ETF") are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). These units are traded on SEHK like listed stocks.

<sup>#</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2014. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the APEX Mid Cap ETF expressed as a percentage of the average Net Asset Value.

<sup>##</sup> This is the actual tracking difference of the calendar year ended 31 December 2014. Investors should refer to the website of the APEX Mid Cap ETF for more up-to-date information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The APEX Mid Cap ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI Asia APEX Mid Cap 50 Index (the “**Underlying Index**”).

### Investment Strategy

The APEX Mid Cap ETF adopts a representative sampling investment strategy to achieve its investment objective. A representative sampling investment strategy involves investing in a representative sample of the securities in the Underlying Index (either directly or indirectly) selected by the Manager.

The APEX Mid Cap ETF will invest primarily in securities included in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the APEX Mid Cap ETF achieve its investment objective.

The Manager may switch between the representative sampling and the replication investment strategies without notice to investors and in its absolute discretion. A replication investment strategy involves investing in substantially all the securities (either directly or indirectly) in substantially the same weightings as those securities comprised in the Underlying Index.

The APEX Mid Cap ETF may invest in financial derivative instruments to achieve its investment objective. The APEX Mid Cap ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month’s prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

### Underlying Index

The Underlying Index is a free-float adjusted market capitalisation-weighted index that is compiled and published by MSCI Inc. It is designed to track the 50 largest stocks in the Asia ex-Japan region represented in the MSCI AC Asia ex-Japan Mid Cap Index. The Underlying Index services as a tradable proxy to the broader MSCI AC Asia ex-Japan Index.

As at 30 June 2015, the following were the top 10 index constituents:–

Rank	Constituent Name	Sector	% of Index
1	New World Development Co. Ltd.	Financials	4.02
2	Bank of East Asia	Financials	2.96
3	Comfordelgro Ltd.	Industrials	2.87
4	Singapore Press Holdings Ltd.	Consumer Discretionary	2.79
5	Singapore Exchange Limited	Financials	2.69
6	Wheelock & Co Ltd	Financials	2.69
7	Li & Fung	Consumer Discretionary	2.67
8	ENN Energy Holdings Ltd.	Utilities	2.63
9	Techtronic Industries Ltd.	Consumer Discretionary	2.59
10	Coway Co Ltd	Consumer Discretionary	2.55

For details (including the latest index level and other important news), please refer to the index website at [www.msci.com](http://www.msci.com).

## What are the key risks?

**Investment involves risks. Please refer to the Prospectus for details including the risk factors.**

### 1. Mid-capitalisation companies risk

- The stocks of mid-capitalisation companies may have lower liquidity and their prices are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. This may impact the net asset value of the APEX Mid Cap ETF to a larger extent than those of funds that invest in stocks of larger capitalisation companies.
- Mid-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products.

### 2. Emerging market risk

- Generally, investments in emerging markets, such as Asian stock markets, are subject to a greater risk of loss than investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- Many Asian stock markets are not as developed or efficient. Trading volumes are usually lower and commissions for trades and custody expenses are generally higher.
- Emerging market regions are also subject to special risks including exchange rate fluctuations and exchange control, imposition of restrictions on the expatriation of funds or other assets, higher transaction and custody costs, settlement delays, governmental interference and smaller market capitalisation.

### 3. Concentration risk

- The exposure of the APEX Mid Cap ETF is concentrated in mid-capitalisation companies in Asia and may be more volatile than funds adopting a more diversified strategy.
- The Underlying Index excludes countries where less than 3 securities qualifying to be represented, or where the securities referable to a country constitute less than 5% of the weight in the MSCI AC Asia ex-Japan Mid Cap Index. Therefore, the APEX Mid Cap ETF will be more concentrated in particular geographical markets, which may make the performance of the APEX Mid Cap ETF more volatile.

### 4. Foreign security and exchange risk

The APEX Mid Cap ETF may invest in securities of non-Hong Kong companies which are subject to special risks not typically associated with investing in Hong Kong companies including differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which may affect local investments in foreign countries and potential restrictions on the flow of international capital. Any fluctuations between the local currency and the Hong Kong dollar may affect the net asset value of the APEX Mid Cap ETF.

### 5. Passive investment risk

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

### 6. Underlying Index related risks

There is no guarantee that the APEX Mid Cap ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the APEX Mid Cap ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the APEX Mid Cap ETF and its Unitholders.

## What are the key risks? (Cont'd)

### 7. Tracking error risk

Changes in the NAV of the APEX Mid Cap ETF may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index.

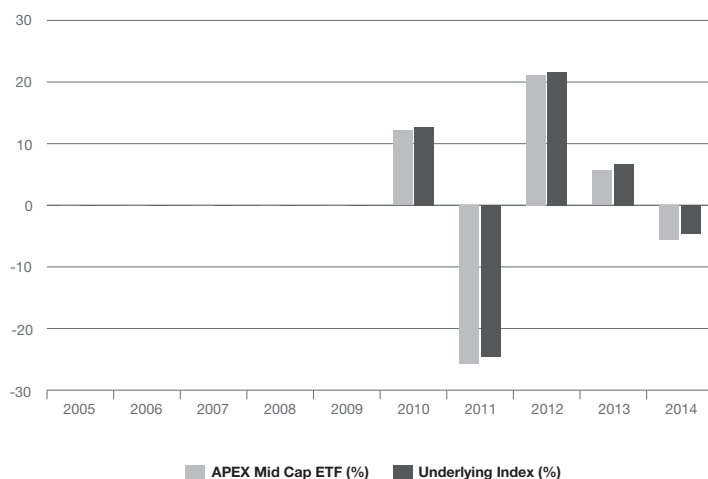
### 8. Dividends payable out of capital or effectively out of capital risk

The Manager may at its discretion pay dividends out of the capital of the APEX Mid Cap ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the APEX Mid Cap ETF are charged to/paid out of the capital of the APEX Mid Cap ETF, resulting in an increase in distributable income for the payment of dividends by the APEX Mid Cap ETF and therefore, the APEX Mid Cap ETF may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the APEX Mid Cap ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

### 9. Trading risk

Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the APEX Mid Cap ETF on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV.

## How has the fund performed?



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
APEX Mid Cap ETF Return (%)	-	-	-	-	-	12.13	-25.65	21.10	5.64	-5.54
Underlying Index Return (%)	-	-	-	-	-	12.67	-24.63	21.66	6.66	-4.69

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the APEX Mid Cap ETF increased or decreased in value during the calendar year shown. Performance data has been calculated in the base currency of the APEX Mid Cap ETF, including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: MSCI Asia APEX Mid Cap 50 Index.
- Launch date of APEX Mid Cap ETF: 12 March 2009.

**Is there any guarantee?**

The APEX Mid Cap ETF does not have any guarantees. You may not get back the amount of money you invest.

**What are the fees and charges?****Charges incurred when trading the APEX Mid Cap ETF on SEHK**

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% <sup>1</sup>
Trading fee	0.005% <sup>2</sup>
Stamp duty	Nil

**Ongoing fees payable by the APEX Mid Cap ETF**

The following expenses will be paid out of the APEX Mid Cap ETF. They affect you because they reduce the net asset value of the APEX Mid Cap ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.59% p.a. of net asset value calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

**Other costs**

Please refer to the Prospectus for other fees and expenses payable by the APEX Mid Cap ETF.

<sup>1</sup> Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the price of the units, payable by the buyer and the seller.

### **Additional information**

You can find the following information of the APEX Mid Cap ETF at the following website at [www.blackrock.com/hk](http://www.blackrock.com/hk).

- The APEX Mid Cap ETF's Prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Latest closing level of the Underlying Index;
- Notices and announcements; and
- Composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

All of the information outlined above can be found on the product webpage of the APEX Mid Cap ETF. The product webpage of the APEX Mid Cap ETF can be located by using the search function and inserting the ticker number of the APEX Mid Cap ETF (i.e. 3032) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

### **Important**

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

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



# Product Key Facts

## iShares MSCI ASIA APEX SMALL CAP INDEX ETF

BlackRock Asset Management North Asia Limited

27 July 2015

*This is an exchange traded fund.*

*This statement provides you with key information about this product.*

*This statement is a part of the Prospectus.*

*You should not invest in this product based on this statement alone.*

### Quick facts

<b>Stock code:</b>	3004	<b>Trading lot size:</b>	200 units
<b>Manager:</b>	BlackRock Asset Management North Asia Limited		
<b>Trustee and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited		
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.86%		
<b>Tracking difference of the last calendar year<sup>##</sup>:</b>	-0.41%		
<b>Underlying Index:</b>	MSCI Asia APEX Small Cap 200 Index		
<b>Base currency:</b>	Hong Kong dollars		
<b>Financial year end of this fund:</b>	31 December		
<b>Dividend policy:</b>	Annually, at Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. Please refer to the risk factor "Dividends payable out of capital or effectively out of capital risk" on page 17 below.		
<b>ETF website:</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a> (Please refer to the section Additional Information on how to access the product webpage)		

### What is this product?

This is a fund constituted in the form of a unit trust. The units of the iShares MSCI Asia APEX Small Cap Index ETF (the "APEX Small Cap ETF") are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). These units are traded on SEHK like listed stocks.

<sup>#</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2014. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the APEX Small Cap ETF expressed as a percentage of the average Net Asset Value.

<sup>##</sup> This is the actual tracking difference of the calendar year ended 31 December 2014. Investors should refer to the website of the APEX Small Cap ETF for more up-to-date information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The APEX Small Cap ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI Asia APEX Small Cap 200 Index (the “**Underlying Index**”).

### Investment Strategy

The APEX Small Cap ETF adopts a representative sampling investment strategy to achieve its investment objective. A representative sampling investment strategy involves investing in a representative sample of the securities in the Underlying Index (either directly or indirectly) selected by the Manager.

The APEX Small Cap ETF will invest primarily in securities included in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the APEX Small Cap ETF achieve its investment objective.

The Manager may switch between the representative sampling and the replication investment strategies without notice to investors and in its absolute discretion. A replication investment strategy involves investing in substantially all the securities (either directly or indirectly) in substantially the same weightings as those securities comprised in the Underlying Index.

The APEX Small Cap ETF may invest in financial derivative instruments to achieve its investment objective. The APEX Small Cap ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month’s prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

### Underlying Index

The Underlying Index is a free-float adjusted market capitalisation-weighted index that is compiled and published by MSCI Inc. It is designed to track the 200 largest stocks in the Asia ex-Japan region represented in the MSCI AC Asia ex-Japan Small Cap Index. The Underlying Index services as a tradable proxy to the broader MSCI AC Asia ex-Japan Small Cap Index.

As at 30 June 2015, the following were the top 10 index constituents:–

Rank	Constituent Name	Sector	% of Index
1	Vtech Holdings Ltd.	Information Technology	1.19
2	Singapore Post Limited	Industrials	1.16
3	Hopewell Holdings Ltd.	Industrials	1.14
4	Shenzhen International Holdings Ltd.	Industrials	1.09
5	Medy-Tox Inc.	Healthcare	1.08
6	Television Broadcasts Limited	Consumer Discretionary	1.07
7	ViroMed Co Ltd.	Healthcare	1.06
8	SATS Ltd.	Industrials	1.01
9	FIH Mobile	Information Technology	0.90
10	Skyworth Digital Holdings Ltd.	Consumer Discretionary	0.90

For details (including the latest index level and other important news), please refer to the index website at [www.msci.com](http://www.msci.com).

## What are the key risks?

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

### 1. Small-capitalisation companies risk

- The stocks of small-capitalisation companies may have lower liquidity and their prices are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. This may impact the net asset value of the APEX Small Cap ETF to a larger extent than those of funds that invest in stocks of larger capitalisation companies.
- Small-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products, as well as the markets and sectors in which they operate.
- Small-capitalisation companies may be less financially secure than larger and more established companies, and they are more vulnerable to loss of key personnel.

### 2. Emerging market risk

- Generally, investments in emerging markets, such as Asian stock markets, are subject to a greater risk of loss than investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- Many Asian stock markets are not as developed or efficient. Trading volumes are usually lower and commissions for trades and custody expenses are generally higher.
- Emerging market regions are also subject to special risks including exchange rate fluctuations and exchange control, imposition of restrictions on the expatriation of funds or other assets, higher transaction and custody costs, settlement delays, governmental interference and smaller market capitalisation.

### 3. Concentration risk

- The exposure of the APEX Small Cap ETF is concentrated in small-capitalisation companies in Asia and may be more volatile than funds adopting a more diversified strategy.
- The Underlying Index excludes countries where less than 10 securities qualifying to be represented, or where the securities referable to a country constitute less than 5% of the weight in the MSCI AC Asia ex-Japan Small Cap Index. Therefore, the APEX Small Cap ETF will be more concentrated in particular geographical markets, which may make the performance of the APEX Small Cap ETF more volatile.

### 4. Foreign security and exchange risk

The APEX Small Cap ETF may invest in securities of non-Hong Kong companies which are subject to special risks not typically associated with investing in Hong Kong companies including differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which may affect local investments in foreign countries and potential restrictions on the flow of international capital. Any fluctuations between the local currency and the Hong Kong dollar may affect the net asset value of the APEX Small Cap ETF.

### 5. Passive investment risk

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

## What are the key risks? (Cont'd)

### 6. Underlying Index related risks

There is no guarantee that the APEX Small Cap ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the APEX Small Cap ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the APEX Small Cap ETF and its Unitholders.

### 7. Tracking error risk

Changes in the NAV of the APEX Small Cap ETF may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index.

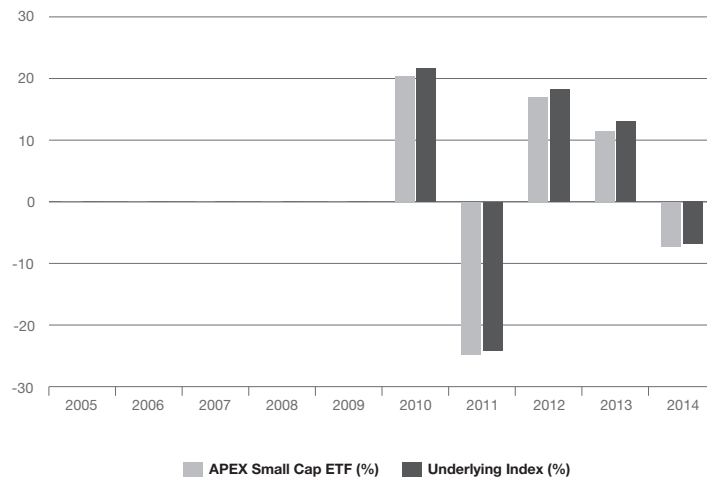
### 8. Dividends payable out of capital or effectively out of capital risk

The Manager may at its discretion pay dividends out of the capital of the APEX Small Cap ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the APEX Small Cap ETF are charged to/paid out of the capital of the APEX Small Cap ETF, resulting in an increase in distributable income for the payment of dividends by the APEX Small Cap ETF and therefore, the APEX Small Cap ETF may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the APEX Small Cap ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

### 9. Trading risk

Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the APEX Small Cap ETF on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV.

### How has the fund performed?



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
APEX Small Cap ETF Return (%)	-	-	-	-	-	20.34	-24.76	16.95	11.44	-7.26
Underlying Index Return (%)	-	-	-	-	-	21.72	-24.14	18.33	13.05	-6.85

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the APEX Small Cap ETF increased or decreased in value during the calendar year shown. Performance data has been calculated in the base currency of the APEX Small Cap ETF, including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: MSCI Asia APEX Small Cap 200 Index.
- Launch date of APEX Small Cap ETF: 12 March 2009.

### Is there any guarantee?

The APEX Small Cap ETF does not have any guarantees. You may not get back the amount of money you invest.

### What are the fees and charges?

#### Charges incurred when trading the APEX Small Cap ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% <sup>1</sup>
Trading fee	0.005% <sup>2</sup>
Stamp duty	Nil

<sup>1</sup> Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the price of the units, payable by the buyer and the seller.

**What are the fees and charges? (Cont'd)****Ongoing fees payable by the APEX Small Cap ETF**

The following expenses will be paid out of the APEX Small Cap ETF. They affect you because they reduce the net asset value of the APEX Small Cap ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
<b>Management fee</b>	0.59% p.a. of net asset value calculated daily
<b>Custodian fee</b>	Included in the management fee
<b>Administration fee</b>	Included in the management fee

**Other costs**

Please refer to the Prospectus for other fees and expenses payable by the APEX Small Cap ETF.

**Additional information**

You can find the following information of the fund at the following website at [www.blackrock.com/hk](http://www.blackrock.com/hk).

- The APEX Small Cap ETF's Prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Latest closing level of the Underlying Index;
- Notices and announcements; and
- Composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

All of the information outlined above can be found on the product webpage of the APEX Small Cap ETF. The product webpage of the APEX Small Cap ETF can be located by using the search function and inserting the ticker number of the APEX Small Cap ETF (i.e. 3004) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

**Important**

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

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

# Product Key Facts

## iShares MSCI EMERGING ASIA INDEX ETF

BlackRock Asset Management North Asia Limited

27 July 2015

*This is an exchange traded fund.*

*This statement provides you with key information about this product.*

*This statement is a part of the Prospectus.*

*You should not invest in this product based on this statement alone.*

### Quick facts

<b>Stock code:</b>	2802	<b>Trading lot size:</b>	200 units
<b>Manager:</b>	BlackRock Asset Management North Asia Limited		
<b>Trustee and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited		
<b>Ongoing charges over a year#:</b>	0.63%		
<b>Tracking difference of the last calendar year##:</b>	0.21%		
<b>Underlying Index:</b>	MSCI EM Asia Index		
<b>Base currency:</b>	Hong Kong dollars		
<b>Financial year end of this fund:</b>	31 December		
<b>Dividend policy:</b>	Annually, at Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. Please refer to the risk factor "Dividends payable out of capital or effectively out of capital risk" on page 23 below.		
<b>ETF website:</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a> (Please refer to the section Additional Information on how to access the product webpage)		

### What is this product?

This is a fund constituted in the form of a unit trust. The units of the iShares MSCI Emerging Asia Index ETF (the "**Emerging Asia ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

# The ongoing charges figure is based on expenses for the year ended 31 December 2014. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the Emerging Asia ETF expressed as a percentage of the average Net Asset Value.

## This is the actual tracking difference of the calendar year ended 31 December 2014. Investors should refer to the website of the the Emerging Asia ETF for more up-to-date information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The Emerging Asia ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI EM Asia Index (the “**Underlying Index**”).

### Investment Strategy

The Emerging Asia ETF may adopt a representative sampling investment strategy or a replication investment strategy to achieve its investment objective. The Emerging Asia ETF will invest primarily in securities in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the Emerging Asia ETF achieve its investment objective.

A representative sampling investment strategy involves investing in a representative sample of the securities in the Underlying Index (either directly or indirectly) selected by the Manager.

A replication investment strategy involves investing in substantially all the securities (either directly or indirectly) in substantially the same weightings as those securities comprised in the Underlying Index.

The Manager may switch between the representative sampling and the replication investment strategies without notice to investors and in its absolute discretion. The Emerging Asia ETF may invest in financial derivative instruments to achieve its investment objective. The Emerging Asia ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month’s prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

### Underlying Index

The Underlying Index is a free-float adjusted market capitalisation-weighted index that is compiled and published by MSCI Inc. It is designed to track the equity market performance of emerging market countries of Asia.

As at 30 June 2015, the following were the top 10 index constituents:–

Rank	Constituent Name	Sector	% of Index
1	Samsung Electronics Co. Ltd.	Information Technology	4.58
2	Taiwan Semiconductor Manufacturing Co. Ltd.	Information Technology	4.09
3	Tencent Holdings Limited	Information Technology	3.75
4	China Mobile Ltd.	Telecommunication Services	2.87
5	China Construction Bank Corporation	Financials	2.80
6	Industrial and Commercial Bank of China Ltd.	Financials	2.14
7	Bank of China Ltd.	Financials	1.88
8	Hon Hai Precision Industry Co., Ltd.	Information Technology	1.53
9	Ping An Insurance Co, Ltd.	Financials	1.28
10	China Life Insurance Co., Ltd.	Financials	1.18

For details (including the latest index level and other important news), please refer to the index website at [www.msci.com](http://www.msci.com).



**What are the key risks?**

**Investment involves risks. Please refer to the Prospectus for details including the risk factors.**

**1. Emerging market risk**

- Generally, investments in emerging markets, such as Asian stock markets, are subject to a greater risk of loss than investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- Many Asian stock markets are not as developed or efficient. Trading volumes are usually lower and commissions for trades and custody expenses are generally higher.
- Emerging market regions are also subject to special risks including exchange rate fluctuations and exchange control, imposition of restrictions on the expatriation of funds or other assets, higher transaction and custody costs, settlement delays, governmental interference and smaller market capitalisation.

**2. Concentration risk**

The exposure of the Emerging Asia ETF is concentrated in Asian emerging markets and may be more volatile than funds adopting a more diversified strategy.

**3. Foreign security and exchange risk**

The Emerging Asia ETF may invest in securities of non-Hong Kong companies which are subject to special risks not typically associated with investing in Hong Kong companies including differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which may affect local investments in foreign countries and potential restrictions on the flow of international capital. Any fluctuations between the local currency and the Hong Kong dollar may affect the net asset value of the Emerging Asia ETF.

**4. Passive investment risk**

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

**5. Underlying Index related risks**

There is no guarantee that the Emerging Asia ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Emerging Asia ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the Emerging Asia ETF and its Unitholders.

**6. Tracking error risk**

Changes in the NAV of the Emerging Asia ETF may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index.

### What are the key risks? (Cont'd)

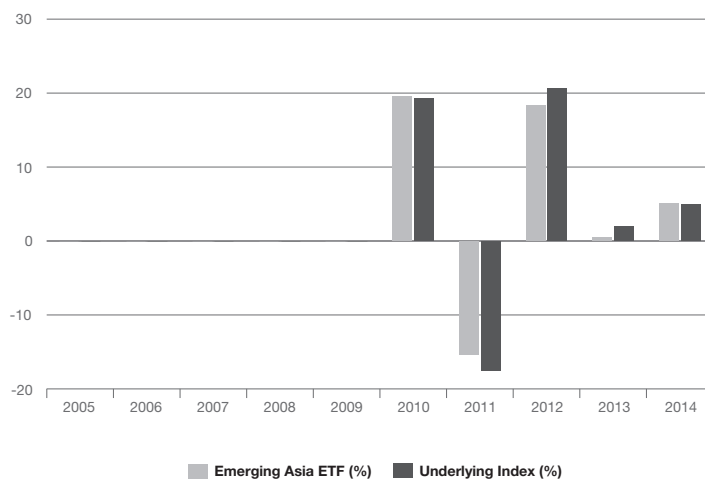
**7. Dividends payable out of capital or effectively out of capital risk**

The Manager may at its discretion pay dividends out of the capital of the Emerging Asia ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Emerging Asia ETF are charged to/paid out of the capital of the Emerging Asia ETF, resulting in an increase in distributable income for the payment of dividends by the Emerging Asia ETF and therefore, the Emerging Asia ETF may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the Emerging Asia ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

**8. Trading risk**

Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the Emerging Asia ETF on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV.

### How has the fund performed?



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
APEX Small Cap ETF Return (%)	-	-	-	-	-	19.53	-15.33	18.34	0.53	5.12
Underlying Index Return (%)	-	-	-	-	-	19.28	-17.52	20.58	2.02	4.91

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the Emerging Asia ETF increased or decreased in value during the calendar year shown. Performance data has been calculated in the base currency of the Emerging Asia ETF, including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: MSCI EM Asia Index.
- Launch date of Emerging Asia ETF: 12 March 2009.

### Is there any guarantee?

The Emerging Asia ETF does not have any guarantees. You may not get back the amount of money you invest.

**What are the fees and charges?****Charges incurred when trading the Emerging Asia ETF on SEHK**

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% <sup>1</sup>
Trading fee	0.005% <sup>2</sup>
Stamp duty	Nil

**Ongoing fees payable by the Emerging Asia ETF**

The following expenses will be paid out of the Emerging Asia ETF. They affect you because they reduce the net asset value of the Emerging Asia ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.59% p.a. of net asset value calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

**Other costs**

Please refer to the Prospectus for other fees and expenses payable by the Emerging Asia ETF.

<sup>1</sup> Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the price of the units, payable by the buyer and the seller.

### **Additional information**

You can find the following information of the Emerging Asia ETF at the following website at [www.blackrock.com/hk](http://www.blackrock.com/hk).

- The Emerging Asia ETF's Prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Latest closing level of the Underlying Index;
- Notices and announcements; and
- Composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

All of the information outlined above can be found on the product webpage of the Emerging Asia ETF. The product webpage of the Emerging Asia ETF can be located by using the search function and inserting the ticker number of the Emerging Asia ETF (i.e. 2802) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

### **Important**

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# TABLE OF CONTENTS

INTRODUCTION .....	1
The Trust and the Index Funds .....	1
Investment Objective .....	1
Investment Strategy .....	1
Investment and Borrowing Restrictions .....	2
Index Licence Agreement .....	3
DESCRIPTIONS OF THE INDEX FUNDS .....	4
iShares MSCI AC ASIA EX JAPAN INDEX ETF .....	4
iShares MSCI ASIA APEX MID CAP INDEX ETF .....	10
iShares MSCI ASIA APEX SMALL CAP INDEX ETF .....	14
iShares MSCI EMERGING ASIA INDEX ETF .....	19
CREATIONS AND REDEMPTIONS (PRIMARY MARKET) .....	23
Investment in an Index Fund .....	23
Creation by Participating Dealers .....	23
Redemption of Units .....	25
Directed Cash Dealing .....	27
Suspension of Creations and Redemptions .....	27
Transfer of Units .....	28
EXCHANGE LISTING AND TRADING (SECONDARY MARKET) .....	29
DETERMINATION OF NET ASSET VALUE .....	30
Suspension of Net Asset Value .....	30
Issue Price and Redemption Value .....	31
FEES AND EXPENSES .....	32
RISK FACTORS .....	34
Investment Risk .....	34
Market Trading Risks Associated with an Index Fund .....	38
Risks Associated with the Underlying Index .....	39
Regulatory Risks .....	41
MANAGEMENT OF THE TRUST .....	42
The Manager .....	42
Trustee and Registrar .....	43
Indemnities of the Trustee and Manager .....	44
Service Agent .....	44
Auditor .....	44
Conflicts of Interest .....	44
Soft Dollars .....	45
STATUTORY AND GENERAL INFORMATION .....	46
Reports and Accounts .....	46
Trust Deed .....	46
Modification of Trust Deed .....	46
Provision of Information .....	47

Voting Rights .....	47
Termination .....	47
Inspection of Documents .....	48
Part XV of the Securities and Futures Ordinance .....	48
Anti-Money Laundering Regulations .....	48
Takeovers Code .....	48
Change of Underlying Index.....	48
Information Available on the Internet .....	49
Notices .....	50
Queries and Complaints.....	50
TAXES .....	51
DEFINITIONS.....	54
SCHEDULE 1.....	58
Investment Restrictions .....	58
Stock Lending .....	60
Borrowing Policy .....	60
SCHEDULE 2.....	61
Index Provider Disclaimer .....	61

# INTRODUCTION

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Index Funds. It contains important facts about the Trust as a whole and each of the Index Funds offered in accordance with this Prospectus.

## The Trust and the Index Funds

The Trust is an umbrella unit trust created by a trust deed (the “Trust Deed”) dated 16 November 2001, as amended, made under Hong Kong law between Barclays Global Investors North Asia Limited (now known as BlackRock Asset Management North Asia Limited) (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Trust may issue different classes of units and the Trustee shall establish a separate pool of assets within the Trust (each such separate pool of assets an “Index Fund”) for each class of units. The assets of an Index Fund will be invested and administered separately from the other assets of the Trust. The Manager reserves the right to establish other Index Funds and to issue further classes of Units in the future.

This Prospectus relates to the following Index Funds, each of which is an exchange traded fund (or “ETF”) authorised by the SFC:

1. iShares MSCI AC Asia ex Japan Index ETF;
2. iShares MSCI Asia APEX Mid Cap Index ETF;
3. iShares MSCI Asia APEX Small Cap Index ETF; and
4. iShares MSCI Emerging Asia Index ETF.

ETFs are funds that are designed to track an index. The Units of each Index Fund are listed on the SEHK and trade like any other equity security listed on the SEHK. Only Participating Dealers may create or redeem Units directly from an Index Fund at Net Asset Value. All other investors may only purchase and sell Units in each Index Fund on the SEHK.

PRICES FOR AN INDEX FUND ON THE SEHK ARE BASED ON SECONDARY MARKET TRADING FACTORS AND MAY DEVIATE SIGNIFICANTLY FROM THE NET ASSET VALUE OF THE INDEX FUND.

## Investment Objective

The investment objective of each Index Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index relevant to the Index Fund.

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

The investment objective particular to each Index Fund is set out in the “Descriptions of the Index Funds” section of this Prospectus. There can be no assurance that an Index Fund will achieve its investment objective.

The Underlying Index of an Index Fund may be changed by prior approval of the SFC and notice to Unitholders.

## Investment Strategy

The Manager uses a passive or indexing approach to try to achieve each Index Fund’s investment objective. The investment objective of each Index Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index relevant to the Index Fund.

The Manager does not try to beat or perform better than the Underlying Index.

Each Index Fund aims to invest at least 90% of its assets in achieving the investment objective. Depending on the Index Fund's investment strategy discussed below, an Index Fund may invest, either directly or indirectly, in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the Index Fund achieve its investment objective. An Index Fund may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the Index Fund achieve its investment objective. The investment strategy of an Index Fund is subject to the investment and borrowing restrictions set out in Schedule 1.

In managing an Index Fund, the Manager may use either a representative sampling investment strategy or a replication investment strategy as described below. The particular strategy employed for each Index Fund is set out in the section of this Prospectus headed "Descriptions of the Index Funds".

Potential investors should note that the Manager may swap between the two strategies, without prior notice to Unitholders, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the relevant Index Fund.

#### **Representative Sampling Investment Strategy**

"Representative sampling" is an indexing strategy that involves investing, directly or indirectly, in a representative sample of the Securities included in the relevant Underlying Index that collectively has an investment profile that reflects the profile of the relevant Underlying Index. An Index Fund adopting a representative sampling investment strategy, may or may not hold all of the Securities that are included in the relevant Underlying Index, and may hold Securities which are not included in the Underlying Index, provided that the sample closely reflects the overall characteristics of the Underlying Index.

#### **Replication Investment Strategy**

"Replication" is an indexing strategy that involves investing in substantially all of the Securities in the Underlying Index, either directly or indirectly, in substantially the same proportions as those Securities have in the Underlying Index.

#### **Correlation**

An index is a theoretical financial calculation based on the performance of particular components that make up the index, whereas an Index Fund is an actual investment portfolio. The performance of an Index Fund and its Underlying Index may be different due to transaction costs, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between an Index Fund's portfolio and the Underlying Index. These differences may result for example from legal restrictions affecting the ability of the Index Fund to purchase or dispose of Securities or the employment of a representative sampling investment strategy.

The use of a representative sampling investment strategy can be expected to result in greater tracking error than a replication investment strategy. The consequences of "tracking error" are described in more detail in "Risk Factors".

#### **Investment and Borrowing Restrictions**

Each Index Fund must comply with the investment and borrowing restrictions applicable to the relevant Index Fund and summarised in Schedule 1 of this Prospectus (which includes a summary of the investment restrictions set out in the Trust Deed).



## **Index Licence Agreement**

The Manager has been granted a licence by MSCI to use the MSCI Indexes as the basis for determining the composition of the Index Funds and to sponsor, issue, establish, organise, structure, operate, manage, offer, sell, market, promote, write, list, exchange and distribute the Index Funds pursuant to a licence agreement. The term of the licence agreement commenced on 12 September 2008 and will automatically extend for successive renewal terms of three years at a time, unless either party terminates the licence agreement by written notice to the other party not later than ninety days prior to the end of the term.

Investors' attention is drawn to "Risks Associated with the Underlying Index" on page 39.

# DESCRIPTIONS OF THE INDEX FUNDS

## iSHARES MSCI AC ASIA Ex Japan INDEX ETF

### Key Information

The following table is a summary of key information in respect of the iShares MSCI AC Asia ex Japan Index ETF, and should be read in conjunction with the full text of the Prospectus.

<b>Underlying Index</b>	Index: MSCI All Country Asia ex Japan Index Launch Date: 1 January 2001 Number of constituents: 613 stocks (as at 30 June 2015) Total Market Capitalisation (Free Float): HK\$27,561,054.55 million (as at 30 June 2015) Base Currency: Hong Kong Dollars
<b>Listing Date (SEHK)</b>	23 April 2009
<b>Exchange Listing</b>	SEHK – Main Board
<b>Initial public offering</b>	Not applicable
<b>Stock Code</b>	3010
<b>Trading Board Lot Size</b>	200 Units
<b>Base Currency and Trading Currency</b>	Hong Kong Dollars (HK\$)
<b>Dividend Policy</b>	Annually, at the Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.
<b>Application Unit size (only Participating Dealers)</b>	Minimum 800,000 Units (or multiples thereof)
<b>Creation/Redemption Deadline</b>	11:30 am
<b>Management Fee</b>	0.59% p.a. of Net Asset Value calculated daily
<b>Investment strategy</b>	Representative sampling investment strategy (Refer to the Introduction above and the "Investment Strategy" section below)
<b>Financial year end</b>	31 December
<b>Website</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a>

### Investment Objective

The investment objective of the iShares MSCI AC Asia ex Japan Index ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI All Country Asia ex Japan Index. There can be no assurance that the iShares MSCI AC Asia ex Japan Index ETF will achieve its investment objective.

### Investment Strategy

To achieve its investment objective the investment strategy of the iShares MSCI AC Asia ex Japan Index ETF is to use a representative sampling investment strategy to approximate to the performance of the MSCI All Country Asia ex Japan Index.

The iShares MSCI AC Asia ex Japan Index ETF will invest primarily in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the iShares MSCI AC Asia ex Japan Index ETF achieve its investment objective. The iShares MSCI AC Asia ex Japan Index ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the iShares MSCI AC Asia ex Japan Index ETF achieve its investment objective. The investment strategy of the iShares MSCI AC Asia ex Japan Index ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

The iShares MSCI AC Asia ex Japan Index ETF invests in the iShares MSCI India Index ETF (the “MSCI India ETF”), a Singapore-listed ETF, to gain access to the India securities comprised in the Underlying Index (“Indian Constituents”). The Indian Constituents may only be acquired by foreign investors who are registered as Foreign Portfolio Investors (“FPI”) with the Securities and Exchange Board of India. Since the iShares MSCI AC Asia ex Japan Index ETF is not a registered FPI, it will instead invest in the MSCI India ETF, which has the exact same constituents as the Indian Constituents in approximately the same weightings (as compared to the weighting of each Indian Constituent out of all Indian Constituents). The MSCI India ETF is not authorised by the SFC and not available to Hong Kong residents. There is no guarantee as to the performance of the MSCI India ETF or correlation of its future performance to that of the Indian Constituents. If there are material changes to the constituents and/or weightings between the MSCI India ETF and the Indian Constituents of the Underlying Index, or if the Manager intends to gain exposure to the Indian Constituents via other investments, it will consult the SFC in advance.

The Manager seeks to invest the iShares MSCI AC Asia ex Japan Index ETF in the MSCI India ETF in such weighting (as a percentage of the Net Asset Value of the iShares MSCI AC Asia ex Japan Index ETF) corresponding to the weighting of the Indian Constituents (as a percentage of the market capitalisation of the Underlying Index) at the relevant time. Where the weighting of the Indian Constituents (as a percentage of the Underlying Index) exceeds 10%, the iShares MSCI AC Asia ex Japan Index ETF may invest more than 10% of its Net Asset Value in the MSCI India ETF provided that:

- (i) it is limited to when the combined weighting of the Indian Constituents account for more than 10% of the weighting of the Underlying Index; and
- (ii) the iShares MSCI AC Asia ex Japan Index ETF’s weighted holding of the MSCI India ETF may not exceed the total combined weighting of the Indian Constituents in the Underlying Index, except where such combined weighting is exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature.

In addition to the MSCI India ETF, the Manager may also invest up to 10% of the iShares MSCI AC Asia ex Japan Index ETF’s NAV in other ETF(s) for cash management and contingency purposes. In case the Manager wishes to exceed the above 10% threshold for any ETF other than the MSCI India ETF, it will consult the SFC in advance.

Where the iShares MSCI AC Asia ex Japan Index ETF invests in ETF(s) managed by the Manager or its affiliates, the Manager shall ensure that neither the iShares MSCI AC Asia ex Japan Index ETF nor its Unitholders will suffer any increase in the overall total of initial charges, management fee, or any other costs and charges payable to the Manager and/or its affiliates as a result of the investment in such ETF(s).

The iShares MSCI AC Asia ex Japan Index ETF may invest in financial derivative instruments for reducing tracking error, hedging purposes or to achieve its investment objective. The iShares MSCI AC Asia ex Japan Index ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month’s prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

### **Underlying Index**

The MSCI All Country Asia ex Japan Index is an equity index calculated and published by MSCI. The Manager (or its Connected Persons) is independent of the Index Provider. Please see Schedule 2 for the index disclaimer. The Bloomberg ticker of the MSCI All Country Asia ex Japan Index is MJASJ and the Reuters ticker of the Underlying Index is dMIAX00000NHK.

The MSCI All Country Asia ex Japan Index is a free float-adjusted market capitalisation-weighted index. The index captures large and mid cap representation across two of three developed markets countries (excluding Japan) and eight emerging markets countries in Asia. To ensure the highest level of tradability, a stringent set of investability screens are applied during the index construction process. The index, which is a total-return index, is calculated net of tax. MSCI uses the withholding tax rates applicable to foreign non-resident institutional investors that do not benefit from double taxation treaties.

Countries included in the MSCI All Country Asia ex Japan Index as at the date of this Prospectus are: PRC (Hong Kong listed), Hong Kong, South Korea, Singapore, Taiwan, India, Indonesia, Thailand, Malaysia and Philippines. The MSCI All Country Asia ex Japan Index is denominated in US Dollars.

As at 30 June 2015, the index weight breakdowns by country and sector are as follows:

Country	Weighting %	Sector	Weighting %
PRC (Hong Kong listed)	29.6	Financials	34.7
S Korea	17.1	Information Technology	21.0
Taiwan	15.1	Industrials	8.9
Hong Kong	12.7	Consumer Discretionary	7.7
India	9.1	Telecommunication Services	6.6
Others	16.4	Consumer Staples	5.3
		Energy	4.9
		Materials	4.8
		Utilities	4.0
		Health Care	2.2

Total may not equal to 100% due to rounding.

The MSCI All Country Asia ex Japan Index is a regional composite index constructed based on the MSCI Global Investable Market Index Methodology. A Market Investable Equity Universe for a market is derived by applying investability screens to individual companies and securities in the Equity Universe that are classified in that market. Indices are built at a country market level before they are aggregated into the regional composite, to construct a country index, every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.

As at the date of this Prospectus, each country index is divided into large and mid cap segments and provide exhaustive coverage of these size segments by targeting a coverage range around 85% of free float-adjusted market capitalisation in each market. As at the date of this Prospectus, MSCI categorizes large, mid and small cap, ranked by the free float-adjusted market cap of the securities:

Large-cap: top 70% (+/-5%) in the Investable Equity Universe of the market

Mid-cap: from 70 to 85% (+/-5%) in the Investable Equity Universe of the market

Small-cap: from 85 to 99% (+1%/-0.5%) in the Investable Equity Universe of the market

MSCI maintains a consistent index construction and maintenance methodology for all of its international equity indices enabling the aggregation of the country indices into regional and global indices.

The details of the MSCI Global Investable Market Index Methodology can be found at: [www.msci.com](http://www.msci.com).

### Description of Index Methodology and Construction

The MSCI methodology and its calculation method entail a variable number of companies comprising the Underlying Index. The Underlying Index excludes securities with foreign ownership limits, China B shares and REITs. Securities with multiple share classes will be represented by the largest share class constituent. The Underlying Index optimizes country representation and index tradability by excluding countries with less than 3 securities otherwise qualifying to be represented in the index, or countries, the securities of which would constitute less than 5% of the weight in MSCI AC Asia ex-Japan Index.

The monitored performance is that of the index closing prices. The complete construction methodology for the MSCI All Country Asia ex Japan Index and any circumstances that may affect the accuracy and completeness in the calculation of its index level are available at [www.msci.com](http://www.msci.com).

### Constituent Securities of the Underlying Index

The official MSCI indices are calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed. The MSCI All Country Asia ex Japan Index is available in real time through Reuters and Bloomberg, and the closing price of the MSCI All Country Asia ex Japan Index is available on the MSCI's website: [www.msci.com](http://www.msci.com), as well as [www.blackrock.com/hk](http://www.blackrock.com/hk).

The index components are reviewed quarterly by MSCI in order to update changes on stock capitalisation (number of shares and free-float) or its sector classification. All main changes to the index (e.g. merger, acquisition, rights issues and initial public offering) in respect of a company's capital structure are implemented daily. The constituent securities of the indices may be readily acquired and disposed of under normal market conditions. Any changes to the composition of the MSCI All Country Asia ex Japan Index or rules for inclusion in the MSCI All Country Asia ex Japan Index are available at [www.msci.com](http://www.msci.com).

As at 30 June 2015, the 10 largest constituent stocks of the MSCI All Country Asia ex Japan Index are as follows:–

Company name	Exchange	Sector	Weighting %
1. Samsung Electronics Co. Ltd.	S Korea	Information Technology	3.74
2. Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	3.34
3. Tencent Holdings Limited	Hong Kong	Information Technology	3.07
4. AIA Group Ltd.	Hong Kong	Financials	2.35
5. China Mobile Ltd.	Hong Kong	Telecommunication Services	2.34
6. China Construction Bank Corporation	Hong Kong	Financials	2.29
7. Industrial and Commercial Bank of China Ltd.	Hong Kong	Financials	1.75
8. Bank of China Ltd.	Hong Kong	Financials	1.54
9. Hon Hai Precision Industry Co., Ltd.	Taiwan	Information Technology	1.25
10. CK Hutchison Holdings Limited	Hong Kong	Industrials	1.18

### Dividend Policy

Income net of withholding tax earned by the Index Fund will, at the discretion of the Manager, be distributed by way of annual cash distribution in December (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). There can be no assurance that a distribution will be paid. Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Information relating to the composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request. Investors should also refer to "Information Available on the Internet" for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

## Specific Risks

In addition to the general risks identified in the section of this Prospectus called “Risk Factors”, this Index Fund is subject to the following additional specific risks:

- Rebalancing Period Risk.* The underlying index of the iShares MSCI AC Asia ex Japan Index ETF was changed to the present index (the MSCI All Country Asia ex Japan Index) effective from 27 July 2015. During the rebalancing period from the previous index to the Underlying Index, which is anticipated to take between 3 to 5 trading days from 27 July 2015, holdings of the iShares MSCI AC Asia ex Japan Index ETF will be rebalanced from constituents of the previous index to the Underlying Index. Although there is a high degree of correlation between the two indices, the Manager considers there is a risk that the tracking error and tracking difference of the iShares MSCI AC Asia ex Japan Index ETF during the rebalancing period may increase. Investors who deal with Units of the iShares MSCI AC Asia ex Japan Index ETF during the rebalancing period should exercise caution;
- Sector Risks.* The Underlying Index covers sectors that are not covered by the previous index, namely the consumer staples sector and the healthcare sector. Companies in the healthcare sector are subject to stringent government regulations on licensing, innovation, production, sales and promotion, which regulations could affect company profitability. Performance of these companies may be affected by many factors including demographics, technological advancements, global reach of diseases, cost controls and intellectual property protection. Investments in these companies may therefore be volatile and subject to global or regional trends. Companies in the consumer staples sector are subject to government regulation affecting the permissibility of using various food additives and production methods. The success of food, beverage, household and personal products companies may be strongly affected by marketing campaigns, performance of the overall domestic and international economy, interest rates, competition and consumer confidence and spending. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence;
- Past Performance Risk.* As a result of the change in Underlying Index, past performance of the iShares MSCI AC Asia ex Japan Index ETF prior to such date was achieved under circumstances which no longer apply. Investors should exercise caution when considering the past performance of the iShares MSCI AC Asia ex Japan Index ETF prior to 27 July 2015;
- Representative Sampling Risk.* The iShares MSCI AC Asia ex Japan Index ETF will adopt a representative sampling investment strategy. As such, there is no guarantee or assurance of exact or identical replication at any time of the performance of the Underlying Index. This may materially impact the price and volatility of the Units;
- Emerging Markets Risk.* The iShares MSCI AC Asia ex Japan Index ETF invests in eight emerging markets countries in Asia. Many Asian stock markets are not as developed or efficient and may be more volatile than developed markets. There is generally less government supervision and regulation of Asian exchanges, brokers and listed companies. This may materially impact the price and volatility of the underlying Securities and therefore, the value of the Units. Please refer to specific risks relating to emerging markets under “Risk Factors”;

Trading volumes in Asian markets are usually lower than in developed markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations in certain circumstances;

- Mid-capitalisation Companies Risk.* The iShares MSCI AC Asia ex Japan Index ETF invests in large to mid-capitalisation companies. The stocks of mid-capitalisation companies may have lower liquidity and their prices are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. This may impact the net asset value of the iShares MSCI AC Asia ex Japan Index ETF to a larger extent than those of funds that only invest in stocks of larger capitalisation companies. Mid-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products;

- *ETF Investments Risk.* The iShares MSCI AC Asia ex Japan Index ETF invests in the MSCI India ETF in order to track the performance of Indian Constituents and in other ETF(s) for cash management and contingency purposes. Where the iShares MSCI AC Asia ex Japan Index ETF invests in any ETF managed by the Manager or its affiliate, neither the iShares MSCI AC Asia ex Japan Index ETF nor its Unitholders will suffer any increase in the overall total of initial charges, management fee, or any other costs and charges payable to the Manager and/or its affiliate as a result of the investment in such ETF. Nevertheless, where the iShares MSCI AC Asia ex Japan Index ETF invests in ETFs which are not managed by the Manager or its affiliate, the fees and costs charged in respect of such ETFs will be borne by the iShares MSCI AC Asia ex Japan Index ETF;

Although the Manager will only invest in ETFs if it considers that doing so is in the best interest of the iShares MSCI AC Asia ex Japan Index ETF and its Unitholders, there is no guarantee that these ETFs will achieve their respective investment objectives and any tracking error of these ETFs will also contribute to the tracking error of the iShares MSCI AC Asia ex Japan Index ETF. Further, although the Manager will only invest in ETFs that track indices that have a high correlation with the Underlying Index (or a certain sector or portion of the Underlying Index), the difference of the underlying constituents between the indices tracked by the relevant ETFs and the Underlying Index may also contribute to tracking error;

The ETF(s) in which the iShares MSCI AC Asia ex Japan Index ETF may invest may be managed by the Manager or its affiliate, i.e. a BlackRock entity. Whilst the Manager and each of its affiliates are separate legal entities and operationally independent from each other, and each of them is regulated with respect to its respective activities in their respective jurisdictions, and in the provision of services in respect of the iShares MSCI AC Asia ex Japan Index ETF and the relevant underlying ETFs, in the event of a financial catastrophe or the insolvency of any member of the BlackRock group, there may be adverse implications for the business of the group as a whole or other members of the group which could affect the provision of services to the iShares MSCI AC Asia ex Japan Index ETF or the underlying ETFs as appropriate. In such event the operation of the iShares MSCI AC Asia ex Japan Index ETF may be disrupted and its tracking of the Underlying Index may be adversely affected. In addition, whilst all transactions will be at arm's length it should be noted that conflicts of interest may arise from time to time amongst any of them. The Manager will have regard to its obligations to the iShares MSCI AC Asia ex Japan Index ETF and Unitholders and will endeavour to ensure such conflicts are resolved fairly;

- *Asian Stock Exchanges Risk.* Commissions for trades on Asian stock exchanges and custody expenses are generally higher than those applicable to developed markets. Settlement practices for transactions in Asian markets may involve delays beyond periods customary in more developed markets, possibly requiring the Index Fund to borrow funds or securities to satisfy its obligations arising out of other transactions; and
- *Foreign Security and Exchange Risk.* Asian stock exchanges may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Index Fund's investment in certain countries, may increase its costs and expenses and impact its ability to accurately match the Underlying Index. This may materially impact the price and volatility of the underlying Securities.

#### **Further Information**

Further information in relation to the iShares MSCI AC Asia ex Japan Index ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). Investors should refer to "Information Available on the Internet" for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

## iSHARES MSCI ASIA APEX MID CAP INDEX ETF

### Key Information

The following table is a summary of key information in respect of the iShares MSCI Asia APEX Mid Cap Index ETF, and should be read in conjunction with the full text of the Prospectus.

<b>Underlying Index</b>	Index: MSCI Asia APEX Mid Cap 50 Index Launch Date: 29 August 2008 Number of constituents: 51 stocks (as at 30 June 2015) Total Market Capitalisation (Free Float): HK\$1,345,354.67 million (as at 30 June 2015) Base Currency: Hong Kong Dollars
<b>Listing Date (SEHK)</b>	23 April 2009
<b>Exchange Listing</b>	SEHK – Main Board
<b>Initial public offering</b>	Not applicable
<b>Stock Code</b>	3032
<b>Trading Board Lot Size</b>	200 Units
<b>Base Currency and Trading Currency</b>	Hong Kong Dollars (HK\$)
<b>Dividend Policy</b>	Annually, at the Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.
<b>Application Units size (only Participating Dealers)</b>	Minimum 800,000 Units (or multiples thereof)
<b>Creation/Redemption Deadline</b>	11:30 am
<b>Management Fee</b>	0.59% p.a. of Net Asset Value calculated daily
<b>Investment strategy</b>	Representative sampling investment strategy (Refer to the Introduction above and the "Investment Strategy" section below)
<b>Financial year end</b>	31 December
<b>Website</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a>

### Investment Objective

The investment objective of the iShares MSCI Asia APEX Mid Cap Index ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI Asia APEX Mid Cap 50 Index. There can be no assurance that the iShares MSCI Asia APEX Mid Cap Index ETF will achieve its investment objective.

### Investment Strategy

To achieve its investment objective the investment strategy of the iShares MSCI Asia APEX Mid Cap ETF is to use a representative sampling investment strategy to approximate to the performance of the MSCI Asia APEX Mid Cap 50 Index.

The iShares MSCI Asia APEX Mid Cap Index ETF will invest primarily in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the iShares MSCI Asia APEX Mid Cap Index ETF achieve its investment objective. The iShares MSCI Asia APEX Mid Cap Index ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the iShares MSCI Asia APEX Mid Cap Index ETF achieve its investment objective. The investment strategy of the iShares MSCI Asia APEX Mid Cap Index ETF is subject to the investment and borrowing restrictions set out in Schedule 1.



The iShares MSCI Asia APEX Mid Cap Index ETF may invest in financial derivative instruments for reducing tracking error, hedging purposes or to achieve its investment objective. The iShares MSCI Asia APEX Mid Cap Index ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month's prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

### Underlying Index

The MSCI Asia APEX Mid Cap 50 Index is an equity index calculated and published by MSCI. The Manager (or its Connected Persons) is independent of the Index Provider. Please see Schedule 2 for the index disclaimer.

The MSCI Asia APEX Mid Cap 50 Index is a free float-adjusted market capitalisation-weighted index serving as a tradable proxy to the broader MSCI AC Asia ex-Japan Mid Cap Index. The index captures the performance of the largest 50 Mid Cap stocks that meet the tradability criteria in the Asia ex-Japan region. To ensure the highest level of tradability, a stringent set of investability screens are applied during the index construction process. The index, which is a total-return index, is calculated net of tax. MSCI uses the withholding tax rates applicable to foreign non-resident institutional investors that do not benefit from double taxation treaties.

Countries included in the Underlying Index as at the date of this Prospectus are: Hong Kong, South Korea, Indonesia, Malaysia, PRC (Hong Kong listed), Singapore and Taiwan. The MSCI Asia APEX Mid Cap 50 Index is denominated in US Dollars.

As at 30 June 2015, the index weight breakdowns by country and sector are as follows:

Country	Weighting %	Sector	Weighting %
PRC (HK Listed)	31.98	Financials	25.22
Hong Kong	21.44	Consumer Discretionary	23.04
S Korea	22.78	Industrials	20.15
Singapore	15.30	Information Technology	10.07
Taiwan	8.50	Utilities	7.83
		Consumer Staples	5.99
		Health Care	4.34
		Telecommunication Services	1.80
		Materials	1.57

Total may not equal to 100% due to rounding.

The MSCI Asia APEX Mid Cap 50 Index is a regional composite index constructed based on the MSCI Global Investable Market Index Methodology. A Market Investable Equity Universe for a market is derived by applying investability screens to individual companies and securities in the Equity Universe that are classified in that market. Indices are built at a country market level before they are aggregated into the regional composite. To construct a country index, every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.

As at the date of this Prospectus, each country index is divided into large and mid cap segments and provide exhaustive coverage of these size segments by targeting a coverage range around 85% of free float-adjusted market capitalisation in each market. As at the date of this Prospectus, MSCI categorizes large, mid and small cap, ranked by the free float-adjusted market cap of the securities:

Large-cap: top 70% (+/-5%) in the Investable Equity Universe of the market

Mid-cap: from 70 to 85% (+/-5%) in the Investable Equity Universe of the market

Small-cap: from 85 to 99% (+1%/-0.5%) in the Investable Equity Universe of the market

MSCI maintains a consistent index construction and maintenance methodology for all of its international equity indices enabling the aggregation of the country indices into regional and global indices.

The details of the MSCI Global Investable Market Index Methodology can be found at: [www.msci.com](http://www.msci.com).

### Description of Index Methodology and Construction

The MSCI methodology and its calculation method entail a variable number of companies comprising the Underlying Index. The Underlying Index excludes securities with foreign ownership limits, China B shares and REITs. Securities with multiple share classes will be represented by the largest share class constituent. The Underlying Index optimizes country representation and index tradability by excluding countries with less than 3 securities otherwise qualifying to be represented on the index, or countries the securities of which would constitute less than 5% of the weight in the MSCI AC Asia ex-Japan Mid Cap Index.

The monitored performance is that of the index closing prices. The complete construction methodology for the MSCI Asia APEX Mid Cap 50 Index and any circumstances that may affect the accuracy and completeness in the calculation of its index level are available at: [www.msci.com](http://www.msci.com).

### Constituent Securities of the Underlying Index

The official MSCI indices are calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed. The MSCI Asia APEX Mid Cap 50 Index is available in real time through Reuters and Bloomberg, and the closing price of the MSCI Asia APEX Mid Cap 50 Index is available on the MSCI's website: [www.msci.com](http://www.msci.com) as well as [www.blackrock.com/hk](http://www.blackrock.com/hk).

The index components are reviewed quarterly by the MSCI in order to update changes on stock capitalisation (number of shares and free-float) or its sector classification. All main changes to the index (e.g. merger, acquisition, rights issues and initial public offering) in respect of a company's capital structure are implemented daily. The constituent securities of the indices may be readily acquired and disposed of under normal market conditions. Any changes to the composition of the MSCI Asia APEX Mid Cap 50 Index or rules for inclusion in the MSCI Asia APEX Mid Cap 50 Index are available at [www.msci.com](http://www.msci.com).

As at 30 June 2015, the 10 largest constituent stocks of the MSCI Asia APEX Mid Cap 50 Index are as follows:–

Rank	Company Name	Exchange	Sector	Weighting %
1	New World Development Co. Ltd.	Hong Kong	Financials	4.02
2	Bank of East Asia	Hong Kong	Financials	2.96
3	Comfortdelgro Ltd.	Singapore	Industrials	2.87
4	Singapore Press Holdings Ltd.	Singapore	Consumer Discretionary	2.79
5	Singapore Exchange Limited	Singapore	Financials	2.69
6	Wheelock & Co Ltd	Hong Kong	Financials	2.69
7	Li & Fung	Hong Kong	Consumer Discretionary	2.67
8	ENN Energy Holdings Ltd.	Hong Kong	Utilities	2.63
9	Techtronic Industries Ltd.	Hong Kong	Consumer Discretionary	2.59
10	Coway Co Ltd	S Korea	Consumer Discretionary	2.55

### Dividend Policy

Income net of withholding tax earned by the Index Fund will, at the discretion of the Manager, be distributed by way of annual cash distribution in December (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). There can be no assurance that a distribution will be paid. Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Information relating to the composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request. Investors should also refer to “Information Available on the Internet” for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

### **Specific Risks**

In addition to the general risks identified in the section of this Prospectus called “Risk Factors”, this Index Fund is subject to the following additional specific risks:

- The iShares MSCI Asia APEX Mid Cap Index ETF will adopt a representative sampling investment strategy. As such, there is no guarantee or assurance of exact or identical replication at any time of the performance of the Underlying Index. This may materially impact the price and volatility of the Units;
- Many Asian stock markets are not as developed or efficient and may be more volatile than developed markets. There is generally less government supervision and regulation of Asian exchanges, brokers and listed companies. This may materially impact the price and volatility of the underlying Securities and therefore, the value of the Units. Please refer to specific risks relating to emerging markets under “Risk Factors”;
- The stock prices of mid-capitalisation companies may be more volatile than those of larger capitalisation companies and thus the Index Fund’s Unit price may increase or decrease by a greater percentage than those of funds that invest in stocks issued by larger capitalisation companies;
- The stock prices of mid-capitalisation companies typically are more vulnerable than large-capitalisation stocks to adverse business or economic developments;
- Mid-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products;
- The stocks of mid-capitalisation companies may be thinly traded and thus may be difficult for the Index Fund to buy and sell or be subject to higher transaction costs; and
- By excluding countries from the Underlying Index where less than 3 Securities otherwise qualify to be represented on the index, or where the Securities referable to a country constitute less than 5% of the weight of the MSCI AC Asia ex-Japan Mid Cap Index, the Index Fund will be more concentrated in particular geographical markets, and necessarily less geographically diversified. This may make the performance of the Index Fund more volatile.

### **Further Information**

Further information in relation to the iShares MSCI Asia APEX Mid Cap Index ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). Investors should refer to “Information Available on the Internet” for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

## iSHARES MSCI ASIA APEX SMALL CAP INDEX ETF

### Key Information

The following table is a summary of key information in respect of the iShares MSCI Asia APEX Small Cap Index ETF, and should be read in conjunction with the full text of the Prospectus.

<b>Underlying Index</b>	Index: MSCI Asia APEX Small Cap 200 Index Launch Date: 29 August 2008 Number of constituents: 201 stocks (as at 30 June 2015) Total Market Capitalisation (Free Float): HK\$1,415,746.46 million (as at 30 June 2015) Base Currency: Hong Kong Dollars
<b>Listing Date (SEHK)</b>	23 April 2009
<b>Exchange Listing</b>	SEHK – Main Board
<b>Initial public offering</b>	Not applicable
<b>Stock Code</b>	3004
<b>Trading Board Lot Size</b>	200 Units
<b>Base Currency and Trading Currency</b>	Hong Kong Dollars (HK\$)
<b>Dividend Policy</b>	Annually, at the Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.
<b>Application Units size (only Participating Dealers)</b>	Minimum 800,000 Units (or multiples thereof)
<b>Creation/Redemption Deadline</b>	11:30 am
<b>Management Fee</b>	0.59% p.a. of Net Asset Value calculated daily
<b>Investment strategy</b>	Representative sampling investment strategy (Refer to the Introduction above and the "Investment Strategy" section below)
<b>Financial year end</b>	31 December
<b>Website</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a>

### Investment Objective

The investment objective of the iShares MSCI Asia APEX Small Cap ETF Index is to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI Asia APEX Small Cap 200 Index. There can be no assurance that the iShares MSCI Asia APEX Small Cap Index ETF will achieve its investment objective.

### Investment Strategy

To achieve its investment objective the investment strategy of the iShares MSCI Asia APEX Small Cap Index ETF is to use a representative sampling investment strategy to approximate to the performance of the MSCI Asia APEX Small Cap 200 Index.

The iShares MSCI Asia APEX Small Cap Index ETF will primarily invest in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the iShares MSCI Asia APEX Small Cap Index ETF achieve its investment objective. The iShares MSCI Asia APEX Small Cap Index ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the iShares MSCI Asia APEX Small Cap Index ETF achieve its investment objective. The investment strategy of the iShares MSCI Asia APEX Small Cap Index ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

The iShares MSCI Asia APEX Small Cap Index ETF may invest in financial derivative instruments for reducing tracking error, hedging purposes or to achieve its investment objective. The iShares MSCI Asia APEX Small Cap Index ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month's prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

### Underlying Index

The MSCI Asia APEX Small Cap 200 Index is an equity index calculated and published by MSCI. The Manager (or its Connected Persons) is independent of the Index Provider. Please see Schedule 2 for the Index disclaimer.

The MSCI Asia APEX Small Cap 200 Index is a free float-adjusted market capitalisation-weighted index serving as a tradable proxy to the broader MSCI AC Asia ex-Japan Small Cap Index. The index captures the performance of the 200 largest stocks in the MSCI AC Asia ex-Japan Small Cap Index. To ensure the highest level of tradability, a stringent set of investability screens are applied during the index construction process. The index, which is a total-return index, is calculated net of tax. MSCI uses the withholding tax rates applicable to foreign non-resident institutional investors that do not benefit from double taxation treaties.

Countries included in the Underlying Index as at the date of this Prospectus are: Hong Kong, South Korea, PRC (Hong Kong listed), Indonesia, Malaysia, Singapore and Taiwan. The MSCI Asia APEX Small Cap 200 Index is denominated in US Dollars.

As at 30 June 2015, the index weight breakdowns by country and sector are as follows:

Country	Weighting %	Sector	Weighting %
PRC (HK Listed)	29.35	Consumer Discretionary	18.78
Indonesia	1.70	Consumer Staples	7.61
S Korea	24.13	Energy	1.76
Malaysia	1.10	Financials	13.79
Singapore	6.92	Health Care	8.28
Taiwan	16.96	Industrials	17.33
Hong Kong	19.85	Information Technology	23.27
		Materials	7.02
		Telecommunication Services	1.17
		Utilities	0.97

Total may not equal to 100% due to rounding.

The MSCI Asia APEX Small Cap 200 Index is a regional composite index constructed based on the MSCI Global Investable Market Index Methodology. A Market Investable Equity Universe for a market is derived by applying investability screens to individual companies and securities in the Equity Universe that are classified in that market. Indices are built at a country market level before they are aggregated into the regional composite. To construct a country index, every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.

The details of the MSCI Global Investable Market Index Methodology can be found at: [www.msci.com](http://www.msci.com).

### Description of Index Methodology and Construction

The MSCI methodology and its calculation method entail a variable number of companies comprising the Underlying Index. The Underlying Index excludes securities with foreign ownership limits, China B shares and REITs. Securities with multiple share classes will be represented by the largest share class constituent. The Underlying Index optimizes country representation and index tradability by excluding countries with less than 3 securities otherwise qualifying to be represented on the index, or countries the securities of which would constitute less than 5% of the weight in the MSCI AC Asia ex-Japan Small Cap Index.

As at the date of this Prospectus, each country index is divided into large and mid cap segments and provide exhaustive coverage of these size segments by targeting a coverage range around 85% of free float-adjusted market capitalisation in each market. As at the date of this Prospectus, MSCI categorizes large, mid and small cap, ranked by the free float-adjusted market cap of the securities:

Large-cap: top 70% (+/-5%) in the Investable Equity Universe of the market

Mid-cap: from 70 to 85% (+/-5%) in the Investable Equity Universe of the market

Small-cap: from 85 to 99% (+1%/-0.5%) in the Investable Equity Universe of the market

MSCI maintains a consistent index construction and maintenance methodology for all of its international equity indices enabling the aggregation of the country indices into regional and global indices.

The monitored performance is that of the index closing prices. The complete construction methodology for the MSCI Asia APEX Small Cap 200 Index and any circumstances that may affect the accuracy and completeness in the calculation of its index level are available at: [www.msci.com](http://www.msci.com).

### Constituent Securities of the Underlying Index

The official MSCI indices are calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed. The MSCI Asia APEX Small Cap 200 Index is available in real time through Reuters and Bloomberg, and the closing price of the MSCI Asia APEX Small Cap 200 Index is available on the MSCI's website: [www.msci.com](http://www.msci.com) as well as [www.blackrock.com/hk](http://www.blackrock.com/hk).

The index components are reviewed quarterly by the MSCI in order to update changes on a stock capitalisation (number of shares and free-float) or its sector classification. All main changes to the index (e.g. merger, acquisition, right issues and initial public offering) in respect of a company capital structure are implemented daily. The constituent securities of the indices may be readily acquired and disposed of under normal market conditions. Any changes to the composition of the MSCI Asia APEX Small Cap 200 Index or rules for inclusion in the MSCI Asia APEX Small Cap 200 Index are available at [www.msci.com](http://www.msci.com).

As at 30 June 2015, the 10 largest constituent stocks of the MSCI Asia APEX Small Cap 200 Index are as follows:–

Rank	Company Name	Exchange	Sector	Weighting %
1	Vtech Holdings Ltd.	Hong Kong	Information Technology	1.19
2	Singapore Post Limited	Singapore	Industrials	1.16
3	Hopewell Holdings Ltd.	Hong Kong	Industrials	1.14
4	Shenzhen International Holdings Ltd.	Hong Kong	Industrials	1.09
5	Medy-Tox Inc.	S Korea	Healthcare	1.08
6	Television Broadcasts Limited	Hong Kong	Consumer Discretionary	1.07
7	ViroMed Co Ltd.	S Korea	Healthcare	1.06
8	SATS Ltd.	Singapore	Industrials	1.01
9	FIH Mobile	Hong Kong	Information Technology	0.90
10	Skyworth Digital Holdings Ltd.	Hong Kong	Consumer Discretionary	0.90

### Dividend Policy

Income net of withholding tax earned by the Index Fund will, at the discretion of the Manager, be distributed by way of annual cash distribution in December (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). There can be no assurance that a distribution will be paid. Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Information relating to the composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request. Investors should also refer to "Information Available on the Internet" for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

### Specific Risks

In addition to the general risks identified in the section of this Prospectus called Risk Factors, this Index Fund is subject to the following additional specific risks:

- The iShares MSCI Asia APEX Small Cap Index ETF will adopt a representative sampling investment strategy. As such, there is no guarantee or assurance of exact or identical replication at any time of the performance of the Underlying Index. This may materially impact the price and volatility of the Units;
- Many Asian stock markets are not as developed or efficient and may be more volatile than developed markets. There is generally less government supervision and regulation of Asian exchanges, brokers and listed companies. This may materially impact the price and volatility of the underlying Securities and therefore, the value of the Units. Please refer to specific risks relating to emerging markets under "Risk Factors";
- The stock prices of small-capitalisation companies are typically more volatile than those of larger capitalisation companies. Accordingly the iShares MSCI Asia APEX Small Cap Index Fund Unit price may increase or decrease by a greater percentage than those of funds that invest in Securities issued by larger capitalisation companies;
- Small-capitalisation companies may be less financially secure than larger, more established companies;
- Small-capitalisation companies may depend on a small number of key personnel and will generally be more vulnerable to loss of key personnel;
- Small-capitalisation companies generally have less diverse product lines than large-capitalisation companies. Accordingly such entities are more susceptible and vulnerable to the impact of adverse developments concerning their products, as well as the markets and sectors in which they operate;
- The stocks of small-capitalisation companies may be less frequently traded. Limited liquidity may make it difficult for the iShares MSCI Asia APEX Small Cap Index Fund to buy and sell Securities. Lower liquidity also increases the risk that Securities may be sold at a loss, and may further impair the ability of the iShares MSCI Asia APEX Small Cap Index Fund to accurately track the Underlying Index;
- Prices of small capitalisation companies tend to be more volatile than Securities in larger companies; and
- By excluding countries from the Underlying Index where less than 3 Securities otherwise qualify to be represented on the index, or where the Securities referable to a country constitute less than 5% of the weight of the MSCI AC Asia ex-Japan Small Cap Index, the Index Fund will be more concentrated in particular geographical markets, and necessarily less geographically diversified. This may make the performance of the Index Fund more volatile.

**Further Information**

Further information in relation to the iShares MSCI Asia APEX Small Cap Index ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). Investors should refer to “Information Available on the Internet” for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.



## iSHARES MSCI EMERGING ASIA INDEX ETF

### Key Information

The following table is a summary of key information in respect of the iShares MSCI Emerging Asia Index ETF, and should be read in conjunction with the full text of the Prospectus.

<b>Underlying Index</b>	Index: MSCI EM Asia Index Launch Date: 31 December 1987 Number of constituents: 545 stocks (as at 30 June 2015) Total Market Capitalisation (Free Float): HK\$21,267,826.75 million (as at 30 June 2015) Base Currency: Hong Kong Dollars
<b>Listing Date (SEHK)</b>	23 April 2009
<b>Exchange Listing</b>	SEHK – Main Board
<b>Initial public offering</b>	Not applicable
<b>Stock Code</b>	2802
<b>Trading Board Lot Size</b>	200 Units
<b>Base Currency and Trading Currency</b>	Hong Kong Dollars (HK\$)
<b>Dividend Policy</b>	Annually, at the Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.
<b>Application Units size (only Participating Dealers)</b>	Minimum 200,000 Units (or multiples thereof)
<b>Creation/Redemption Deadline</b>	11:30 am
<b>Management Fee</b>	0.59% p.a. of Net Asset Value calculated daily
<b>Investment strategy</b>	Representative sampling investment strategy (Refer to the Introduction above and the "Investment Strategy" section below)
<b>Financial year end</b>	31 December
<b>Website</b>	<a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a>

### Investment Objective

The investment objective of the iShares MSCI Emerging Asia Index ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI EM Asia index. There can be no assurance that the iShares MSCI Emerging Asia Index ETF will achieve its investment objective.

### Investment Strategy

To achieve its investment objective the investment strategy of the iShares MSCI Emerging Asia Index ETF is to use a representative sampling investment strategy to approximate to the performance of the MSCI EM Asia index.

The iShares MSCI Emerging Asia Index ETF will invest primarily in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the iShares MSCI Emerging Asia Index ETF achieve its investment objective. The iShares MSCI Emerging Asia Index ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the iShares MSCI Emerging Asia Index ETF achieve its investment objective. The investment strategy of the iShares MSCI Emerging Asia Index ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

The iShares MSCI Emerging Asia Index ETF may invest in financial derivative instruments for reducing tracking error, hedging purposes or to achieve its investment objective. The iShares MSCI Emerging Asia Index ETF currently does not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month's prior notice will be given to unitholders in the event the Manager intends to engage in such activities.

India securities comprised in the Underlying Index may only be acquired by foreign investors who are registered as Foreign Portfolio Investors ("FPI") with the Securities and Exchange Board of India ("SEBI"). The iShares MSCI Emerging Asia Index ETF is not a registered FPI and will instead invest in the iShares S&P BSE SENSEX India Index ETF to gain exposure to the Indian market segment of the Underlying Index.

As of 30 June 2015, MSCI India Index and S&P BSE SENSEX Index has correlation of 97.6% over a 3 year period. There will be no additional management fee charged to the iShares MSCI Emerging Asia Index ETF for holding iShares S&P BSE SENSEX India ETF.

### Underlying Index

The MSCI EM Asia index is an equity index calculated and published by MSCI. The Manager (or its Connected Persons) is independent of the Index Provider. Please see Schedule 2 for the Index disclaimer.

The MSCI EM Asia Index is a free floated-adjusted market capitalisation-weighted index designed to measure the equity market performance of the emerging market countries of Asia. The index is designed to capture the large and mid cap markets (approximately 85% of the total capitalisation) in the Emerging Asian region. The index, which is a total-return index, is calculated net of tax. MSCI uses the withholding tax rates applicable to foreign non-resident institutional investors that do not benefit from double taxation treaties.

Countries included in the Underlying Index as at the date of this Prospectus are: India, Indonesia, South Korea, Malaysia, Philippines, PRC (Hong Kong listed), Taiwan and Thailand. MSCI will review the eligibility of the countries included in the Emerging Markets Index based on market event. A consultation period with the investment community usually occurs prior to any potential changes in membership.

As at 30 June 2015, the index weight breakdowns by country and sector are as follows:

Country	Weighting %	Sector	Weighting %
PRC (HK Listed)	36.23	Consumer Discretionary	7.58
India	11.61	Consumer Staples	6.11
Indonesia	3.39	Energy	5.93
Malaysia	4.61	Financials	28.46
Philippines	1.98	Health Care	2.71
S Korea	20.89	Industrials	7.78
Taiwan	18.43	Information Technology	25.64
Thailand	3.30	Materials	5.82
		Telecommunication Services	6.86
		Utilities	3.12

Total may not equal to 100% due to rounding.

The MSCI EM Asia Index is a regional composite index constructed based on the MSCI Global Investable Market Index Methodology. This means indices are built at a country market level before they are aggregated into the regional composite. To construct a country index, every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size, liquidity and minimum free float.

Each country index is divided into large and mid cap segments and provide exhaustive coverage of these size segments by targeting a coverage range around 85% of free float-adjusted market capitalisation in each market. The Large Cap Index targets a coverage range around 70% of free float-adjusted market capitalisation in each market while the Mid Cap Index includes all companies in the MSCI standard indices that are not included in the Large Cap Indices. MSCI maintains a consistent index construction and maintenance methodology for all of its international equity indices enabling the aggregation of the country indices into regional and global indices.

The details of the MSCI Global Investable Market Index Methodology can be found at: [www.msci.com](http://www.msci.com).

### Description of Index Methodology and Construction

The MSCI methodology and its calculation method entail a variable number of companies comprising the Underlying Index. The monitored performance is that of the index closing prices. The complete construction methodology for the MSCI EM Asia Index and any circumstances that may affect the accuracy and completeness in the calculation of its index level are available on the MSCI Internet site: [www.msci.com](http://www.msci.com).

### Constituent Securities of the Underlying Index

The official MSCI indices are calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed. The MSCI EM Asia Index is available in real time through Reuters and Bloomberg, and the closing price of the MSCI EM Asia Index is available on the MSCI's website: [www.msci.com](http://www.msci.com) as well as [www.blackrock.com/hk](http://www.blackrock.com/hk).

The index components are reviewed quarterly by the MSCI in order to update changes on stock capitalisation (number of shares and free-float) or its sector classification. All main changes to the index (e.g. merger, acquisition, right issues and initial public offering) in respect of a company's capital structure are implemented daily. The constituent securities of the indices may be readily acquired and disposed of under normal market conditions. Any changes to the composition of the MSCI EM Asia Index or rules for inclusion in the MSCI EM Asia Index are available at [www.msci.com](http://www.msci.com).

As at 30 June 2015, the 10 largest constituent stocks of the MSCI EM Asia Index are as follows:–

Rank	Company Name	Exchange	Sector	Weighting %
1	Samsung Electronics Co. Ltd.	S Korea	Information Technology	4.58
2	Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	4.09
3	Tencent Holdings Limited	Hong Kong	Information Technology	3.75
4	China Mobile Ltd.	Hong Kong	Telecommunication Services	2.87
5	China Construction Bank Corporation	Hong Kong	Financials	2.80
6	Industrial and Commercial Bank of China Ltd.	Hong Kong	Financials	2.14
7	Bank of China Ltd.	Hong Kong	Financials	1.88
8	Hon Hai Precision Industry Co., Ltd.	Taiwan	Information Technology	1.53
9	Ping An Insurance Co, Ltd.	Hong Kong	Financials	1.28
10	China Life Insurance Co., Ltd.	Hong Kong	Financials	1.18

### Dividend Policy

Income net of withholding tax earned by the Index Fund will, at the discretion of the Manager, be distributed by way of annual cash distribution in December (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). There can be no assurance that a distribution will be paid. Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Information relating to the composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request. Investors should also refer to “Information Available on the Internet” for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

### **Specific Risks**

In addition to the general risks identified in the section of this Prospectus called “Risk Factors”, this Index Fund is subject to the following additional specific risks:

- The iShares MSCI Emerging Asia Index ETF will adopt a representative sampling investment strategy. As such, there is no guarantee or assurance of exact or identical replication at any time of the performance of the Underlying Index. This may materially impact the price and volatility of the Units;
- Generally, investments in emerging markets are subject to a greater risk of loss than investments in a developed market. Please refer to specific risks relating to emerging markets under “Risk Factors”.

### **Further Information**

Further information in relation to the iShares MSCI Emerging Asia Index ETF (including details of its Net Asset Value) and Underlying Index is available at the iShares website ([www.blackrock.com/hk](http://www.blackrock.com/hk)). Investors should refer to “Information Available on the Internet” for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

# CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

## Investment in an Index Fund

There are two types of investor in an Index Fund, with two corresponding methods of investment in Units and realisation of an investment in Units. The first type of investor is a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the Index Fund. Only a Participating Dealer can create and redeem Units directly with the Index Fund. A Participating Dealer may create and redeem Units on their own account or for the account of their clients.

The second type of investor is an investor, other than a Participating Dealer, who buys and sells the Units on the SEHK.

This section relates to the first type of investor: Participating Dealers, and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section titled “Exchange Listing and Trading (Secondary Market)” relates to the second type of investor.

## Creation by Participating Dealers

Only Participating Dealers may apply for Units directly from an Index Fund. Units in an Index Fund are continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients, in the minimum Application Unit size in accordance with Operating Guidelines. The Manager expects that Participating Dealers will generally accept and submit creation requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any creation request which would increase the cost of investment. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer.

The Application Unit size for each Index Fund is set out in the “Descriptions of the Index Funds”. Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum holding of an Index Fund is one Application Unit.

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

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the Manager may add to such Issue Price such sum (if any) as represents an appropriate provision for Duties and Charges.

The Manager shall have the right to reject or suspend a Creation Application if (i) in the opinion of the Manager, acceptance of any Security in connection with the Creation Application would have certain adverse tax consequences for the relevant Index Fund; (ii) the Manager reasonably believes that the acceptance of any Security would be unlawful; (iii) the acceptance of any Security would otherwise, in the opinion of the Manager, have an adverse effect on the Index Fund; (iv) circumstances outside control of the Manager make it for all practicable purposes impossible to process the Creation Application; (v) the Manager has suspended the rights of Participating Dealers to redeem Units; or (vi) an insolvency event occurs in respect of the Participating Dealer.

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

Units are denominated in Hong Kong dollars (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended. (An extension fee may be payable in relation to such an extension. See the section on “Fees and Expenses” for further details).

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline (see “Descriptions of the Index Funds”) on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application.

No Units shall be issued to any Participating Dealer unless the application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines.

The Manager may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee it charges (but not as between different Participating Dealers in respect of the same Index Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units for the benefit of the Trustee and/or the Service Agent. See the section on “Fees and Expenses” for further details.

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

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

### **Evidence of Unitholding**

Units will be deposited, cleared and settled by the CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with the CCASS and is holding such Units for the participants in accordance with the General Rules of CCASS. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CCASS neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) (as the case may be).

### **Restrictions on Unitholders**

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

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager’s opinion, might result in the Trust or the relevant Index Fund being adversely affected which the Trust or the relevant Index Fund might not otherwise have suffered; or
- in the circumstances which, in the Manager’s opinion, may result in the Trust or the relevant Index Fund incurring any withholding or any tax liability or suffering any other pecuniary disadvantage which the Trust or the relevant Index Fund might not otherwise have incurred or suffered.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

### **Cancellation of Units**

The Trustee shall cancel Units created and issued in respect of a Creation Application if it has not received good title to all Securities and or cash (including Duties and Charges) relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion, with the approval of the Trustee, (a) extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions (including as to the payment of collateral and an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise) as the Manager may determine or (b) partially settle the Creation Application to the extent to which Securities and or cash has been vested in the Trustee, on such terms and conditions the Manager may determine including terms as to any extension of the settlement period for the outstanding Securities or cash.

Upon the cancellation of any Units as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in certain circumstances contemplated in the Trust Deed, any Securities or cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) and the relevant Units shall be deemed for all purposes never to have been created and the applicant therefore shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- the Manager may charge the Participating Dealer for the account of the Trustee and/or the Registrar an Application Cancellation Fee; see the section on “Fees and Expenses” for further details;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee for the account of the relevant Index Fund in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, plus any charges, expenses and losses incurred by the relevant Index Fund as a result of such cancellation;
- the Trustee and/or the Service Agent shall be entitled to the Transaction Fee payable in respect of a Redemption Application; see the section on “Fees and Expenses” for further details; and
- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

### **Redemption of Units**

Redemption Applications may only be made by a Participating Dealer in respect of an Application Unit size or whole multiple thereof. Participating Dealer may redeem Units on any Dealing Day in accordance with the Operating Guidelines, by submitting a Redemption Application to the Trustee. The Manager may charge a Transaction Fee in respect of Redemption Applications. The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee and/or the Service Agent. See the section on “Fees and Expenses” for further details.

Investors cannot acquire or redeem Units directly from an Index Fund. Only Participating Dealers may submit redemption applications to the Manager. The Manager expects that Participating Dealers will generally accept and submit redemption requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and or reduce the redemption proceeds. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the

Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline (see the “Descriptions of the Index Funds”) on a Dealing Day, the Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The Manager shall, on receipt of an effective Redemption Application for a particular Index Fund from a Participating Dealer, effect the redemption of the relevant Units and shall require the Trustee to transfer to the Participating Dealer Securities or cash or combination of Securities and cash in accordance with the Operating Guidelines.

To be effective, a Redemption Application must:

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

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

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of the relevant Index Fund rounded to the nearest 4 decimal places.

The Manager may deduct from the redemption proceeds such sum (if any) as the Manager may consider represents an appropriate provision for Duties and Charges and/or the Transaction Fee.

Any accepted Redemption Application will be effected by the transfer or payment of the Securities or cash or a combination of both (at the discretion of the Participating Dealer) in accordance with the Operating Guidelines and the Trust Deed, on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and, where any amount is to be paid by telegraphic transfer to a bank account in Hong Kong or New York State, verified in such manner as may be required by, and to the satisfaction of, the Trustee) has been received and provided further that the Manager shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any amount payable by the Participating Dealer including any Duties and Charges and the Transaction Fee have been either deducted or otherwise paid in full.

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



The Trustee or the Manager may withhold the whole or any part of any redemption payment to any Unitholder and set it off against any unpaid amounts due from that Unitholder to the Trustee or the Manager, and may also deduct from any redemption proceeds (or any other payment to be made in respect of any Unit) any other amounts that the Trustee or the Manager must or may make by law for any fiscal charges, government charges, stamp and other duties for the relevant Index Fund or other taxes, charges or other assessments of any kind or where, the Index Fund's income or gains are subject to any withholding in consequence of the relevant Unitholder or beneficiary of an interest in the relevant Units being redeemed. Any withholding or set off of redemption payment and any deduction of redemption proceeds above must be conducted by the Trustee or the Manager in good faith with reasonable grounds and in compliance with any applicable law and regulation.

### **Directed Cash Dealing**

Where a Participating Dealer subscribes or redeems in cash, the Manager may at its sole discretion (but shall not be obliged to) transact for Securities with a broker nominated by the Participating Dealer. Should the nominated broker default on, or change the terms for, any part of the transaction, the Participating Dealer shall bear all associated risks and costs. In such circumstances the Manager has the right to transact with another broker and amend the terms of the Creation or Redemption Application to take into account the default and the changes to the terms. Any directed arrangement is subject to the Index Fund being treated fairly.

### **Suspension of Creations and Redemptions**

Units may not be created during any period when the right of Unitholders to redeem is suspended by the Manager.

The Manager may, at its discretion, at any time after giving notice to the Trustee (and where practicable, after consultation with Participating Dealers) suspend the right of Unitholders to redeem Units of an Index Fund and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application during:

- any period when a market on which a Security (being a component of the relevant Underlying Index) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed; or
- any period when dealings on a market on which a Security (being a component of the relevant Underlying Index) has its primary listing is restricted or suspended; or
- any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such market is disrupted; or
- the existence of any state of affairs as a result of which delivery or purchase of Securities or disposal of investments for the time being comprised in the relevant Index Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Index Fund; or
- any period when the Underlying Index for the relevant Index Fund is not compiled or published; or
- any breakdown in the means normally employed in determining the Net Asset Value of the Index Fund or when for any other reason the Value of any Securities or other property for the time being comprised in the Index Fund cannot in the opinion of the Manager, reasonably, promptly and fairly be ascertained.

The Manager will, after notice to the Trustee, suspend the right to subscribe for or redeem Units or delay the payment of any monies or the transfer of any Securities when dealings in the Units on the SEHK are restricted or suspended.

A suspension shall remain in force until the earlier of (a) declaration by the Manager that the suspension is at an end; or (b) the Business Day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised exists.

The Manager shall consider any Redemption Application or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A Unitholder may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation or Redemption Application by notice in writing to the Manager and the Trustee shall cause the return of any Securities and/or cash received by it in respect of the Application (without interest).

### **Transfer of Units**

A Unitholder may transfer Units using the standard transfer form issued by SEHK or by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the Unitholders of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Index Fund only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding in the relevant Index Fund. If and to the extent that Units are deposited in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

## **EXCHANGE LISTING AND TRADING (SECONDARY MARKET)**

Dealings in the Units on the SEHK commenced on 23 April 2009. Units of the Index Funds are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges.

Units trade on the SEHK in board lots of 200 Units or in such other board lots as may be specified in respect of a particular Index Fund in the “Descriptions of the Index Funds”.

The purpose of the listing of the Units on the SEHK is to enable investors to buy and sell Units on the secondary market, normally via a broker/dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit of the Index Fund. Any transactions in the Units of an Index Fund on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that the Units will remain listed on the SEHK.

It is the Manager’s expectation that at least one Market Maker will maintain a market for the Units of each Index Fund. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker’s role, the Manager will make available to the Market Maker, the portfolio composition information made available to Participating Dealers.

Units may be purchased from and sold through the Market Maker. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the market makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the relevant Underlying Index. Market makers may retain any profits made by them for their own benefit and they are not liable to account to any of the Index Funds in respect of their profits. For the list of Market Makers for ETFs, please refer to [www.hkex.com.hk](http://www.hkex.com.hk).

Investors wishing to purchase or sell Units on the secondary market should contact their broker.

Investors cannot acquire or redeem Units directly from an Index Fund. Only Participating Dealers may submit creation or redemption applications to the Manager. The Manager expects that Participating Dealers will generally accept and submit creation or redemption requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any creation/redemption request which would increase the cost of investment and/or reduce the redemption proceeds. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer.

The Units have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

# DETERMINATION OF NET ASSET VALUE

The Net Asset Value of each Index Fund will be determined by the Trustee as at each Valuation Point applicable to the relevant Index Fund by valuing the assets of the relevant Index Fund and deducting the liabilities of the relevant Index Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the Index Funds are valued:

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (with the consent of the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if the Net Asset Value is unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;
- (b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available Net Asset Value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the average of the latest available bid and offer prices for the share or unit, unless the Manager considers the latest available bid price is more appropriate;
- (c) futures contracts will be valued based on the formulae set out in the Trust Deed;
- (d) except as provided for in paragraph (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the relevant Index Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);
- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof; and
- (f) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to fairly reflect the value of the investment.

The Trustee will perform any currency conversion at rates it determines appropriate.

The above summary is, by its nature, limited and does not provide a complete description of how the various assets of an Index Fund are valued. Investors are encouraged to review the specific provisions of the Trust Deed in relation to valuation of assets.

## Suspension of Net Asset Value

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

- (a) there exists any state of affairs prohibiting the normal disposal of the relevant Index Fund's investments; or
- (b) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Index Fund or the Net Asset Value per Unit of the relevant Index Fund, or when for any other reason the value of any Security or other asset in the relevant Index Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of that Index Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Index Fund; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the Securities of that Index Fund or the subscription or realisation of Units of the relevant Index Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or
- (e) the right to redeem Units of the relevant class is suspended.

Any suspension shall take effect upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Index Fund and the Manager shall be under no obligation to rebalance the Index Fund until the suspension is terminated on the earlier of (a) the Manager declaring the suspension at an end and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at [www.blackrock.com/hk](http://www.blackrock.com/hk) or in such publications as it decides.

No Units will be issued or redeemed during any period of suspension of the Net Asset Value.

### **Issue Price and Redemption Value**

The Issue Price of Units of an Index Fund, created and issued pursuant to a Creation Application, will be the Net Asset Value of the relevant Index Fund divided by the total number of Units of the Index Fund in issue rounded to the nearest 4 decimal places.

The Redemption Value of a Unit on a Dealing Day shall be the Net Asset Value of the relevant Index Fund divided by the total number of Units in issue for that Index Fund rounded to the nearest 4 decimal places.

The Issue Price and the Redemption Value for the Units (or the latest Net Asset Value of the Units) will be available on the Manager's website at [www.blackrock.com/hk](http://www.blackrock.com/hk) or published in such publications as the Manager may decide from time to time.

Neither the Issue Price nor Redemption Value takes into account Duties and Charges or fees payable by the Participating Dealer.

## FEES AND EXPENSES

There are 3 levels of fees and expenses applicable to investing in an Index Fund as set out in the following table, current as at the date of the Prospectus.

<b>Fees and expenses payable by Participating Dealers on creation and redemption of Units (primary market)</b>	<b>Amount</b>
Transaction Fee	HK\$16,000 <sup>1</sup> per Application
Application Cancellation Fee	HK\$10,000 <sup>2</sup> per Application
Extension Fee	HK\$10,000 <sup>3</sup> per Application
Partial Delivery Request Fee	HK\$10,000 <sup>4</sup> per Application
Stamp duty	Nil
Transaction levy and trading fee	Nil
<b>Fees and expenses payable by investors on SEHK (secondary market)</b>	<b>Amount</b>
Brokerage	Market rates
Transaction levy	0.0027% <sup>5</sup>
Trading fee	0.005% <sup>6</sup>
Stamp Duty	Nil
No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.	
<b>Fees and expenses payable by Index Funds (see further disclosure below)</b>	<b>Amount</b>
Management Fee <sup>7</sup>	% of Net Asset Value as set out in “Descriptions of the Index Funds”

<sup>1</sup> HK\$15,000 is payable to the Registrar and HK\$1,000 is payable to the Service Agent.

<sup>2</sup> An Application Cancellation fee is payable to the Trustee and/or Registrar by the Participating Dealer in respect of either a withdrawn or failed Creation Application or Redemption Application. Cancellation compensation may also be payable pursuant to the terms of the Operating Guidelines.

<sup>3</sup> An extension fee is payable by the Participating Dealer to the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement in respect of a Creation or Redemption Application.

<sup>4</sup> A partial delivery request fee is payable by the Participating Dealer for the benefit of the Trustee or Registrar on each occasion the Manager grants the Participation Dealer's request for partial settlement.

<sup>5</sup> Transaction levy of 0.0027% of the price of the Units payable by the buyer and the seller.

<sup>6</sup> Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.

<sup>7</sup> Accrued daily and payable monthly in arrears.

## **Fees and Expenses Payable by the Index Funds**

Each Index Fund employs a single management fee structure, with each Index Fund paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the “Management Fee”). Fees and expenses taken into account in determining an Index Fund’s Management Fee include, but are not limited to, the Manager’s fee, Trustee’s fee, fees and expenses of the auditor, fees of service agents, ordinary legal and out-of-pocket expenses incurred by the Trustee or Manager, and the costs and expenses of licensing indices used in connection with an Index Fund. The Management Fee does not include brokerage and transaction costs and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

If an Index Fund invests in another ETF managed by the Manager, the Manager shall ensure that neither the Index Fund nor its Unitholders suffer an increase in the overall total of initial charges, management fees and other costs and charges payable to the Manager or any Connected Person by investing in the other ETF.

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

### **Establishment Costs**

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

### **Increase in fees**

The fees payable to the Manager and the Trustee (which are included in the calculation of the Management Fee) may be increased on 3 months’ notice to Unitholders, subject to the maximum rates set out in the Trust Deed.

# RISK FACTORS

An investment in the Trust carries various risks referred to below. Each of these risks may affect the Net Asset Value, yield, total return and trading price of the Units. There can be no assurance that the investment objective of an Index Fund will be achieved. Prospective investors should carefully evaluate the merits and risks of an investment in a particular Index Fund in the context of their overall financial circumstances, knowledge and experience as an investor. The summary risk factors set forth below are intended merely to highlight certain risks of the Index Funds. Each Index Fund has particular risks that are specifically identified in the section of this Prospectus titled “Descriptions of the Index Funds”.

## Investment Risk

**Emerging Market Risk.** Some overseas markets in which Index Funds may invest are considered emerging market countries. The economies of many emerging markets are still in the early stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Also, many less developed market and emerging market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.

Emerging market regions are also subject to special risks including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and foreign exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose an Index Fund to sub-custodial risk in circumstances whereby the Trustee will have no liability; the risk of expropriation of assets and the risk of war.

**Economic Risk.** Economic instability in an emerging market may arise when such country is heavily dependent upon commodity prices and international trades. Economies in emerging market countries have been and may continue to be adversely affected by the economics of their trading partners, foreign exchange controls, managed adjustments in relative currency values, trade barriers and other protectionist measures imposed or negotiated by the countries with which they trade. Some emerging market countries have experienced currency devaluations and some have experienced economic recessions causing a negative effect on their economies and securities markets.

**Political and Social Risk.** Some governments in emerging market countries are authoritarian or have been installed or removed as a result of military coup and some have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratisation and capital market development and ethnic, religious and racial disaffection, among other factors, have also led to social unrest, violence and/or labour unrest in some emerging market countries. Unanticipated political or social developments may result in sudden and significant investment losses. All of these factors can have a material impact on the Underlying Index and create a risk of higher price volatility which, in turn, can increase any tracking error.

**Market Risk.** Past performance is not indicative of future performance. The Net Asset Value of an Index Fund will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an Index Fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of each Index Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. Each Index Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Index Fund may experience volatility and decline in a manner that broadly corresponds with its Underlying Index. Investors in an Index Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Underlying Index).



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

**Foreign Security Risk.** Index Funds may invest in the equity markets of a single country or multiple countries within a geographical region depending on the Underlying Index composition. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic developments. Investing in the Securities of non-Hong Kong entities involves special risks and considerations not typically associated with investing in Hong Kong entities. These include differences in accounting, auditing and financial reporting standards, the possibility of nationalisation of assets, expropriation or confiscatory taxation, or regulation, the imposition of withholding taxes on payments or distributions referable to underlying Securities, adverse changes in investment, tax or exchange control regulations, economic growth and indicators (such as GDP, inflation rate, self sufficiency and balance of payments position of the relevant economy), government regulation, political instability that could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Each of these factors may have a large impact on the performance of the Index Funds.

**Derivatives Risk.** Each Index Fund may invest in stock index future contracts and other derivatives. Investing in a derivative is not the same as investing directly in an underlying asset which is part of the relevant Underlying Index.

A derivative is a form of contract. Under the terms of a derivative contract the relevant Index Fund and its counterparty (i.e. the person(s) with whom the Index Fund has made the agreement) agree to make certain payments to the other party under particular circumstances or on the occurrence of particular events specified in the contract. The value of the derivative depends on, or is derived from, or determined by reference to, the value of an underlying asset such as a Security or an index. Derivatives may be more sensitive to factors which affects the value of investments. Accordingly derivatives have a high degree of price variability and are subject to occasional rapid and substantial price changes. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (or gain) to the Index Fund. An Index Fund's losses may be greater if it invests in derivatives than if it invests only in conventional Securities.

In addition, many derivatives are not traded on exchanges. This means that it may be difficult for the Index Funds to sell its investments in derivatives in order to raise cash and/or to realise a gain or loss. The sale and purchase of derivatives, which are not traded on an exchange, are privately negotiated and are generally not subject to regulation by government authorities and it may be difficult to find a willing buyer/seller because there is no regulatory requirement for a Market Maker to ensure that there is continuous market for such derivatives.

**Derivatives Counterparty Risk.** As explained in the section on Derivatives Risk, a derivative is a form of contract. Payments to be made under a derivatives contract are not made through or guaranteed by a central clearing agency. Accordingly each Index Fund which invests in derivatives is exposed to the risk of its counterparty being unwilling or unable to perform its payment (and other) obligations under the contract. If the counterparty to the derivative is involved in any insolvency event, the value of that derivative may drop substantially or be worth nothing. This is because investing in a derivative is not the same as investing directly in an underlying asset which is part of the Underlying Index.

**Passive Investments Risks.** The Index Funds are passively managed. The aim of each Index Fund is to track the performance of the relevant Underlying Index. The Index Funds do not try to beat or perform better than the relevant Underlying Index. Each Index Funds invests (either directly or indirectly) in the Securities included in or representative of its Underlying Index regardless of their investment merit, except to the extent of any representative sampling investment strategy. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of Index Funds will mean that falls in the relevant Underlying Index are expected to result in corresponding falls in the value of the Index Funds.

**Management Risk.** Because there can be no guarantee that an Index Fund will fully replicate its Underlying Index and may hold non-index stocks, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities comprising the Index Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Index Fund being achieved. Investors should also note that none of the Unitholders has any voting rights with respect to Securities held by the Index Funds.

**Tracking Error Risk.** The NAV of an Index Fund may not have exactly the same Net Asset Value of its Underlying Index. Factors such as the fees and expenses of an Index Fund, the investments of an Index Fund not matching exactly the Securities which make up the its Underlying Index (e.g. where it uses representative sampling), an inability to rebalance an Index Fund's holdings of Securities in response to changes in the constituents of the Underlying Index, rounding of Security prices, changes to the Underlying Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the relevant Underlying Index. This may cause each Index Fund's returns to deviate from its Underlying Index.

**Concentration Risk.** To the extent that an Underlying Index is concentrated in the Security in a particular market, industry, group of industries, sectors, asset class or geographical region, the relevant Index Fund may be adversely affected by the performance of those Securities. It may be subject to price volatility and may be more susceptible to adverse economic, market, political or regulatory event affecting that market, industry, group of industries, sector, asset class or geographical region.

**Foreign Exchange Risk.** Many of the assets and Securities of the Index Funds are not denominated in Hong Kong dollars. A substantial portion of the revenue and income of the Index Funds is received in currencies other than Hong Kong dollars. Accordingly, any fluctuation in the relevant exchange rates will affect the value of Securities as well as the NAV of the relevant Index Fund. Because each Index Fund's NAV is determined on the basis of the Hong Kong dollar, but Securities will be denominated in other currencies, investors may lose money depending on fluctuations between the local currency and the Hong Kong dollar, and vice versa. Significant changes, including changes in liquidity, may occur in foreign exchange markets within very short periods of time, often within minutes. An Index Fund may experience losses if the values of its currency forwards and futures positions were poorly correlated with its other investments or if it could not close out its positions because of an illiquid market. Some of the risks associated with foreign exchange transactions include but are not limited to:

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

**Operational Risk.** Trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. Such trade errors may have adverse consequences (for example, due to an inability to correct effectively such an error when detected).

**Distributions May Not Be Paid Risk.** Whether an Index Fund will pay distributions on Units is subject to the Manager's distribution policy and also depends on dividends declared and paid in respect of the Securities of the relevant Underlying Index. Dividend payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

**Dividends Payable Out of Capital or Effectively Out of Capital Risk.** The Manager may at its discretion pay dividends out of the capital of the Index Funds. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the relevant Index Fund are charged to/paid out of the capital of such Index Fund, resulting in an increase in distributable income for the payment of dividends by the relevant Index Fund and therefore, the Index Fund may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of an Index Fund's capital may result in an immediate reduction of the Net Asset Value per unit.

**All Investments Risk Loss of Capital.** There is no guarantee that a particular Index Fund's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. Such trade errors may have adverse consequences of a magnitude that they would not have in the case of securities trading (for example, due to an inability to efficiently correct such an error when detected).

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

**Counterparty to the Executing Broker Risk.** Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the Trustee in relation to the sale and purchase of assets or Securities. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of the Trust or a particular Index Fund. The Manager intends to attempt to limit the Index Funds' investment transactions to well-capitalised and established banks and brokerage firms in an effort to mitigate such risks. There can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the Index Funds. Furthermore, the Manager is permitted to borrow for the account of the relevant Index Fund in order to carry out its functions under the Trust Deed. Borrowings may be secured by the Securities or other assets of the Index Funds that are pledged to counterparties as collateral.

**Counterparty to the Custodian Risk.** An Index Fund will be exposed to the credit risk of any custodian or any depository used by the custodian where cash is held by the custodian or other depositories. In the event of the insolvency of the custodian or other depositories, the Index Fund will be treated as a general creditor of the custodian or other depositories in relation to cash holdings of the Index Fund. The Index Fund's Securities are however maintained by the custodian or other depositories in segregated accounts and should be protected in the event of insolvency of the custodian or other depositories.

**Securities Lending Risk.** The Manager may engage in a securities lending programme on behalf of the Index Funds. A default by a counterparty, or fall in the value of the collateral below that of the value of the Securities lent may result in a reduction in the value of the Index Fund.

Securities lending involves exposure to certain risks, including operational risk (i.e., the risk of losses resulting from problems in the settlement and accounting process), "gap" risk (i.e., the risk of a mismatch between the return on cash collateral reinvestments and the fees) and credit, legal, counterparty and market risk. If a borrower does not return an Index Fund's Securities as agreed, the Index Fund may experience losses if the proceeds received from liquidating the collateral does not at least equal the value of the loaned Security at the time the collateral is liquidated plus the transaction costs incurred in purchasing replacement Securities and the value of any other outstanding obligations of the borrower to the Index Funds.

**Indemnity Risk.** Under the Trust Deed, the Trustee and the Manager have the right to be indemnified for any liability or expense incurred by them in performing their respective duties except as a result of their own negligence, default or breach of duty or trust. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the affected Index Fund or the Trust and the value of the Units.

**Operating Cost Risk.** There is no assurance that the performance of the Index Funds will achieve their investment objective. The level of fees and expenses payable by the Index Funds will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Index Funds can be estimated, the growth rate of the relevant Index Funds, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Index Funds or the actual level of its expenses.

## **Market Trading Risks Associated with an Index Fund**

**Absence of Active Market and Liquidity Risks.** Although Units of each Index Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities which comprise an Index Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If a Unitholder needs to sell its Units at a time when no active market for them exists, the price it receives for its Units — assuming it is able to sell them — is likely to be lower than the price received if an active market did exist.

**Liquidity Risk.** Any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, one or more market makers have been appointed.

**Reliance on Market Makers Risk.** Investors should note that liquidity in the market for the Units may be adversely affected if there is no Market Maker for an Index Fund. It is the Manager's intention that there will always be at least one Market Maker for the Units.

**Reliance on Participating Dealers Risk.** The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities through the CCASS is disrupted or the Underlying Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the NAV of an Index Fund or disposal of an Index Fund's Securities cannot be effected. Where a Participating Dealer appoints an agent (who is a CCASS participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent, or if the agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

**Units May Trade at Prices Other than Net Asset Value Risk.** Units of an Index Fund trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of each Index Fund is calculated at the end of each Business Day and fluctuates with changes in the market value of such Index Fund's holdings and changes in the exchange rate between the Hong Kong dollar and, where Securities are denominated in another currency, the subject foreign currency. The trading prices of an Index Fund's Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of an Index Fund's Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Units of an Index Fund trading at a premium or discount to the Net Asset Value in the secondary market. On the basis that Units can be created and redeemed in Application Units at Net Asset Value, the Manager believes that large discounts or premiums to Net Asset Value are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that a particular Index Fund's Units will normally trade at prices close to the Index Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the relevant Index Fund's Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

**Investors Buying at a Premium Risk.** The Index Funds may be terminated early under certain circumstances as set out in the section “Termination”. Upon an Index Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in such Index Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be more or less than the capital invested by the Unitholder. A Unitholder who purchases Units at a time when the market price is at a premium to Net Asset Value may therefore be unable to recover the premium in the event any Index Fund is terminated.

**Differences Between Primary and Secondary Market Trading Hours Risk.** Units of an Index Fund may trade on the SEHK even when the Index Fund does not accept orders to create or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Index Fund accepts creation and redemption orders. Additionally, as foreign stock exchanges may be open when Units in an Index Fund are not priced, the value of the Securities in an Index Fund’s portfolio may change on days when investors will not be able to purchase or sell an Index Fund’s Units.

The market prices of underlying Securities listed on a foreign stock exchange may not be available during part of all of the SEHK trading sessions due to time zone differences which may result in the trading price of the Index Fund deviating away from Net Asset Value.

**Cost of Trading Units Risk.** Buying or selling Units involves various types of costs that apply to all Securities transactions. When trading Units through a broker investors will incur a brokerage commission or other charges imposed by the broker. In addition, investors on the secondary market, will also incur the cost of the trading spread, which is the difference between what investors are willing to pay for the Units (bid price) and the price they are willing to sell Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate regularly making small investments.

**Suspension of Trading Risk.** Investors and potential investors will not be able to buy, nor will investors be able to sell, Units on the SEHK during any period in which trading of the Units is suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The Manager may, in accordance with The Rules Governing the Listing of Securities on the SEHK, request for the trading of Units to be suspended. Any such suspension would depend on the SEHK’s agreement to the suspension. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

## **Risks Associated with the Underlying Index**

**The Underlying Index is Subject to Fluctuations Risk.** The performance of the Units should, before expenses, correspond closely with the performance of the Underlying Index. If the Underlying Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

**Composition of and Weightings in the Underlying Index May Change Risk.** The companies which comprise the Underlying Index are changed by the Underlying Index Provider from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Underlying Index may also change if one of the constituent companies were to delist its shares or if a new eligible company were to list its shares and be added to the Underlying Index. If this happens, the weighting or composition of the Securities owned by the underlying Index Fund would be changed as considered appropriate by the Manager to achieve the Investment Objective. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

**Licence to Use Underlying Index may be Terminated Risk.** The Manager is granted a licence by each of the Index Providers to use the relevant Underlying Index to create the Index Fund based on the relevant Underlying Index and to use certain trade marks and any copyright in the relevant Underlying Index. An Index Fund may not be able to fulfil its objective and may be terminated if the relevant licence agreement is terminated. An Index Fund may also be terminated if the relevant Underlying Index ceases to be compiled or published and there is no replacement Underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Underlying Index. The Index Provider and the Manager (and its Connected Persons) are independent of one another.

**Underlying Index Related Risk.** As prescribed by this Prospectus, in order to meet its investment objective, the relevant Index Fund seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the Underlying Index as published by the Index Provider. There is no assurance that the Index Provider will compile the relevant Underlying Index accurately, or that the relevant Underlying Index will be determined, composed or calculated accurately. While the Index Provider does provide descriptions of what the relevant Underlying Index is designed to achieve, the Index Provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, and does not guarantee that the relevant Underlying Index will be in line with their described index methodology. The Manager's mandate as described in this Prospectus is to manage the relevant Index Fund consistently with the Underlying Index provided to the Manager. Consequently, the Manager does not provide any warranty or guarantee for Index Provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. Therefore gains, losses or costs associated with Index Provider errors will be borne by the relevant Index Fund and its Unitholders. For example, during a period where the relevant Underlying Index contains incorrect constituents, an Index Fund tracking such published Underlying Index would have market exposure to such constituents and would be underexposed to the Underlying Index's other constituents. As such, errors may result in a negative or positive performance impact to the relevant Index Fund and its Unitholders. Unitholders should understand that any gains from Index Provider errors will be kept by the relevant Index Fund and its Unitholders and any losses resulting from Index Provider errors will be borne by the relevant Index Fund and its Unitholders.

Apart from scheduled rebalances, the relevant Index Provider may carry out additional ad hoc rebalances to the relevant Underlying Index in order, for example, to correct an error in the selection of index constituents. Where an Underlying Index is rebalanced and the relevant Index Fund in turn rebalances its portfolio to bring it in line with its Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the relevant Index Fund and its Unitholders. Unscheduled rebalances to the Underlying Index may also expose the relevant Index Fund to tracking error risk, which is the risk that its returns may not track exactly those of the Underlying Index. Therefore, errors and additional ad hoc rebalances carried out by the Index Provider to the Underlying Index may increase the costs and market exposure risk of the relevant Index Fund.

The past performance of the Underlying Index is not a guide to future performance. The Manager does not guarantee the accuracy or the completeness of the Underlying Index or any data included therein and the Manager shall have no liability for any errors, omissions or interruptions therein. The Manager makes no warranty, express or implied, to the Unitholders of the relevant Index Fund or to any other person or entity, as to results to be obtained by the relevant Index Fund from the use of the Underlying Index or any data included therein. Without limiting any of the foregoing, in no event shall the Manager have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

**Composition of the Underlying Index May Change Risk.** The Securities constituting the relevant Underlying Index will change as the Securities of the Underlying Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the relevant Underlying Index. When this happens the weightings or composition of the Securities owned by an Index Fund will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the relevant Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that a particular Index Fund will, at any given time accurately reflect the composition of the relevant Underlying Index (refer to "Tracking Error Risk").

## Regulatory Risks

**Withdrawal of SFC Authorisation Risk.** Each Index Fund has been authorised as a collective investment scheme under the Code by the SFC pursuant to section 104 of the Securities and Futures Ordinance. Authorisation by the SFC of an Index Fund is not a recommendation or endorsement of the relevant Index Fund nor does it guarantee the commercial merits of a product or its performance. It does not mean a particular Index Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of any Index Fund or impose such conditions as it considers appropriate. Without limiting the foregoing, the SFC may withdraw authorisation where the SFC no longer considers the Underlying Index acceptable. If the Manager does not wish an Index Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least 3 months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain waivers which may be withdrawn or varied by the SFC. If as a result of such withdrawal or variation of waivers it becomes illegal, impractical or inadvisable to continue an Index Fund, the relevant Index Fund will be terminated.

**Units May be Delisted from the SEHK Risk.** The SEHK imposes certain requirements for the continued listing of Securities, including the Units, on the SEHK. Investors cannot be assured that the Index Funds will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units of an Index Fund are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the relevant Index Fund. Where the Index Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager.

**Legal and Regulatory Risk.** Each Index Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by an Index Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Underlying Index and as a result the performance of an Index Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for any Index Fund. In the worst case scenario, a Unitholder may lose all its investments in the Index Fund.

**Taxation in Overseas Jurisdictions Risk.** The Index Funds will make investments in a number of different jurisdictions. Interest, dividend and other income realised by an Index Fund from sources in these jurisdictions, and capital gains realised on the sale of assets may be subject to withholding and other taxes (e.g. stamp duty, securities transaction tax, financial transaction tax, etc.) levied by the jurisdiction in which the income is sourced and/or in which the issuer is located and/or in which the permanent establishment is located. It is impossible to predict the rate of foreign tax that the Index Funds may be required to pay since the nature and amounts of assets to be invested in any particular jurisdiction, the tax treatment of the activities of the Index Funds in any particular jurisdiction, and the ability of the Index Funds to reduce such taxes in any particular jurisdiction are not known. It is not practical to provide more specific disclosure of the tax consequences that might result from an investment in an Index Fund.

**Foreign Account Tax Compliance Act ("FATCA") Risk.** Although the Manager will attempt to satisfy any obligations imposed on it and to avoid the imposition of any FATCA withholding, no assurance can be given that the Trust or any Index Fund will be able to achieve this and/or satisfy such FATCA obligations. If any Index Fund becomes subject to a 30% FATCA penalty withholding on most types of income from US investments (further described under the sub-section headed "FATCA" in the section headed "Taxes" on page 53) as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material loss.

**Taxation.** Investing in an Index Fund may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

# MANAGEMENT OF THE TRUST

## The Manager

The Manager is BlackRock Asset Management North Asia Limited (the “Manager”). The Manager is part of the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc., which provides investment management services internationally for institutional, retail and private clients.

The Manager was incorporated in Hong Kong with limited liability on 10 August 1998 and is licensed by the SFC to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

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

Without limiting the other powers mentioned in this Prospectus, the Manager may purchase and sell investments for the account of any Index Fund and subject to the provisions of the Trust Deed and enter into such contracts including sale and purchase agreements, loans, stock lending arrangements and broker and trading agreements in accordance with the Trust Deed, as it deems appropriate in the performance of its role as Manager.

## The Directors of the Manager

**Marc Desmidt**, Managing Director, Head of Alpha Strategies for Asia Pacific. Prior to moving to his current role in 2011, Mr. Desmidt spent three years as Chief Operating Officer - Asia Pacific for BlackRock’s Fundamental Equity group. Before that role, he was the CIO of BlackRock Japan’s Portfolio Management Group. Mr. Desmidt’s service with the firm dates back to 1991, including his years with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. At MLIM, Mr. Desmidt held a variety of Portfolio Management roles in Hong Kong, Singapore and Japan.

Mr. Desmidt earned a BSocSc degree in economics from the University of Cape Town, South Africa in 1988, and an MPhil degree from Oxford University, United Kingdom in 1991.

**Graham Turl**, Managing Director, is the General Counsel, Asia-Pacific for BlackRock. Prior to joining BlackRock in April 2007, Mr. Turl was head of the Hong Kong investment management group at international law firm Linklaters, where he was responsible for advising clients on the corporate, regulatory and tax aspects of structuring, creating, organising and marketing investment funds of all types, onshore and offshore, domestic and international, public and private, retail and institutional. Mr. Turl is qualified to practice law in England and Hong Kong. Mr. Turl earned a BA degree in history from Nottingham University, United Kingdom in 1990.

**Susan Chan**, Managing Director, is the Head of iShares Asia-Pacific and is responsible for the iShares business across Asia, including both distribution and management of iShares products and offices in Japan, Australia, Hong Kong, Singapore, and Taiwan. She is a member of the BlackRock Asia-Pacific Executive Committee, and a member of the BlackRock Global iShares Executive Committee. Ms. Chan joined BlackRock in July 2013 as head of Asia Pacific iShares Capital Markets and Products.

Prior to joining BlackRock, she was a Managing Director at Deutsche Bank AG, Hong Kong where she was Head of Equity Structuring, Strategic Equity Transactions and DBx Asia Pacific. Before Deutsche Bank, she was Managing Director at Barclays Capital Asia Limited where she held various positions in equity derivatives with the most recent as Head of Equity and Funds Structured, Asia Pacific. She was also a member of the Global EFS Executive Committee, the Asia Pacific Structuring Executive Committee, Founder and Executive Sponsor for the Women’s Internal Network, Asia Pacific and a Board Member of Barclays Capital Hong Kong Limited. Ms Chan is a graduate of Boston University, Boston, MA.



**Michael Timothy Marquardt**, is the Chief Operating Officer, Asia Pacific for BlackRock. Mr. Marquardt joined BlackRock following the merger with Barclays Global Investors (BGI) in 2009. Mr. Marquardt joined BGI in 2000 where he began in San Francisco working first as a Global Risk Manager and then as a Senior Project Manager on strategic initiatives. In 2005 Mr. Marquardt moved to Japan as Chief Administrative Officer, later becoming Chief Operating Officer. Mr. Marquardt was responsible for BGI Japan's Operations, IT, Finance, HR, Risk, Legal and Compliance groups. Prior to working at BGI, Mr. Marquardt was employed as Relationship Manager and Private Banking analyst for American Express Bank located in London. Mr Marquardt holds an MBA with High Honors from Boston University, United States, a BA degree in Economics and History from Clark University, United States.

**Ryan David Stork**, is the Head of BlackRock Asia Pacific. He is responsible for all business activities in the region, which includes Greater China, Japan, Australia, Singapore, India and Korea. He is also a member of BlackRock's Global Operating and Human Capital Committees, and will be joining the Global Executive Committee. Prior to moving to Hong Kong, Mr. Stork was the global head of the Aladdin Business within BlackRock Solutions in New York. Aladdin is BlackRock's fully integrated investment management technology platform. Within the Aladdin Business, Mr. Stork was responsible for client relationships and business development as well as implementation and delivery of Aladdin services and its third-party investment accounting business. Prior to taking over the Aladdin Business, Mr. Stork was deputy head of BlackRock's Europe, Middle East and Africa institutional business from 2005 to 2008. Based in London, he was responsible for business development and client service across the region. From 1999 to 2005, Mr. Stork worked within the institutional business leading the client service effort for BlackRock's Financial Institutions Group. Before joining BlackRock in 1999, Mr. Stork was a portfolio manager at PennCorp Financial Group, a life insurance holding company, where he had oversight over asset allocation and external asset managers. He began his career in investments at Conning Asset Management. Mr. Stork is a member of the New York Society of Financial Analysts. He earned a BA degree in finance from the University of Massachusetts, Amherst.

## **Trustee and Registrar**

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

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust. The Trustee may, however, appoint any person or persons (including a Connected Person) or have such person(s) appointed, to hold, as agent, nominee, custodian, joint custodian, co-custodian or sub-custodian, all of any investments, assets or other property comprised in a fund and may empower any such person to appoint, with the prior consent in writing of the Trustee, additional co-custodians and/or sub-custodians (each such agent, nominee, custodian, joint custodian, co-custodian or sub-custodian, a "Correspondent"). The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such Correspondents and, during the term of their appointment, must satisfy itself as to the ongoing suitability of such persons to provide custodial services to the Trust, having regard to the market or markets for which such Correspondents are appointed to act as custodian. The Trustee will remain responsible for the acts or omissions of such Correspondents in the same manner as if such acts or omissions were those of the Trustee, except where such Correspondents are appointed in respect of a market or markets which the Trustee has determined by notice to the Manager to be emerging markets. Notwithstanding the above, the Trustee will remain responsible for the acts or omissions of any Connected Person appointed in respect of an emerging market. In the event any appointment of emerging market custodian is proposed, the Trustee will notify the Manager and the SFC will be notified by the Manager accordingly. Prior approval of the SFC has to be obtained in the event such emerging market custodian proposed to be appointed is not a Connected Person of the Trustee. As at the date of this Prospectus, the emerging market sub-custodians appointed for the assets of the relevant Index Funds are the Trustee's Connected Persons.

The Trustee will also act as the Registrar of the Index Funds. In addition to the amount paid by the Manager out of the Management Fee, the Trustee will be entitled to other fees described in the section headed "Fees and Expenses".

## Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the relevant Index Fund or the Trust generally, in respect of any liabilities, costs, claims or demands arising directly or indirectly from the proper performance of the Trust. Nothing in any of the provisions of the Trust Deed shall exempt either the Trustee or the Manager (as the case may be) from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, fraud, default, breach of duty or trust of which they may be guilty in relation to their duties.

The indemnities summarised above will not be available to the Trustee or Manager in respect of any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of duty or trust.

## Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the service agreement entered into among the Manager, the Trustee (also acting in its capacity as the Registrar), the Participating Dealers, (where relevant) the Participating Dealers' agents, the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Index Funds by Participating Dealers.

## Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Trust and each of the Index Funds ("Auditor"). The Auditor is independent of the Manager and the Trustee.

## Conflicts of Interest

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

In addition:–

- the Manager or any of its Connected Persons may enter into investments for the Trust as agent for the Trustee and may, with the consent of the Trustee, deal with the Trust as principal;
- the Trustee, the Manager or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of Securities, financial instruments or investment products held by the Trust;
- the Trustee, the Manager or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers; and
- the monies of the Trust may be deposited with the Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

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

Conflicts of interest may arise due to the widespread business operations of the Trustee, the Manager, the Registrar and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Trust (or any Index Fund) will be on arm's length terms. No more than 50% in aggregate of an Index Fund's transactions in any one financial period shall be carried out with or through a broker or dealer connected to the Manager or any Connected Person of the Manager.

### **Soft Dollars**

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

# STATUTORY AND GENERAL INFORMATION

## Reports and Accounts

The financial year-end of the Trust and each Index Fund is 31 December every year. Audited accounts are to be prepared according to International Financial Reporting Standards and half-yearly unaudited reports are also to be prepared up to the last Dealing Day in June of each year.

The reports provide details of the assets of the Trust and the Manager's statement on transactions during the period under review (including a list of any constituent Securities of an Underlying Index, if any, that each accounts for more than 10% of the weighting of the Underlying Index as at the end of the relevant period and their respective weighting showing any limits adopted by the Index Fund have been complied with). The reports shall also provide a comparison of the Index Fund's performance and the actual Underlying Index performance over the relevant period and such other information as is required under the Code.

Audited accounts in English and Chinese will be available from the Manager's website at [www.blackrock.com/hk](http://www.blackrock.com/hk) within four months of the end of each financial year-end and unaudited reports will be available from the same website within two months of the end of the semi-financial year-end. Hard copies of these financial reports may also be obtained from the Manager free of charge. Unitholders will be notified of the means of getting access to the financial reports as and when the financial reports are issued and available.

Unitholders will be given at least one month's prior notice of any change to the mode of delivery of these financial reports.

## Trust Deed

The Trust was established under Hong Kong law by a trust deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager out of the assets of the Trust and their relief from liability in certain circumstances (summarised above in "Indemnities of the Trustee and Manager"). Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

## Modification of Trust Deed

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

Except in respect of amendments sanctioned by extraordinary resolution or necessary for the Trust to comply with relevant legal requirements, the Manager will notify affected Unitholders of amendments as soon as practicable after they are made. No such notice will be given if the Trustee is of the opinion that the amendment is not of material significance or is made to correct a manifest error.

## Provision of Information

The Manager or the Trustee may, if requested by a regulatory body or department of any government or administration in any jurisdiction, provide such regulatory body or department in any jurisdiction with any information regarding the Trust Fund, the Unitholders and/or beneficial owners of Units, the investments and income of the Trust Fund and/or the provisions of the Trust Deed. The Manager or the Trustee may comply with such request in compliance with all applicable laws and regulations, whether or not it was in fact enforceable. Neither the Trustee nor the Manager shall incur any liability to the Unitholders and/or beneficial owners of Units or any of them or to any other person as a result of or in connection with such compliance.

## Voting Rights

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

## Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal, or in the opinion of the Trustee, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by Extraordinary Resolution; or (vi) 30 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust (or in the case of (iii) any Index Fund) if: (i) after 3 years from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Index Fund is less than HK\$150 million; (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the Trust; (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects an Index Fund and which renders such Index Fund illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue such Index Fund; or (iv) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate any Index Fund if: (i) after 3 years from the date of the creation of such Index Fund, the Net Asset Value of such Index Fund is less than HK\$150 million; (ii) at any time the Net Asset Value of such Index Fund is less than the Hong Kong dollar equivalent of US\$10 million; (iii) its Underlying Index is no longer available for benchmarking or if the Units of the relevant Index Fund are no longer listed on the SEHK or any other Recognised Stock Exchange; (iv) at any time, the Index Fund ceases to have any Participating Dealer; or (v) if, the Manager is unable to implement its investment strategy. In such circumstances, unless the Manager and the Trustee agree that another strategy is: (a) possible, feasible as well as practicable; and (b) in the best interests of the Unitholders, the Units then in issue shall be compulsorily redeemed at the Net Asset Value of the Index Fund. The Manager shall, in such event, notify the SFC in advance in such circumstance and agree with the SFC appropriate methods of notification of Unitholders in the Index Fund prior to such redemption and termination. Further, the Unitholders may at any time authorise termination of the Trust or any Index Fund by extraordinary resolution.

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

Notice of any termination of an Index Fund will be given to the Unitholders after the SFC has approved release of the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Index Fund and the alternatives available to them, and any other information required by the Code.

Unless previously terminated, the Trust will terminate on 16 November 2081.

## **Inspection of Documents**

Copies of the constitutive documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set.

## **Part XV of the Securities and Futures Ordinance**

Part XV of the Securities and Futures Ordinance sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Index Funds. Consequently, Unitholders are not obliged to disclose their interest in an Index Fund. Further, pursuant to section 323(1)(c)(i) of the Securities and Futures Ordinance, Unitholders are not considered to hold an interest in the underlying shares of a Hong Kong listed company held by the Index Fund.

## **Anti-Money Laundering Regulations**

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

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

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

## **Takeovers Code**

Unitholders are advised that any shareholding resulting from redemption of Units will normally be subject to the application of the Takeovers Code. Furthermore, where a Unitholder holds one million Units or more, while one or more of the companies whose shares constitute Index Shares are subject to the governance of the Takeovers Code (such as during an offer period) and the Unitholder is acting in concert with the relevant parties (such as an offeror or offeree company), the Takeovers Code will be applicable. In these circumstances, a Unitholder should consult a solicitor or financial adviser to ensure compliance with the Takeovers Code.

## **Change of Underlying Index**

The Manager reserves the right with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index with another Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

- (a) the Underlying Index ceasing to exist;
- (b) the licence to use the Underlying Index being terminated;
- (c) a new index becoming available that supersedes the existing Underlying Index;

- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Underlying Index;
- (e) investing in the Securities comprised within the Underlying Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the Manager;
- (g) the quality (including accuracy and availability of the data) of the Underlying Index having in the opinion of the Manager, deteriorated;
- (h) a significant modification of the formula or calculation method of the Underlying Index rendering that index unacceptable in the opinion of the Manager; and
- (i) the instruments and techniques used for efficient portfolio management not being available.

The Manager may change the name of the Index Fund if the Underlying Index changes or for any other reasons including if licence to use the relevant Underlying Index is terminated. Any change to the Underlying Index and or the name of the Index Fund will be notified to investors.

### **Information Available on the Internet**

The Manager will publish important news and information with respect to the Index Funds, both in the English and in the Chinese languages, on the Manager's website at [www.blackrock.com/hk](http://www.blackrock.com/hk) including:

- This Prospectus and the product key facts statement (as revised from time to time);
- Latest financial reports;
- Latest closing Net Asset Value;
- Estimated Net Asset Value throughout each dealing day;
- Latest closing level of the Underlying Index;
- Notices and announcements; and
- Composition of any dividends paid by each Index Fund (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

The Manager will publish on its website the constituent securities of each Index Fund at such frequency as is permitted by the Index Provider.

All of the information outlined above can be found on the product webpage of the Index Funds. The product webpage of the Index Funds can be located by using the search function and inserting the stock codes of the iShares MSCI AC Asia ex Japan Index ETF (i.e. 3010), the iShares MSCI Emerging Asia Index ETF (i.e. 2802), the iShares MSCI Asia APEX Mid Cap Index ETF (i.e. 3032) and the iShares MSCI Asia APEX Small Cap Index ETF (i.e. 3004) at [www.blackrock.com/hk](http://www.blackrock.com/hk). This website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

## Notices

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

### Manager

BlackRock Asset Management North Asia Limited  
16th Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

### Trustee

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

## Queries and Complaints

Investors may contact the Manager at its address as set out above, or by phone at its telephone number: (852) 3903 2823 or by email: [iSharesAsiaEnquiry@blackrock.com](mailto:iSharesAsiaEnquiry@blackrock.com) to seek any clarification regarding the Trust or the Index Funds or to file a complaint. If a query or complaint is received by phone, the Manager will respond orally. If a query or complaint is received in writing, the Manager will respond in writing. Under normal circumstances the Manager will respond to any query or complaint as soon as practicable and in any event within 21 days.



# TAXES

The following summary of Hong Kong and PRC taxation and FATCA is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the PRC, and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong and the PRC at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus.

## Hong Kong

### The Index Funds

**Profits Tax:** As each Index Fund has been authorised as a collective investment scheme by the SFC pursuant to section 104 of the Securities and Futures Ordinance, profits of each Index Fund arising from the sale or disposal of securities, net investment income received by or accruing to the Index Fund and other profits of the Index Fund are exempt from Hong Kong profits tax.

**Other taxes:** Notwithstanding that profits or income of each Index Fund are exempt from Hong Kong profits tax, each Index Fund may be subject to tax in certain jurisdictions where investments are made on income or capital gains derived from such investments.

**Stamp Duty:** Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty on the sale and purchase and transfer of Securities upon allotment and redemption of Units to or by any Index Fund by or to a Participating Dealer will be remitted or refunded upon application under section 52 of the Stamp Duty Ordinance (Cap.117).

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

The sale and purchase of Hong Kong stocks by an Index Fund will be subject to stamp duty in Hong Kong at the current rate of 0.2% of the price of the shares being sold and purchased. An Index Fund will be liable to one half of such Hong Kong stamp duty.

## The Unitholders

**Profits Tax:** Hong Kong profits tax will not be payable by the Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units and on any distributions made by any Index Fund. In accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus) tax should not be payable in Hong Kong in respect of dividends payable to Unitholders.

**Stamp Duty:** Prior to 13 February 2015, the trading of Units via a sale or purchase on the SEHK of all the Index Funds except iShares MSCI Emerging Asia Index ETF by an investor was subject to stamp duty at the rate of 0.2% of the price of the Units. The investor selling Units and the purchaser were each liable for one-half of the amount of Hong Kong stamp duty payable upon such a transfer. Pursuant to the Stamp Duty (Amendment) Ordinance 2015, with effect from 13 February 2015, no stamp duty is payable on the transfer (purchase or sale) of units of all exchange traded funds on the SEHK. No stamp duty is therefore payable on the transfer of Units of iShares MSCI AC Asia ex Japan Index ETF, iShares MSCI Asia APEX Mid Cap Index ETF or iShares MSCI Asia APEX Small Cap Index ETF.

No stamp duty is chargeable to investors when trading via sale or purchase of Units of iShares MSCI Emerging Asia Index ETF on the SEHK due to a stamp duty remission granted by the Secretary for Financial Services and the Treasury to iShares MSCI Emerging Asia Index ETF on the basis that it is tracking a regional index comprising not more than 40% of Hong Kong stocks. Hence no stamp duty was in effect payable for the transfer of units in the iShares MSCI Emerging Asia Index ETF prior to 13 February 2015. As such, the waiver of stamp duty does not affect the iShares MSCI Emerging Asia Index ETF in practice.

## PRC

### The Index Funds

**Corporate Income Tax:** Under the general taxing provision of the PRC Corporate Income Tax Law ("CIT"), which became effective on 1 January 2008, a PRC non-resident enterprise is subject to 10% withholding tax on passive income (including dividends, interest, capital gains on disposals of PRC equity interests, etc.) derived from the PRC, provide that such non-resident enterprise is not considered to be a tax resident in the PRC by virtue of central management and control or by having a PRC tax establishment. Although it is intended that the Index Funds will be managed and operated such that it would not be considered a tax resident in the PRC or to have a PRC tax establishment, the Index Funds' investing in PRC securities may give rise to PRC taxes to the Index Funds in the form of withholding on dividends, interest, capital gains, and/or other business, stamp, and indirect taxes, the tax extent of which will depend on a number of factors, including but not limited to the specific investment type, legislative clarifications provided to-date by the PRC tax authorities pertaining to the specific investment, and current tax practice in the PRC.

**H shares:** H shares are PRC securities listed on the Hong Kong Stock Exchange. It is intended that with respect to the Index Funds' direct investment in H shares, dividends to be distributed by the PRC resident enterprise will be subject to withholding tax at 10% according to Circular *Guoshuihan* [2008] No 897. To-date, there is uncertainty as to whether and how capital gains on H shares will be taxed, and there has been no official clarification from the PRC tax authorities in this regard, nor has the PRC tax authorities actively enforced taxation on capital gains arising from sales of H shares by PRC non-resident enterprises. Upon any future resolution or clarity of these tax uncertainties in PRC tax law, the Index Funds will, as soon as practicable, make relevant adjustments to the amount of withholding income tax provision as it considers necessary, which may materially affect the net asset value of the Index Funds, and with possible retrospective effect.

## FATCA

**General Information** The Foreign Account Tax Compliance Act (“FATCA”) is a US tax law enacted in March 2010 with the withholding requirements for new accounts scheduled to be effective on 1 July 2014 (1 January 2017 for gross proceeds). FATCA attempts to minimise tax avoidance by US persons investing in foreign assets both through their own accounts and through their investments in foreign entities. Unless an intergovernmental agreement (an “IGA”) is in place, FATCA requires foreign financial institutions (“FFIs”) to provide information to the US tax authority, the Internal Revenue Service (the “IRS”), regarding their US account holders including substantial US owners of certain non-financial foreign entities (“NFFEs”). FFIs who fail to commit to meeting certain due diligence, withholding and reporting requirements and certain NFFEs who fail to provide required information on their substantial US owners will be subject to 30% FATCA withholding on most types of income from US investments (as further described below).

Payments of U.S. source fixed, determinable, annual, or periodic income (“FDAP”), such as dividends and interest, are subject to withholding beginning on 1 July 2014 when paid to nonparticipating FFIs (“NPFIs”), non-compliant NFFEs, recalcitrant account holders at participating FFIs (“PFFIs”), and electing PFFIs. Payments made in the ordinary course of business for nonfinancial services are excluded from withholding. Gross proceeds from the sale of property that would yield U.S. source dividends or interest are subject to withholding on new accounts beginning 1 January 2017. Payments of foreign source FDAP income may ultimately be subject to withholding; however, this would be no earlier than 1 January 2017 and subject to further regulation.

U.S. tax law has detailed rules for determining the source of income. Different rules apply for each type of income. Interest and dividends, two of the most important types of income for investors, are generally sourced by reference to the residence of the obligor. Specifically, dividends are generally treated as U.S. source income when paid by a U.S. corporation with respect to its stock, and interest is generally treated as U.S. source income when paid by a U.S. borrower of money.

If an IGA is in place between the US and the country where the FFI is domiciled, then the terms of the IGA replace FATCA, meaning that all FFIs in the IGA country will generally be able to apply simpler, less burdensome due diligence and tax information sharing requirements, with generally no FATCA tax withholding. The United States Department of the Treasury and Hong Kong has on 13 November 2014 entered into an intergovernmental agreement based on the Model 2 format (“Model 2 IGA”). The Model 2 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS.

**FATCA Registration Status** The Trust and/or the Index Funds intend to register as “Sponsored FFIs” within the time prescribed by FATCA. The Manager has been registered as a Sponsoring FFI for and on behalf of the Trust and the Index Funds and has obtained its global intermediary identification number. The Trust and/or the Index Funds will register once additional guidance on the registration process is received by the IRS.

**Impact to the Index Funds and Unitholders** In the event that any of the Index Funds holds US securities and is not FATCA compliant, the relevant Index Fund may become subject to a 30% FATCA withholding as a result of the FATCA regime, and the value of the Units held by Unitholders may suffer material losses.

The Manager does not support US tax evasion or any request to help investors avoid detection under FATCA. The Manager is not able to provide tax advice and cannot determine the impact or compliance obligations of FATCA or an applicable IGA for investors’ business activities. The Manager strongly encourages Unitholders to seek the advice of an experienced tax adviser to determine what actions Unitholders may need to take.

# DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.

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

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

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

“Code” means the Code on Unit Trusts and Mutual Funds dated June 2010 issued by the SFC (as amended, or replaced, from time to time).

“Connected Person” has the meaning as set out in the Code which at the date of the Prospectus means in relation to a company:

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

“Creation Application” means, in respect of an Index Fund, an application by a Participating Dealer for the creation and issue of Units of an Index Fund in an Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and terms of the Trust Deed.

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

“Dealing Deadline” in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in the “Descriptions of the Index Funds” section of this Prospectus.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the deposited property (as that term is defined in the Trust Deed) the increase or decrease of the deposited property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating

or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities of the Trust for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

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

“Index Fund” means one segregated pool of assets and liabilities into which the Trust Fund is divided in accordance with the Trust Deed. The relevant Index Funds relating to this Prospectus are listed in the section headed “Introduction”.

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

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

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

- (a) in relation to any Security: the SEHK or a Recognised Stock Exchange; and
- (b) in relation to any futures contract: the Hong Kong Futures Exchange or any international futures exchange recognised by the SFC or approved by the Manager and the Trustee.

“Market Maker” means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.

“MSCI” means MSCI Inc. (formerly known as Morgan Stanley Capital International Inc.)

“MSCI Indexes” means MSCI All Country Asia ex Japan Index, MSCI Asia APEX Mid Cap 50 Index, MSCI Asia APEX Small Cap 200 Index and MSCI EM Asia Index.

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

“Operating Guidelines” means in relation to an Index Fund, the guidelines for the creation and redemption of Units of the relevant class set out in the schedule to the Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the Participating Dealers and as notified in writing to the Participating Dealers (for the avoidance of doubt, different Operating Guidelines may be established for different Index Funds). Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant Index Fund applicable at the time of the relevant Application.

“Participating Dealer” means, in respect of an Index Fund, any licensed broker or dealer who is (or who has appointed an agent who is) admitted by HKSCC as either a Direct Clearing Participant or a General Clearing Participant (as defined in the General Rules of CCASS) in CCASS and who has entered into a Participation Agreement, and any reference in this Prospectus to “Participating Dealer” shall, where the context requires, include a reference to any agent so appointed by the Participating Dealer.

“Participation Agreement” means an agreement entered into between the Trustee, the Manager, a Participating Dealer and (where relevant) a Participating Dealer’s agent, setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

“PRC” means The People’s Republic of China excluding the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

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

“Redemption Application” means, in respect of an Index Fund, an application by a Participating Dealer for the redemption of Units of an Index Fund in Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and terms of the Trust Deed.

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

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

- (a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);
- (b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (c) any instrument commonly known or recognised as a security;
- (d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (e) any bill of exchange and any promissory note.

“Securities and Futures Ordinance” or “SFO” means the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

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

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

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

“Takeovers Code” means The Code on Takeovers and Mergers dated June 2010 issued by the SFC (as amended, or replaced, from time to time).

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

“Trust Fund” means all the property held by the Trust, including all Deposited Property and Income Property (as defined in the Trust Deed), except for amounts to be distributed, in each case in accordance with the terms and provisions of the Trust Deed.

“Underlying Index” means, in respect of an Index Fund, the index against which the relevant Index Fund is benchmarked.

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

“Unitholder” means a person entered on the register of holders as the holder of Units including, where the context so admits, persons jointly registered.

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

# SCHEDULE 1

## Investment Restrictions

If any of the restrictions or limitations set out in this Schedule 1 is breached, the Manager will make it a priority objective to take all necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which the scheme was authorised.

The investment restrictions applicable to each Index Fund that are included in the Trust Deed are summarised below:–

- (a) all Index Funds of the Trust may not collectively hold more than 10% of any one class of Security issued by any single issuer, unless otherwise agreed by the SFC;
- (b) no more than 10% of the latest available Net Asset Value of an Index Fund may be invested in Securities issued by any single issuer, unless otherwise agreed by the SFC;
- (c) no more than 15% of the latest available Net Asset Value of an Index Fund may be invested in Securities which are not quoted, listed or dealt in on a Market, including swaps;
- (d) no more than 30% of the latest available Net Asset Value of an Index Fund may be invested in government and other public Securities of the same issue. Subject to the foregoing, any Index Fund may invest all of its assets in government and other public Securities in at least six different issues;
- (e) no Index Fund may hold options and warrants valued at more than 15% of its latest available Net Asset Value, except that this 15% limit will not apply to options and warrants acquired for hedging purposes;
- (f) no more than 20% of the latest available Net Asset Value of an Index Fund may be invested in (i) commodities including physical commodities, and other commodity-based investments and excluding, for this purpose, Securities of companies engaged in the production, processing or trading of commodities) and (ii) futures contracts on an unhedged basis (but without prejudice to the Manager's right to take positions in Futures Contracts in order to protect the assets of the Trust against adverse and unusual currency or market fluctuations);
- (g) no more than 10% of the latest available Net Asset Value of an Index Fund may be invested in Units or shares in other collective investment schemes unless otherwise agreed by the SFC and other requirements of the Code are met.

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

- (a) invest in shares or contracts which are not quoted, listed or dealt in on a Market unless the Manager reasonably believes (either generally or in any particular case) that (i) it is possible to make an investment more advantageously in some other manner and (ii) it is not possible to effect such investment on a Market;
- (b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trust (REITs) that are listed on a stock exchange);
- (c) make short sales unless (i) the Index Fund's liability to deliver Securities does not exceed 10% of its latest available Net Asset Value; and (ii) the Security which is to be sold short is actively traded on a market where short selling activity is permitted;



- (d) grant or create in favour of any person any option and for the avoidance of doubt, write uncovered options;
- (e) effect or enter into any underwriting or sub-underwriting contracts in relation to the subscription or purchase of Securities (other than the initial issue of Units);
- (f) invest in any Security or other property which involves the assumption of any liability by the Trustee which is unlimited;
- (g) lend any monies comprising part of the Trust Fund to any person (but which shall not prohibit the holding or investment of uninvested cash in any of the ways or instruments permitted under the Trust Deed);
- (h) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (i) invest in any Security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5%, or collectively they own more than 5%, of the total nominal amount of all the issued Securities of that class;
- (j) invest in any Security where a call is to be made, unless the call could be met in full out of cash or near cash from the Index Fund.

The investment restrictions set out above apply to each of the Index Funds, subject to the following:–

- (a) A collective investment scheme authorised by the SFC under the Code is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single issuer exceeding 10% of the collective investment scheme's total net asset value. Given the investment objective of each of the Index Funds and nature of the Underlying Indices, each of the Index Funds is allowed under the Code to hold investments in Securities of any single issuer exceeding 10% of the Index Fund's latest available Net Asset Value. Further, the Manager may deviate away from the index weighting (in pursuing a representative sampling investment strategy) on condition that the maximum deviation from the index weighting of any constituent will not exceed 3%. Under the ETF Guidelines, the Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and semi-annual reports of the Index Fund shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.
- (b) By adopting a representative sampling investment strategy the Manager may invest in Securities outside the Underlying Index. The Manager may do so for reasons including liquidity and cost. The Manager will only invest in Securities which are not included in the Underlying Index provided the sample closely reflects the overall characteristics of the Underlying Index.
- (c) A collective investment scheme is usually restricted from making investments which would result in that collective investment scheme holding units or shares in another scheme in excess of 10% of the first stated collective investment scheme's total net asset value.

The Manager has applied for, and has been granted, a waiver in respect of the iShares MSCI Emerging Asia Index ETF to invest in the iShares S&P BSE SENSEX India ETF ("SENSEX India ETF") to gain exposure to the Indian market segment of the Underlying Index, subject to a maximum deviation from the Indian market country weight of 3%. At the date of this prospectus the Indian market country weight in the iShares MSCI Emerging Asia Index ETF exceeded 10%. The SENSEX India ETF is managed by the Manager. The Manager shall ensure that neither the Index Fund nor its Unitholders will suffer any increase in the overall total of initial charges, management fee, or any other costs and charges payable to the Manager as a result of the investment in the SENSEX India ETF.

## **Stock Lending**

The Index Funds currently do not intend to engage in any securities lending activities or repurchase transactions or other similar over the counter transactions. One month's prior notice will be given to Unitholders in the event the Manager intends to engage in such activities.

## **Borrowing Policy**

Borrowing against the assets of any Index Fund is allowed up to a maximum of 10% of its latest available Net Asset Value. The Trustee may at the request of the Manager borrow for the account of any Index Fund any currency, and charge or pledge assets of an Index Fund, for the following purposes:–

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

## SCHEDULE 2

### Index Provider Disclaimer

The iShares MSCI AC Asia ex Japan Index ETF, iShares MSCI Asia APEX Mid Cap Index ETF, iShares MSCI Asia APEX Small Cap Index ETF, and iShares MSCI Emerging Asia Index ETF are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI Index (collectively, the "MSCI parties"). The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by BlackRock. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or unitholders of the Index Funds or any other person or entity regarding the advisability of investing in Index Funds generally or in the Index Funds particularly or the ability of any MSCI Index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI Indexes which are determined, composed and calculated by MSCI without regard to the Index Funds or the issuer or unitholders of the Index Funds or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or unitholders of the Index Funds or any other person or entity into consideration in determining, composing or calculating the MSCI Indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Index Funds to be issued or in the determination or calculation of the equation by or the consideration into which the Index Funds are redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or unitholders of the Index Funds or any other person or entity in connection with the administration, marketing or offering of the Index Funds.

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