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 EXCHANGE TRADED FUND NAMED BELOW

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 CSI Financials 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 CSI A-Share Financials Index ETF* (*This is a synthetic ETF)
(Stock Code: 2829) (the "CSI Financials ETF")

ANNOUNCEMENT
WAIVER FROM STRICT COMPLIANCE OF CHAPTER 11.6 OF THE CODE
AND
INFORMATION ABOUT THE PUBLICATION OF THE TERMINATION AUDIT REPORT

IMPORTANT: Investors are strongly advised to consider the contents of this Announcement. The Manager has applied to the SFC, and has been granted, a waiver from strict compliance of Chapter 11.6 of the SFC's Code on Unit Trusts and Mutual Funds (the "Code"), regarding the preparation of annual report covering the Termination Audit Period, as defined in this Announcement.

In particular, investors should note that:

- **since from the Trading Cessation Date onwards: (i) all assets of the CSI Financials ETF were liquidated and the CSI Financials ETF therefore ceased to track the Underlying Index and is no longer marketed to the public; (ii) the Final Distribution in respect of the CSI Financials ETF to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 24 March 2017. The Manager will issue further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution, together with the amount of Final Distribution per Unit, in due course.**

- **in addition to previous waivers as set out in the January Announcement (as defined below), the Manager has applied to the SFC, and has been granted, a waiver from strict compliance with 11.6 of the Code (with regard to preparing annual report covering the Termination Audit Period, as defined in Section 2 of this Announcement).**

The Manager hereby announces that the annual report for the CSI Financials ETF of the year ended 31 December 2016 will be combined with the termination audit of the CSI Financials ETF covering the period from 1 January 2016 to the Termination Date (expected to be on or around 28 April 2017). The annual report for the above period will be published within three months of the Termination Date (i.e. expected to be no later than 28 July 2017). If there are any changes to the dates and arrangements mentioned herein, the Manager will issue an announcement for the revised dates and arrangements.

Save for the aforesaid provision in respect of which specific waiver has been granted, and waivers from other provisions of the Code as described in the January Announcement (as defined 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.

Investors are strongly advised to read and consider this Announcement, together with the January Announcement (as defined below) and the Prospectus.

Reference is made to the "Announcement and Notice of the Proposed Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Waiver from Strict Compliance with Certain Provisions of the Code" issued by BlackRock Asset Management North Asia Limited (the "Manager"), the manager of the Trust and the CSI Financials ETF, on 20 January 2017 (the "January Announcement"). Unless otherwise defined herein, terms and expressions used in this Announcement and Notice have the same meanings as given to them in the January Announcement.

Waiver from 11.6 of the Code

According to 11.6 of the Code, annual report and account containing the information required under Appendix E to the Code must be published and distributed to investors within four months of the end of the CSI Financials ETF's financial year (which ends on 31 December in each year). 11.6 of the Code also provides that, as an alternative to the distribution of printed financial reports, investors may be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

The Manager envisages that following the payment of the Final Distribution, the accounts of the CSI Financials ETF should be relatively simple and straightforward. As such, with a view to minimising the operational costs during the period of cessation of trading from the Trading Cessation Date (expected to be 27 February 2017), the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under 11.6 of the Code such that, to the extent if the Termination Date falls within the first four months of the relevant financial year (the "relevant financial year"), the annual report of the preceding year will be combined with the termination audit of the CSI Financials ETF covering the period from 1 January of the year preceding the relevant financial year to the Termination Date (the "Termination Audit Period"). This waiver shall be subject to the following conditions:

(a) the contents of the annual report for the Termination Audit Period (the "Termination Audit Report") shall comply with the requirements under 4.5(f) and Appendix E to the Code, and all other applicable provisions of the Code, other applicable laws and regulations;

(b) if the Termination Date falls within the first four months of the relevant financial year and the waiver becomes applicable, the Manager shall notify investors by way of an announcement on its website and the SEHK's website as soon as practicable before the annual report for the year preceding the relevant financial year is due (the "Original Due Date"). Such announcement shall notify investors of, among other things: (i) when the Termination Audit Report will be published; (ii) the start and end dates of the Termination Audit Period; and (iii) where the Termination Audit Report, in printed and electronic forms, can be obtained; and

(c) the Termination Audit Report shall be published on the Manager's website and the SEHK's website as soon as practicable and in any event no later than three months after the Termination Date (i.e. not more than 19 months from 1 January of the year preceding the relevant financial year).

The Manager confirms that, apart from the particular provisions of the Code set out in this Announcement and in the January Announcement above, the Manager will continue to comply with all the other applicable provisions of the UT Code, the applicable provisions in the Trust Deed and other applicable laws and regulations.

Termination Audit Report

As the Termination Date is expected to be on or around 28 April 2017, which falls within the first four months of the relevant financial year (being the financial year beginning 1 January 2017), the Manager hereby announces that the annual report of the year ended 31 December 2016 will be combined with the termination audit of the CSI Financials ETF covering the Termination Audit Period, being the period from 1 January 2016 to the Termination Date (expected to be on or around 28 April 2017).

The Termination Audit Report will be published on the Manager's website and the SEHK's website as soon as practicable and in any event no later than three months of the Termination Date (i.e. expected to be no later than 28 July 2017). Hard copies may also be obtained from the Manager free of charge.

If there are any changes to the dates and arrangements mentioned herein, the Manager will issue an announcement for the revised dates and arrangements.

Enquiries

If you have any queries concerning this Announcement, 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.

BlackRock Asset Management North Asia Limited
as Manager of the Trust and the CSI Financials ETF
3 March 2017

The Stock Exchange of Hong Kong Limited (the "SEHK"), Hong Kong Securities Clearing Company Limited, Hong Kong Exchanges and Clearing Limited ("HKEx") and the Securities and Futures Commission (the "SFC"), 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. SFC authorisation is not a recommendation or an endorsement of the Trust and the Sub-Funds nor does it guarantee the commercial merits of the Trust and the Sub-Funds or their performance. It does not mean the Trust and the Sub-Funds are suitable for all investors nor is it an endorsement of their 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 CSI A-Share Energy Index ETF* (*This is a synthetic ETF)
(Stock Code: 3050) (the "CSI Energy ETF")

iShares CSI A-Share Materials Index ETF* (*This is a synthetic ETF)
(Stock Code: 3039) (the "CSI Materials ETF")

iShares CSI A-Share Infrastructure Index ETF* (*This is a synthetic ETF)
(Stock Code: 3006) (the "CSI Infrastructure ETF")

iShares CSI A-Share Consumer Discretionary Index ETF* (*This is a synthetic ETF)
(Stock Code: 3001) (the "CSI Consumer Discretionary ETF")

iShares CSI A-Share Consumer Staples Index ETF* (*This is a synthetic ETF)
(Stock Code: 2841) (the "CSI Consumer Staples ETF")

(each of the CSI Energy ETF, CSI Materials ETF, CSI Infrastructure ETF, CSI Consumer Discretionary ETF and CSI Consumer Staples ETF also referred to as a "Sub-Fund", and together the "Sub-Funds" of the Trust)

ANNOUNCEMENT AND NOTICE OF TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING

PLEASE READ THIS IMPORTANT DOCUMENT AND IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.

The termination of the Sub-Funds and the deauthorisation of the Sub-Funds became effective on 24 February 2017. The delisting of the Sub-Funds from the SEHK also became effective from 9:00 a.m. on 24 February 2017.

Reference is made to the Announcement and Notice dated 18 November 2016 and titled "*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*" (the "**First Announcement**") the Announcement dated 8 February 2017 titled "Final Distribution Announcement" and the Announcement dated 17 February 2017 and titled "Announcement Waiver From Strict Compliance of Chapter 11.6 of the Code and Information about the Publication of the Termination Audit Report" issued by BlackRock Asset Management North Asia Limited (the "**Manager**"), the manager of the Trust and the Sub-Funds. Capitalised terms not defined in this Announcement shall have the same meanings as defined in the First Announcement.

The purpose of this Announcement and Notice is to inform the investors that the Trustee and the Manager formed an opinion on 23 February 2017 that the Sub-Funds have no outstanding contingent or actual liabilities or assets. The termination process of the Sub-Funds has also been completed.

Furthermore, the SFC has approved the deauthorisation of the Sub-Funds (the "**Deauthorisation**") and the SEHK has approved the delisting of the Sub-Funds from the SEHK (the "**Delisting**"). The Deauthorisation became effective on 24 February 2017 (the "**Termination Date**") and the Delisting also became effective from 9:00 a.m. on the Termination Date. Investors who are in doubt about the contents of this Announcement and Notice should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager at (852) 3903 2823 during office hours (except Hong Kong statutory holidays) or by email: 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
24 February 2017

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 EXCHANGE TRADED FUNDS NAMED BELOW

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 Sub-Funds, 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.*

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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 CSI A-Share Energy Index ETF* (*This is a synthetic ETF)
(Stock Code: 3050)
iShares CSI A-Share Materials Index ETF* (*This is a synthetic ETF)
(Stock Code: 3039)
iShares CSI A-Share Infrastructure Index ETF* (*This is a synthetic ETF)
(Stock Code: 3006)
iShares CSI A-Share Consumer Discretionary Index ETF* (*This is a synthetic ETF)
(Stock Code: 3001)
iShares CSI A-Share Consumer Staples Index ETF* (*This is a synthetic ETF)
(Stock Code: 2841)

(together, the "Sub-Funds" of the Trust)

ANNOUNCEMENT
WAIVER FROM STRICT COMPLIANCE OF CHAPTER 11.6 OF THE CODE
AND
INFORMATION ABOUT THE PUBLICATION OF THE TERMINATION AUDIT REPORT

IMPORTANT: Investors are strongly advised to consider the contents of this Announcement. The Manager has applied to the SFC, and has been granted, a waiver from strict compliance of Chapter 11.6 of the SFC's Code on Unit Trusts and Mutual Funds (the "Code"), regarding the preparation of annual report covering the Termination Audit Period, as defined in this Announcement.

In particular, investors should note that:

- **since from the Trading Cessation Date onwards: (i) all assets of the Sub-Funds were liquidated and the Sub-Funds have therefore ceased to track the Underlying Index and is no longer marketed to the public; (ii) the Final Distribution for the Sub-Funds were credited to the CCASS accounts of the relevant financial intermediaries and stockbrokers through whom the Relevant Investors held Units on the Distribution Record Date (see Final Distribution Announcement for the Sub-Funds issued on 8 February 2017).**

- **in addition to previous waivers as set out in the November Announcement (as defined below), the Manager has applied to the SFC, and has been granted, a waiver from strict compliance with 11.6 of the Code (with regard to preparing annual report covering the Termination Audit Period, as defined in Section 2 of this Announcement).**

The Manager hereby announces that the annual report for the Sub-Funds of the year ended 31 December 2016 will be combined with the termination audit of the Sub-Funds covering the period from 1 January 2016 to the Termination Date (expected to be on or around 24 February 2017). The annual report for the above period will be published within three months of the Termination Date (i.e. expected to be no later than 24 May 2017). If there are any changes to the dates and arrangements mentioned herein, the Manager will issue an announcement for the revised dates and arrangements.

Save for the aforesaid provision in respect of which specific waiver has been granted, and waivers from other provisions of the Code as described in the November Announcement (as defined 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.

Investors are strongly advised to read and consider this Announcement, together with the November Announcement (as defined below) and the Prospectus.

Reference is made to the "Announcement and Notice of the Proposed Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Waiver from Strict Compliance with Certain Provisions of the Code" issued by BlackRock Asset Management North Asia Limited (the "Manager"), the manager of the Trust and the Sub-Funds, on 18 November 2016 (the "November Announcement"). Unless otherwise defined herein, terms and expressions used in this Announcement and Notice have the same meanings as given to them in the November Announcement.

Waiver from 11.6 of the Code

According to 11.6 of the Code, annual report and account containing the information required under Appendix E to the Code must be published and distributed to investors within four months of the end of the Sub-Funds' financial year (which ends on 31 December in each year). 11.6 of the Code also provides that, as an alternative to the distribution of printed financial reports, investors may be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

The Manager envisages that following the payment of the Final Distribution, the accounts of the Sub-Funds should be relatively simple and straightforward. As such, with a view to minimising the operational costs during the period of cessation of trading from the Trading Cessation Date (i.e. 19 December 2016), the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under 11.6 of the Code such that, to the extent if the Termination Date falls within the first four months of the relevant financial year (the "relevant financial year"), the annual report of the preceding year will be combined with the termination audit of the Sub-Funds covering the period from 1 January of the year preceding the relevant financial year to the Termination Date (the "Termination Audit Period"). This waiver shall be subject to the following conditions:

(a) the contents of the annual report for the Termination Audit Period (the "Termination Audit Report") shall comply with the requirements under 4.5(f) and Appendix E to the Code, and all other applicable provisions of the Code, other applicable laws and regulations;

(b) if the Termination Date falls within the first four months of the relevant financial year and the waiver becomes applicable, the Manager shall notify investors by way of an announcement on its website and the SEHK's website as soon as practicable before the annual report for the year preceding the relevant financial year are due (the "Original Due Date"). Such announcement shall notify investors of, among other things: (i) when the Termination Audit Report will be published; (ii) the start and end dates of the Termination Audit Period; and (iii) where the Termination Audit Report, in printed and electronic forms, can be obtained; and

(c) the Termination Audit Report shall be published on the Manager's website and the SEHK's website as soon as practicable and in any event no later than three months after the Termination Date (i.e. not more than 19 months from 1 January of the year preceding the relevant financial year).

The Manager confirms that, apart from the particular provisions of the Code set out in this Announcement and in the November Announcement above, the Manager will continue to comply with all the other applicable provisions of the UT Code, the applicable provisions in the Trust Deed and other applicable laws and regulations.

Termination Audit Report

As the Termination Date is expected to be on or around 24 February 2017, which falls within the first four months of the relevant financial year (being the financial year beginning 1 January 2017), the Manager hereby announces that the annual report of the year ended 31 December 2016 will be combined with the termination audit of the Sub-Funds covering the Termination Audit Period, being the period from 1 January 2016 to the Termination Date (expected to be on or around 24 February 2017).

The Termination Audit Report will be published on the Manager's website and the SEHK's website as soon as practicable and in any event no later than three months of the Termination Date (i.e. expected to be no later than 24 May 2017). Hard copies may also be obtained from the Manager free of charge.

If there are any changes to the dates and arrangements mentioned herein, the Manager will issue an announcement for the revised dates and arrangements.

Enquiries

If you have any queries concerning this Announcement, 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.

BlackRock Asset Management North Asia Limited
as Manager of the Trust and the Sub-Funds
17 February 2017

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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 CSI Financials 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.*

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*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.*

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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 CSI A-Share Financials Index ETF* (*This is a synthetic ETF)
(Stock Code: 2829) (the "CSI Financials ETF")

ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH 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 CSI Financials ETF, and the waivers from strict compliance of certain provisions of the Code for the period from 27 February 2017 (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 CSI Financials ETF (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(b) of the Trust Deed to terminate the CSI Financials ETF with effect from the Termination Date. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the CSI Financials ETF pursuant to Clause 35.7(b) of the Trust Deed and the Trustee does not object to this proposal;

- the Last Trading Day of the Units in the CSI Financials ETF will be 24 February 2017, 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 23 January 2017 following the publication of this Announcement and Notice;

- the Units of the CSI Financials ETF will cease trading as from 27 February 2017 (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 the CSI Financials ETF and no further redemption of Units of the CSI Financials ETF; (ii) the Manager will start to realise all the assets of the CSI Financials ETF and the CSI Financials ETF will therefore cease to track the Underlying Index and will not be able to meet its investment objective of tracking the performance of such Underlying Index; (iii) the CSI Financials ETF will no longer be marketed to the public; and (iv) the CSI Financials ETF will mainly hold cash, and the CSI Financials ETF will only be operated in a limited manner;

- with a view to minimising further costs, fees and expenses in managing the CSI Financials ETF 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 17(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 CSI Financials ETF's auditor, declare a Final Distribution (please refer to section 3.2 below for further information) to the investors who remain so as at 1 March 2017 (i.e. the Distribution Record Date) and the Final Distribution is expected to be payable on or around 24 March 2017 (the "Final Distribution Date"). Based on the information available to the Manager as at the date of this Announcement and Notice, the Manager considers it unlikely 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 the CSI Financials ETF has no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the termination of the CSI Financials ETF (i.e. the Termination Date);

- as at the date of this Announcement and Notice in respect of the CSI Financials ETF (i) the Manager understands from all CAAP Issuers that their relevant PRC CGT tax filings to the PRC tax authorities for assessment has been made and such assessment has been completed by the PRC tax authorities (ii) the Manager has agreed and settled PRC CGT liability with all CAAP Issuers and (iii) the Manager accordingly believes to the best of its knowledge and after taking professional tax advice that the CSI Financials ETF has no further liability in respect of PRC CGT;

- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the CSI Financials ETF's SFC authorised status and the CSI Financials ETF's 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 the CSI Financials ETF (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of the CSI Financials ETF, that is the liquidation of CAAPs, which will be borne by the CSI Financials ETF and by extension, its Unitholders) from the date of this Announcement and Notice up to and including the Termination Date. The Manager will closely monitor the situation to seek to implement the liquidation of CAAPs in an orderly manner, acting in the interest of the CSI Financials ETF and its Unitholders, taking into account the costs. In considering such costs, the Manager will seek to ensure these are reasonable (i) given the intention to terminate the CSI Financials ETF by the Termination Date and (ii) the prevailing market conditions;

- 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 CSI Financials ETF 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, early CAAP redemption and repurchase 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 Underlying 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 the CSI Financials ETF or otherwise deciding on the course of actions to be taken in relation to their Units in the CSI Financials ETF.

Stockbrokers and financial intermediaries are urged to:

- forward a copy of this Announcement and Notice to their clients holding Units in the CSI Financials ETF, 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 the CSI Financials ETF 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 CSI Financials ETF.

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 10 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 CSI Financials ETF, reserves its right to terminate the CSI Financials ETF in its absolute discretion by notice in writing to the Trustee under Clause 35.7(b) of the Trust Deed if the aggregate Net Asset Value of all the Units outstanding in the CSI Financials ETF is less than the Hong Kong Dollar equivalent of US$ 10,000,000.

As at 17 January 2017, the Net Asset Value of all the Units outstanding in the CSI Financials ETF was less than the Hong Kong Dollar equivalent of US$ 10,000,000. The Manager therefore announces that it has, by means of a resolution of the board of directors of the Manager, decided to terminate the CSI Financials ETF and voluntarily seek Deauthorisation and Delisting of the CSI Financials ETF. 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 CSI Financials ETF have no outstanding contingent or actual liabilities or assets.

Before the proposed termination, Deauthorisation and Delisting, the Units of the CSI Financials ETF will cease trading on the SEHK as from 27 February 2017, the Trading Cessation Date. Accordingly, the last day on which the Units of the CSI Financials ETF can be traded on the SEHK will be 24 February 2017, 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 23 January 2017 following the publication of this Announcement and Notice.

The Manager by this Announcement and Notice notifies the investors of the proposed termination of the CSI Financials ETF. 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 CSI Financials ETF will cease to track the Underlying Index, and cease trading, from the Trading Cessation Date.

The Manager will bear all costs and expenses associated with the termination of the CSI Financials ETF (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of the CSI Financials ETF, including the liquidation of CAAPs, which will be borne by the CSI Financials ETF and by extension, its Unitholders) from the date of this Announcement and Notice up to and including the Termination Date.

1. Proposed termination of the CSI Financials ETF, cessation of trading and liquidation of assets

1.1 Proposed termination of the CSI Financials ETF

According to Clause 35.7(b) of the Trust Deed, the CSI Financials ETF may be terminated by the Manager in its absolute discretion if the aggregate Net Asset Value of all the Units in the CSI Financials ETF outstanding shall be less than the Hong Kong Dollar equivalent of US$ 10,000,000. The Trust Deed does not require investors' approval for terminating the CSI Financials ETF on the ground set out in Clause 35.7(b) of the Trust Deed.

The Net Asset Value and Net Asset Value per Unit of the CSI Financials ETF as at 17 January 2017 were as follows:

Net Asset Value	Net Asset Value per Unit
HK$74,035,456	HK$13.22

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 the CSI Financials ETF, the Manager is of the view that the proposed termination of the CSI Financials ETF would be in the best interests of the investors in the CSI Financials ETF. Therefore, the Manager has decided to exercise its power under Clause 35.7(b) of the Trust Deed to terminate the CSI Financials ETF on the date on which the Trustee and the Manager form an opinion that the CSI Financials ETF cease to have any contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the CSI Financials ETF pursuant to Clause 35.7(b) of the Trust Deed, and the Trustee does not object to such proposal.

1.2 **The proposed cessation of trading**

The Manager will apply to SEHK to have the Units of the CSI Financials ETF cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 27 February 2017. The Manager will aim to realise all of the assets of the CSI Financials ETF commencing from 27 February 2017 in exercise of its investment powers under Clause 9.5 of the Trust Deed.

The Manager will then proceed with a Final Distribution for the CSI Financials ETF on or around 24 March 2017 (see details in section 2.2 below). As such, 24 February 2017 will be the Last Trading Day on which investors may buy or sell Units in the CSI Financials ETF 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 23 January 2017.

For the avoidance of doubt redemption of Units in the CSI Financials ETF by Participating Dealers of the CSI Financials ETF will continue to be permitted until the Last Trading Day.

Investors should note that they cannot redeem Units directly from the CSI Financials ETF in the primary market. 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**

CAAPs comprise the majority of the assets of the CSI Financials ETF and accordingly realisation of the CSI Financials ETF's assets will involve liquidation of CAAPs. The costs associated with the liquidation of CAAPs will be borne by the CSI Financials ETF and by extension, its Unitholders. As disclosed in the Prospectus, there may be costs associated with the early redemption of CAAPs which costs will be borne by the CSI Financials ETF (and by extension, its Unitholders) – please refer to the risk factor "Early CAAP Redemption and Repurchase Risk" in section 7.1 below. The Manager will closely monitor the situation to seek to implement this in an orderly manner, acting in the interest of the CSI Financials ETF and its Unitholders, taking into account the costs. In considering such costs, the Manager will seek to ensure these are reasonable (i) given the intention to terminate the CSI Financials ETF by the Termination Date and (ii) the prevailing market conditions.

After the realisation of the assets of the CSI Financials ETF, the CSI Financials ETF will mainly hold cash, primarily consisting of the proceeds from the liquidation of CAAPs. It therefore follows that, from the Trading Cessation Date, the CSI Financials ETF will cease to track its Underlying Index and will not be able to meet its investment objective of tracking the performance of its Underlying 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 the CSI Financials ETF 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 24 February 2017 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 CSI Financials ETF's auditor, declare a Final Distribution for the CSI Financials ETF 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 CSI Financials ETF on or before the Last Trading Day. Such Final Distribution is expected to be made on or around 24 March 2017.

On the Termination Date, which is expected to be on or around 28 April 2017, the Manager and the Trustee will commence the completion of the termination of the CSI Financials ETF.

During the period from the Trading Cessation Date until, at least, the Termination Date, the CSI Financials ETF will continue to have listing status on the SEHK, and the CSI Financials ETF will remain authorised by the SFC, although each 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, 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 the CSI Financials ETF as well as the final approvals of the SFC and the SEHK.

Following Deauthorisation, the CSI Financials ETF will no longer be subject to regulation by the SFC. Any product documentation for the CSI Financials ETF 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 CSI Financials ETF 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 the CSI Financials ETF will be as follows:

Dispatch of this Announcement and Notice	20 January 2017 (Friday)
No further creation of Units in the CSI Financials ETF from this date	23 January 2017 (Monday)
Last day for dealings in the Units in the CSI Financials ETF on the SEHK and last day for redemption of Units in the CSI Financials ETF by Participating Dealers (the "**Last Trading Day**")	24 February 2017 (Friday)
Dealings in the Units in the CSI Financials ETF on the SEHK cease (the "**Trading Cessation Date**") and no further redemption of Units of the CSI Financials ETF, i.e. same date on which the Manager will start to realise all the assets of the CSI Financials ETF and the CSI Financials ETF will cease to be able to track its Underlying Index	27 February 2017 (Monday)
The date as at which an investor needs to be recorded by HKSCC as the beneficial owner of Units of the CSI Financials ETF 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 "**Distribution Record Date**")	1 March 2017 (Wednesday)
Final Distribution, after having consulted with the CSI Financials ETF's auditor, will be paid to the investors who are still holding Units as at the Distribution Record Date (the "**Final Distribution Date**")	On or around 24 March 2017 (Friday)
Termination of the CSI Financials ETF (the "**Termination Date**")	On or around 28 April 2017 (Friday), which is the date on which the Manager and the Trustee form an opinion that the CSI Financials ETF cease to have any respective contingent or actual assets or liabilities.
Deauthorisation and Delisting of the CSI Financials ETF	On or around 28 April 2017 (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 the CSI Financials ETF, as and when appropriate in accordance with the applicable regulatory requirements. If there is any change to the dates mentioned in this section, the Manager will issue an announcement informing the Relevant Investors of the revised dates.

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 the CSI Financials ETF, 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 CSI Financials ETF 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 the CSI Financials ETF will continue to perform their market making functions in accordance with the Trading Rules of the SEHK in respect of the CSI Financials ETF.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the CSI Financials ETF on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units of the CSI Financials ETF or such other applicable rate) and a trading fee (at 0.005% of the price of the Units of the CSI Financials ETF) 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 CSI Financials ETF on the SEHK.

The trading price of Units of the CSI Financials ETF 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 the CSI Financials ETF after the Last Trading Day, the Manager will, after having consulted with the CSI Financials ETF's 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 CSI Financials ETF's then Net Asset Value in proportion to the Relevant Investor's interests in the CSI Financials ETF as at the Distribution Record Date ("**Final Distribution**"). The CSI Financials ETF's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the CSI Financials ETF as described in section 1.3 above.

The Final Distribution in respect of the CSI Financials ETF to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 24 March 2017. The Manager will issue further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution, together with the amount of Final Distribution per Unit, 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 Units in the CSI Financials ETF. If an investor disposes of its Units in the CSI Financials ETF 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 CSI Financials ETF, in respect of any Units of the CSI Financials ETF so disposed. Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units in the CSI Financials ETF or otherwise deciding on any course of action to be taken in relation to their Units in the CSI Financials ETF.

4. Consequences of the commencement of the cessation of trading

4.1 Continued existence of the CSI Financials ETF

The CSI Financials ETF 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 the CSI Financials ETF.

By the time the Trustee and the Manager form an opinion that the CSI Financials ETF 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 the CSI Financials ETF respectively.

4.2 **Limited operation of the CSI Financials ETF**

During the period from the Trading Cessation Date until the Deauthorisation, the CSI Financials ETF will only be operated in a limited manner as there will not be any trading of Units in the CSI Financials ETF, and the CSI Financials ETF will have no investment activities from the Trading Cessation Date onwards.

Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the CSI Financials ETF during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

5. Waiver

5.1 **Background**

As set out in section 2.2 above, while the Units in the CSI Financials ETF will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the CSI Financials ETF, the CSI Financials ETF will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the CSI Financials ETF 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 the CSI Financials ETF; (ii) the Manager will start to realise all the assets of the CSI Financials ETF and the CSI Financials ETF will therefore cease to track its Underlying Index. Therefore the CSI Financials ETF will not be able to meet its respective investment objective of tracking the performance of its Underlying Index; (iii) the CSI Financials ETF will no longer be marketed to the public; and (iv) the CSI Financials ETF 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 CSI Financials ETF 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 the CSI Financials ETF 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 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 the CSI Financials ETF have ceased trading on the SEHK from 27 February 2017, and draw investors' attention to this Announcement and Notice and all other relevant announcements.

Because the CSI Financials ETF will retain their SEHK listing status after the Last Trading Day (24 February 2017) until the date of Deauthorisation, investors may continue to access further announcements in relation to the CSI Financials ETF via the HKEx's website and the Manager's website during such period. Also, according to the current policy of the SEHK (which may change from time to time), all announcements in relation to the CSI Financials ETF 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.[1] and last closing Net Asset Value on a real time or near real time basis**

Under Paragraphs 4, and 17(a) and 17(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 the CSI Financials ETF 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 CSI Financials ETF's own website).

As following the date of this Announcement and Notice, there will be no further creation of Units in the CSI Financials ETF, and from the Trading Cessation Date onwards, there will be no further trading of Units in the CSI Financials ETF and no further redemption of Units in the CSI Financials ETF, and the CSI Financials ETF will mainly hold cash and only be operated in a limited manner, the Manager proposes and the Trustee consents that the Net Asset Value per Unit of the CSI Financials ETF 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 the CSI Financials ETF 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 dividend receivable by the CSI Financials ETF.

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 17(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 the CSI Financials ETF as of 24 February 2017 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of the CSI Financials ETF, will be published on the Manager's website; and

(B) the Manager shall update the latest available Net Asset Value per Unit of the CSI Financials ETF on the Manager's website as soon as practicable should there be any other change to the Net Asset Value of the CSI Financials ETF 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 CSI Financials ETF.

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 CSI Financials ETF.

In view of the cessation of trading of Units of the CSI Financials ETF from the Trading Cessation Date, and there being no further creation or redemption of Units of the CSI Financials ETF, 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 CSI Financials ETF.

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.

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[1] *R.U.P.V stands for "Reference Underlying Portfolio Value" which is updated at 15-second intervals during trading hours.*

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 CSI Financials ETF 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 the CSI Financials ETF.

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 the CSI Financials ETF on or before the Last Trading Day.

All redemptions of Units in the CSI Financials ETF by the Participating Dealers will be subject to the fees and costs as set out in the CSI Financials ETF'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 the CSI Financials ETF (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of the CSI Financials ETF, that is, the liquidation of CAAPs, which will be borne by the CSI Financials ETF and by extension, its Unitholders) 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 completeness, if there is a further distribution after the Final Distribution Date, the Manager will only 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 CSI Financials ETF is 1.07%:

* *The ongoing charges figures are based on expenses for the year ended 31 December 2015 for the CSI Financials ETF, expressed as a percentage of the NAV for the CSI Financials ETF.*

The Manager does not expect that the termination of the CSI Financials ETF 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 CSI Financials ETF (which are to be borne by the CSI Financials ETF and by extension, its Unitholders): (i) normal operating expenses such as transaction costs (including the costs associated with the liquidation of CAAPs) and (ii) any taxes relating to the liquidation of assets of the CSI Financials ETF.

The CSI Financials ETF 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 CSI Financials ETF and the proposed Deauthorisation and Delisting

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the CSI Financials ETF and the proposed Deauthorisation and Delisting, investors should note and consider the following risks:

Liquidity risk – Trading of Units in the CSI Financials ETF on the SEHK from the date of this Announcement and Notice may become less liquid.

Early CAAP Redemption and Repurchase Risk – CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Financials ETF is terminated) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, in the event of termination of the CSI Financials ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Financials ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Financials ETF in accordance with the Trading Rules of the SEHK, Units in the CSI Financials ETF 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 CSI Financials ETF 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 the CSI Financials ETF may trade at a premium because there will be no creation of new Units from 23 January 2017 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 the CSI Financials ETF on the SEHK in these extreme market situations. As a result, the price volatility of the Units in the CSI Financials ETF 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 CSI Financials ETF may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of the CSI Financials ETF and result in significant tracking error. In the extreme situation where the size of the CSI Financials ETF becomes so small that the Manager considers that it is not in the best interest of the CSI Financials ETF to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the CSI Financials ETF into cash or deposits in order to protect the interest of the investors of the CSI Financials ETF.

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 Underlying Index risk – The Manager will aim to realise all CAAPs held by the CSI Financials ETF with effect from the Trading Cessation Date. Thereafter, the CSI Financials ETF's assets will mainly be in cash. The CSI Financials ETF will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the CSI Financials ETF will cease to track their Underlying Index, and will not be able to meet its investment objective of tracking the performance of its Underlying Index.

Liquidation of CAAPs Risk – Although the CAAPs held by the CSI Financials ETF may be listed, CAAPs have no active secondary market. In addition, the Manager may have to agree with each CAAP Issuer that, in any event, the Manager will not sell any CAAP to (i) any Taiwanese person or (ii) any PRC individual, PRC corporate, PRC bank, or insider of the issuer of the A Share to which a CAAP is linked or (iii) investors whose source of funding for the CAAP is derived or originates from the PRC or (iv) any other party without the consent of the CAAP Issuers. Further, where there is a market disruption event or hedging disruption event that prevents the CAAP Issuers from liquidating the underlying hedging positions, this can impact the Manager's ability to liquidate the CAAPs held by the CSI Financials ETF.

Delay in distribution risk – The Manager will aim to realise all of the assets of the CSI Financials ETF 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 CSI Financials ETF in a timely manner (see for example, "Liquidation of CAAPs Risk"). 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 CSI Financials ETF (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 CSI Financials ETF are collective investment schemes authorised under Section 104 of the SFO, profits of the CSI Financials ETF derived from realisation of their assets are exempt from Hong Kong profits tax.

No Hong Kong profits tax shall generally be payable by investors in respect of the Final Distribution to the extent of distribution of profits and/or capital of the CSI Financials ETF. 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**

Except as disclosed in the paragraph below, none of the connected persons of the Manager and/or the Trustee* is involved in any transaction in relation to the CSI Financials ETF, nor holds any interest in the CSI Financials ETF.

* *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 CSI Financials ETF 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 CSI Financials ETF and impair the Manager's ability to fulfill the investment objectives of the CSI Financials ETF 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. PRC CGT

Reference is made to the announcement made by the Manager dated 30 October 2015 (the "**CGT Announcement**").

It was noted in the CGT Announcement that the Manager was in the process of liaising with the CAAP Issuers in respect of amounts withheld by the CAAP Issuers on realised capital gains attributable to trading of A-Shares to which CAAPs held by the CSI Financials ETF are linked, to determine if, upon finalization of the CAAP Issuer's PRC CGT liabilities with the PRC tax authorities, there is (i) any excess amount payable by the CAAP Issuers to the CSI Financials ETF or (ii) any shortfall amount payable from the CSI Financials ETF to the CAAP Issuers. It was also noted in the CGT Announcement that, depending on whether the tax provisioning for the CSI Financials ETF is greater or less than the amount of PRC CGT attributable to the CSI Financials ETF, there could be several significant (positive or negative) adjustments to the Net Asset Value of the CSI Financials ETF as the reconciliation process is completed with each CAAP Issuer.

As at the date of this Announcement and Notice in respect of the CSI Financials ETF (i) the Manager understands from all CAAP Issuers that their relevant PRC CGT tax filings to the PRC tax authorities for assessment has been made and such assessment has been completed by the PRC tax authorities (ii) the Manager has agreed and settled PRC CGT liability with all CAAP Issuers and (iii) the Manager accordingly believes to the best of its knowledge and after taking professional tax advice that the CSI Financials ETF has no further liability in respect of PRC CGT.

9. 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 CSI Financials ETF and (ii) the Prospectus are available from the Manager free of charge.

10. 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.

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 CSI Financials ETF
20 January 2017

11. **Definitions**

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

CAAP	Means a US dollar denominated China A Share Access Product being a derivative instrument (such as a warrant, note or participation certificate) linked to (a) an A Share that is linked or not linked to the Underlying Index; or (b) the Underlying Index with the characteristics described in the Prospectus.
CAAP Issuer	Means a substantial financial institution which has agreed to issue and repurchase CAAPs to and from the CSI Financials ETF.
CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.
CGT	Capital Gains Tax.
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 the CSI Financials ETF and their respective offering documents by the SFC under section 106 of the SFO.
Delisting	The delisting of the CSI Financials ETF from the SEHK.
Distribution Record Date	1 March 2017, being the date for the purpose of determining the beneficial owners of Units in the CSI Financials ETF who are entitled to the Final Distribution in respect of the CSI Financials ETF and further distribution (if any) in respect of the CSI Financials ETF.
Final Distribution	Has the meaning given to that term in section 3.2 above.
Final Distribution Date	On or around 24 March 2017, being the date on which the Final Distribution of the CSI Financials ETF will take place.
HKSCC	Hong Kong Securities Clearing Company Limited or its successors.
Investor Notification Requirements	Has the meaning given to that term in section 5.2 above.
Last Trading Day	24 February 2017, being the last day for dealings in the Units in the CSI Financials ETF on the SEHK and last day for redemption of Units in the CSI Financials ETF 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 CSI Financials ETF 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 the CSI Financials ETF.
PRC	means The People's Republic of China excluding the Hong Kong Special Administrative Region of the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China.
Proposal	The proposal to terminate the CSI Financials ETF, and to voluntarily seek the Deauthorisation and the Delisting.
Prospectus	The CSI Financials ETF's prospectus dated 21 November 2016 (including the product key facts statement dated 10 January 2017) 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	On or around 28 April 2017, which is the date on which the Trustee and the Manager form an opinion that the CSI Financials ETF cease to have any contingent or actual assets or liabilities.
Trading Cessation Date	27 February 2017, being the date on which the dealings in the Units of the CSI Financials ETF 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.
Underlying Index	the index against which the CSI Financials ETF is benchmarked, as stated in the Prospectus.
Units	representing undivided shares in the CSI Financials ETF.
Unitholder	A holder of Units in respect of the CSI Financials ETF.

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 EXCHANGE TRADED FUNDS NAMED BELOW

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 any of the Sub-Funds, 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 CSI A-Share Energy Index ETF* (*This is a synthetic ETF)
(Stock Code: 3050) (the "CSI Energy ETF")
iShares CSI A-Share Materials Index ETF* (*This is a synthetic ETF)
(Stock Code: 3039) (the "CSI Materials ETF")
iShares CSI A-Share Infrastructure Index ETF* (*This is a synthetic ETF)
(Stock Code: 3006) (the "CSI Infrastructure ETF")
iShares CSI A-Share Consumer Discretionary Index ETF* (*This is a synthetic ETF)
(Stock Code: 3001) (the "CSI Consumer Discretionary ETF")
iShares CSI A-Share Consumer Staples Index ETF* (*This is a synthetic ETF)
(Stock Code: 2841) (the "CSI Consumer Staples ETF")
(each of the CSI Energy ETF, CSI Materials ETF, CSI Infrastructure ETF, CSI Consumer Discretionary ETF and CSI Consumer Staples ETF also referred to as a "Sub-Fund", and together the "Sub-Funds" of the Trust)

ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE WITH 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 19 December 2016 (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(b) of the Trust Deed to terminate each of the Sub-Funds with effect from the Termination Date. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-Funds pursuant to Clause 35.7(b) of the Trust Deed and the Trustee does not object to this proposal;

- the Last Trading Day of the Units in the Sub-Funds will be 16 December 2016, 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 November 2016 following the publication of this Announcement and Notice;

- the Units of each Sub-Fund will cease trading as from 19 December 2016 (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 Underlying Index and will not be able to meet its investment objective of tracking the performance of such Underlying Index; (iii) the Sub-Funds will no longer be marketed to the public; and (iv) each Sub-Fund will mainly hold cash, and each Sub-Fund 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 17(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 21 December 2016 (i.e. the Distribution Record Date) and the Final Distribution is expected to be payable on or around 8 February 2017 (the "Final Distribution Date"). Based on the information available to the Manager as at the date of this Announcement and Notice, the Manager considers it unlikely 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 each Sub-Fund has no outstanding contingent or actual liabilities or assets, the Trustee and the Manager will commence the completion of the termination of each Sub-Fund (i.e. the Termination Date);

- as at the date of this Announcement and Notice in respect of the Sub-Funds (i) the Manager understands from all CAAP Issuers that their relevant PRC CGT tax filings to the PRC tax authorities for assessment has been made and such assessment has been completed by the PRC tax authorities (ii) the Manager has agreed and settled PRC CGT liability with all CAAP Issuers and (iii) the Manager accordingly believes to the best of its knowledge and after taking professional tax advice that the Sub-Funds have no further liability in respect of PRC CGT;

- during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain each Sub-Fund's SFC authorised status and each Sub-Fund's 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, that is the liquidation of CAAPs, which will be borne by the relevant Sub-Fund and by extension, its Unitholders) from the date of this Announcement and Notice up to and including the Termination Date. The Manager will closely monitor the situation to seek to implement the liquidation of CAAPs in an orderly manner, acting in the interest of the Sub-Funds and its Unitholders, taking into account the costs. In considering such costs, the Manager will seek to ensure these are reasonable (i) given the intention to terminate the Sub-Funds by the Termination Date and (ii) the prevailing market conditions;

- 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, early CAAP redemption and repurchase 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 Underlying 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 a Sub-Fund, 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 a Sub-Fund 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 Sub-Fund.**

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 10 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 a Sub-Fund in its absolute discretion by notice in writing to the Trustee under Clause 35.7(b) of the Trust Deed if the aggregate Net Asset Value of all the Units outstanding in the Sub-Fund is less than the Hong Kong Dollar equivalent of US$ 10,000,000.

As at 14 November 2016, the Net Asset Value of all the Units outstanding in each Sub-Fund was less than the Hong Kong Dollar equivalent of US$ 10,000,000. 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 the 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 Sub-Fund will cease trading on the SEHK as from 19 December 2016, the Trading Cessation Date. Accordingly, the last day on which the Units of each Sub-Fund can be traded on the SEHK will be 16 December 2016, 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 November 2016 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 Underlying 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, including the liquidation of CAAPs, which will be borne by the relevant Sub-Fund and by extension, its Unitholders) 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(b) 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 the Hong Kong Dollar equivalent of US$ 10,000,000. 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(b) of the Trust Deed.

The Net Asset Value and Net Asset Value per Unit of each Sub-Fund as at 14 November 2016 were as follows:

Sub-Fund	Net Asset Value	Net Asset Value per Unit
CSI Energy ETF	HK$14,785,335	HK$5.91
CSI Materials ETF	HK$11,845,253	HK$11.85
CSI Infrastructure ETF	HK$25,570,382	HK$12.79
CSI Consumer Discretionary ETF	HK$33,160,068	HK$22.11
CSI Consumer Staples ETF	HK$60,733,096	HK$26.99

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 Sub-Fund, the Manager is of the view that the proposed termination of each Sub-Fund would be in the best interests of the relevant investors in the Sub-Fund. Therefore, the Manager has decided to exercise its power under Clause 35.7(b) of the Trust Deed to terminate the 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. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-Funds pursuant to Clause 35.7(b) of the Trust Deed, and the Trustee does not object to such proposal.

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. 19 December 2016. The Manager will aim to realise all of the assets of each Sub-Fund commencing from 19 December 2016 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 8 February 2017 (see details in section 2.2 below). As such, 16 December 2016 will be the Last Trading Day on which investors may buy or sell Units in a 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 November 2016.

For the avoidance of doubt redemption of Units in any 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 a Sub-Fund in the primary market. 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**

CAAPs comprise the majority of the assets of each Sub-Fund, and accordingly realisation of each Sub-Fund's assets will involve liquidation of CAAPs. The costs associated with the liquidation of CAAPs will be borne by the relevant Sub-Fund and by extension, its Unitholders. As disclosed in the Prospectus, there may be costs associated with the early redemption of CAAPs which costs will be borne by the relevant Sub-Fund (and by extension, its Unitholders) – please refer to the risk factor "Early CAAP Redemption and Repurchase Risk" in section 7.1 below. The Manager will closely monitor the situation to seek to implement this in an orderly manner, acting in the interest of the Sub-Funds and its Unitholders, taking into account the costs. In considering such costs, the Manager will seek to ensure these are reasonable (i) given the intention to terminate the Sub-Funds by the Termination Date and (ii) the prevailing market conditions.

After the realisation of the assets of each Sub-Fund, each Sub-Fund will mainly hold cash, primarily consisting of the proceeds from the liquidation of CAAPs. It therefore follows that, from the Trading Cessation Date, each Sub-Fund will cease to track its Underlying Index and will not be able to meet its investment objective of tracking the performance of its Underlying 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 16 December 2016 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 8 February 2017.

On the Termination Date, which is expected to be on or around 24 February 2017, the Manager and the Trustee will commence the completion of the termination of each Sub-Fund.

During the period from the Trading Cessation Date until, at least, the Termination Date, each Sub-Fund will continue to have listing status on the SEHK, and each Sub-Fund will remain authorised by the SFC, although each 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, 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 the relevant Sub-Fund 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 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 the Sub-Funds will be as follows:

Dispatch of this Announcement and Notice	18 November 2016 (Friday)
No further creation of Units in each Sub-Fund from this date	21 November 2016 (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 "**Last Trading Day**")	16 December 2016 (Friday)
Dealings in the Units in each Sub-Fund on the SEHK cease (the "**Trading Cessation Date**") 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 each Sub-Fund and each Sub-Fund will cease to be able to track its Underlying Index	19 December 2016 (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 "**Distribution Record Date**")	21 December 2016 (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 "**Final Distribution Date**")	On or around 8 February 2017 (Wednesday)
Termination of the Sub-Funds (the "**Termination Date**")	On or around 24 February 2017 (Friday), which is the date on which the Manager and the Trustee form an opinion that the Sub-Funds cease to have any respective contingent or actual assets or liabilities.
Deauthorisation and Delisting of the Sub-Funds	On or around 24 February 2017 (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 the Sub-Funds, as and when appropriate in accordance with the applicable regulatory requirements. If there is any change to the dates mentioned in this section, the Manager will issue an announcement informing the Relevant Investors of the revised dates.

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 the 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 the 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 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 8 February 2017. 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 a Sub-Fund. If an investor disposes of its Units in any 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 a Sub-Fund or otherwise deciding on any course of action to be taken in relation to their Units in a Sub-Fund.

4. Consequences of the commencement of the cessation of trading

4.1 Continued existence of the Sub-Funds

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 the Sub-Funds.

By the time the Trustee and the Manager form an opinion that 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 the 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 the Sub-Funds, and the Sub-Funds will have no investment activities from the Trading Cessation Date onwards.

Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Sub-Funds during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

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, 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 Underlying Index. Therefore each Sub-Fund will not be able to meet its respective investment objective of tracking the performance of its Underlying 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 a 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 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 the Sub-Funds have ceased trading on the SEHK from 19 December 2016, and draw investors' attention to this Announcement and Notice and all other relevant announcements.

Because the Sub-Funds will retain their SEHK listing status after the Last Trading Day (16 December 2016) 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. 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.[1] and last closing Net Asset Value on a real time or near real time basis**

Under Paragraphs 4, and 17(a) and 17(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 the Sub-Funds, and from the Trading Cessation Date onwards, there will be no further trading of Units in the Sub-Funds and no further redemption of Units in the Sub-Funds, and the Sub-Funds will mainly hold cash and 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 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 17(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 16 December 2016 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of each Sub-Fund, will be published on the Manager's website; and

(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.

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[1] *R.U.P.V stands for "Reference Underlying Portfolio Value" which is updated at 15-second intervals during trading hours.*

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 the 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 the 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 the Sub-Funds 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, that is, the liquidation of CAAPs, which will be borne by the relevant Sub-Fund and by extension, its Unitholders) 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 completeness, if there is a further distribution after the Final Distribution Date, the Manager will only 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:

- CSI Energy ETF is 1.18%;
- CSI Materials ETF is 1.26%;
- CSI Infrastructure ETF is 1.22%;
- CSI Consumer Discretionary ETF is 1.16%;
- CSI Consumer Staples ETF is 1.12%.

* *The ongoing charges figures are based on expenses for the year ended 31 December 2015 for each Sub-Fund, expressed as a percentage of the NAV 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 and by extension, its Unitholders): (i) normal operating expenses such as transaction costs (including the costs associated with the liquidation of CAAPs) 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.

Early CAAP Redemption and Repurchase Risk – CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where a Sub-Fund is terminated) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, in the event of termination of a Sub-Fund, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the Sub-Fund paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 November 2016 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 the 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 Underlying Index risk – The Manager will aim to realise all CAAPs held by the Sub-Funds with effect from the Trading Cessation Date. Thereafter, the Sub-Funds' assets will mainly be in cash. The 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 Underlying Index, and will not be able to meet its investment objective of tracking the performance of its Underlying Index.

Liquidation of CAAPs Risk – Although the CAAPs held by the Sub-Funds may be listed, CAAPs have no active secondary market. In addition, the Manager may have to agree with each CAAP Issuer that, in any event, the Manager will not sell any CAAP to (i) any Taiwanese person or (ii) any PRC individual, PRC corporate, PRC bank, or insider of the issuer of the A Share to which a CAAP is linked or (iii) investors whose source of funding for the CAAP is derived or originates from the PRC or (iv) any other party without the consent of the CAAP Issuers. Further, where there is a market disruption event or hedging disruption event that prevents the CAAP Issuers from liquidating the underlying hedging positions, this can impact the Manager's ability to liquidate the CAAPs held by the Sub-Funds.

Delay in distribution risk – The Manager will aim to realise all of the assets of the 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 (see for example, "Liquidation of CAAPs Risk").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.

No Hong Kong profits tax shall generally be payable by investors in respect of the Final Distribution 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**

Except as disclosed in the paragraph below, 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. PRC CGT

Reference is made to the announcement made by the Manager dated 30 October 2015 (the "CGT Announcement").

It was noted in the CGT Announcement that the Manager was in the process of liaising with each of the CAAP Issuers in respect of amounts withheld by the CAAP Issuers on realised capital gains attributable to trading of A-Shares to which CAAPs held by the Sub-Funds are linked, to determine if, upon finalization of the CAAP Issuer's PRC CGT liabilities with the PRC tax authorities, there is (i) any excess amount payable by the CAAP Issuers to the Sub-Funds or (ii) any shortfall amount payable from the Sub-Funds to the CAAP Issuers. It was also noted in the CGT Announcement that, depending on whether the tax provisioning for the Sub-Funds is greater or less than the amount of PRC CGT attributable to the Sub-Funds, there could be several significant (positive or negative) adjustments to the Net Asset Value of the Sub-Funds as the reconciliation process is completed with each CAAP Issuer.

As at the date of this Announcement and Notice in respect of the Sub-Funds (i) the Manager understands from all CAAP Issuers that their relevant PRC CGT tax filings to the PRC tax authorities for assessment has been made and such assessment has been completed by the PRC tax authorities (ii) the Manager has agreed and settled PRC CGT liability with all CAAP Issuers and (iii) the Manager accordingly believes to the best of its knowledge and after taking professional tax advice that the Sub-Funds has no further liability in respect of PRC CGT.

9. 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.

10. 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.

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 November 2016

11. Definitions

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

CAAP	Means a US dollar denominated China A Share Access Product being a derivative instrument (such as a warrant, note or participation certificate) linked to (a) an A Share that is linked or not linked to the Underlying Index; or (b) the Underlying Index with the characteristics described in the Prospectus.
CAAP Issuer	Means a substantial financial institution which has agreed to issue and repurchase CAAPs to and from a Sub-Fund.
CCASS	The Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.
CGT	Capital Gains Tax.
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	21 December 2016, 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 8 February 2017, 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.
Investor Notification Requirements	Has the meaning given to that term in section 5.2 above.
Last Trading Day	16 December 2016, 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 any of the Sub-Funds.
PRC	means The People's Republic of China excluding the Hong Kong Special Administrative Region of the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China.
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 (including the product key facts statements) dated 21 November 2016 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	On or around 24 February 2017, which is 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	19 December 2016, being the date on which the dealings in the Units of the 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.
Underlying Index	Means, in respect of a Sub-Fund, the index against which the relevant Sub-Fund is benchmarked, as stated in the Prospectus.
Units	In respect of a Sub-Fund, representing undivided shares in such Sub-Fund.
Unitholder	A holder of Units in respect of a Sub-Fund.

iSHARES ASIA TRUST

a Hong Kong unit trust authorized under
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong[1]
(the "Trust")

iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF)
(Stock Code: 2829)
(the "CSI Financials ETF")

Addendum to the Prospectus

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

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 Addendum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Addendum.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus of the CSI Financials ETF dated 21 November 2016 and the Product Key Facts Statements dated 10 January 2017 (together the "Prospectus"). The Manager accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, 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.

The following amendments shall take effect on 10 January 2017:

(1) On page 16, the row "Application Unit size (only Participating Dealers)" under the table "Key Information" is deleted in its entirety and replaced with the following:

Application Unit size (only Participating Dealers)	Minimum 100,000 Units (or multiples thereof)

[1] *SFC authorization 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.*

(2) **On page 20, replace the table under the sub-section "Constituent Securities of the Underlying Index" with the following:**

"As at 4 January 2017, the 10 largest constituent stocks of the CSI 300 Financials Index are as follows:

Company name		Exchange	Weighting %
1.	Ping An Insurance (Group) Of China	Shanghai	10.20%
2.	Industrial Bank Co, Ltd.	Shanghai	5.75%
3.	China Minsheng Banking Corp. Ltd.	Shanghai	5.69%
4.	China Merchants Bank Co, Ltd.	Shanghai	4.91%
5.	Bank Of Communications Co, Ltd.	Shanghai	4.22%
6.	China Vanke Co, Ltd.	Shenzhen	3.75%
7.	Shanghai Pudong Development Bank Ltd.	Shanghai	3.73%
8.	Haitong Securities Ltd.	Shanghai	3.38%
9.	Citic Securities Co, Ltd.	Shanghai	3.37%
10.	Bank Of Beijing Ltd.	Shanghai	3.17% "

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

BlackRock Asset Management North Asia Limited
貝萊德資產管理北亞有限公司
10 January 2017

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 any of 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.

PROSPECTUS

iShares by BLACKROCK®

iShares CSI A-Share Energy Index ETF* (* This is a synthetic ETF) (Stock Code: 3050)
iShares CSI A-Share Materials Index ETF* (* This is a synthetic ETF) (Stock Code: 3039)
iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF) (Stock Code: 2829)
iShares CSI A-Share Infrastructure Index ETF* (* This is a synthetic ETF) (Stock Code: 3006)
iShares CSI A-Share Consumer Discretionary Index ETF* (* This is a synthetic ETF) (Stock Code: 3001)
iShares CSI A-Share Consumer Staples Index ETF* (* This is a synthetic ETF) (Stock Code: 2841) (the "Index Funds")

iShares Asia Trust

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

Listing Agent and Manager
BlackRock Asset Management North Asia Limited
貝萊德資產管理北亞有限公司

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 (the "SFC") 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 SFC. Authorisation by the SFC 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.

21 November 2016

IMPORTANT INFORMATION

Investors should note that investment in an Index Fund is not the same as investment in the constituent shares of the Underlying Index, because the Index Funds do not invest directly in Chinese A Shares. Rather, they will invest in CAAPs.

A "CAAP" is a derivative instrument linked to either (a) an A Share of a PRC company; or (b) the Underlying Index. A CAAP represents only an obligation of the CAAP Issuer to provide the Index Fund with the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, where CAAPs are held, the A Shares represented by the CAAPs are not in any way owned by the Index Fund. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible before any fees, costs and charges. However, due to the synthetic nature of CAAPs, there may be costs associated with their early redemption that are (potentially significantly) higher than the costs of trading the underlying A Shares, particularly during times of high market volatility. Further, because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, each Index Fund may suffer losses potentially equal to the full value of the CAAP (net of the value of any collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its payment obligations under the CAAPs.

The CAAP will generally have an initial term of 5 years. For the reasons set out in the Risk Factors on page 66, each Index Fund may have a limited duration and such duration will depend on the terms of the CAAPs which may be agreed between BlackRock Asset Management North Asia Limited (the "Manager") and the relevant CAAP Issuers.

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.

In addition, it is possible that Units in each Index Fund may trade, in the secondary market at more than (i.e. at a premium to) or less than (i.e. at a discount to) the Net Asset Value of the Units, for example where a CAAP Issuer is unable or limited in its ability to issue CAAPs for reasons including limits on QFII investment quota or the ability to repatriate US dollars from the PRC is suspended. Investors' attention is drawn to the "Specific Risk Factors Relating to the Index Funds" on pages 63 to 70.

Further, it is possible that each Index Fund may experience greater tracking error than typical exchange traded index funds. There are a number of possible causes of such tracking error, including foreign ownership restrictions on certain constituent stocks, the fees payable by the Index Fund including CAAP Commissions, foreign exchange costs, any withholding on account of PRC corporate income tax, cost of collateral, the adoption by the Manager of a representative sampling investment strategy and the possibility of the Index Fund holding more cash than normal in circumstances (such as the lack of availability of CAAPs that allow the Index Fund to track the Underlying Index or upon receipt of cash proceeds in circumstances such as the liquidation of collateral, unwinding of CAAPs or repayment of taxes previously withheld).

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) 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 confirms 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 Overarching 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 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 Index Funds nor does it guarantee the commercial merits of the Index Funds or their performance. It does not mean the Index Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

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 iShares CSI A-Share Energy Index ETF* (* This is a synthetic ETF), iShares CSI A-Share Materials Index ETF* (* This is a synthetic ETF), iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF) and iShares CSI A-Share Infrastructure Index ETF* (* This is a synthetic ETF) commenced on the SEHK on 18 November 2009. Units in these 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 18 November 2009.

Dealings in the Units in the iShares CSI A-Share Consumer Discretionary Index ETF* (* This is a synthetic ETF) and iShares CSI A-Share Consumer Staples Index ETF* (* This is a synthetic ETF) commenced on the SEHK on 20 July 2010. Units in these Index Funds have been accepted as eligible securities by the Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearing and settlement in the CCASS with effect from 20 July 2010.

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 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). Investors should refer to "Information Available on the Internet" for more details.

DIRECTORY

MANAGER
BLACKROCK ASSET MANAGEMENT NORTH ASIA LIMITED
16/F, CHAMPION TOWER
3 GARDEN ROAD, CENTRAL
HONG KONG

DIRECTORS OF THE MANAGER
BELINDA BOA
SUSAN WAI-LAN CHAN
SAM Y. KIM
MICHAEL TIMOTHY MARQUARDT
RYAN DAVID STORK
GRAHAM DOUGLAS TURL

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

SERVICE AGENT
HK CONVERSION AGENCY SERVICES LIMITED
12TH FLOOR
ONE INTERNATIONAL FINANCE CENTRE
1 HARBOUR VIEW STREET
CENTRAL
HONG KONG

AUDITORS
PRICEWATERHOUSECOOPERS
22ND FLOOR
PRINCE'S BUILDING
CENTRAL
HONG KONG

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iShares by BLACKROCK

Product Key Facts

iShares CSI A-Share ENERGY INDEX ETF*

(*This is a synthetic ETF)

BlackRock Asset Management North Asia Limited **21 November 2016**

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

Stock code:	3050	**Trading lot size:**	100 units
Fund Manager:	BlackRock Asset Management North Asia Limited		
Trustee:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year#:	1.18%	**Underlying Index:**	CSI 300 Energy Index
Tracking difference of the last calendar year##:	-0.30%	**Base currency:**	Hong Kong Dollars
Financial year end of this fund:	31 December		
Dividend policy:	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 6 below.		
ETF website:	www.blackrock.com/hk (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 iShares CSI A-Share Energy Index ETF* (*This is a synthetic ETF) (the "**CSI Energy ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The CSI Energy ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Energy Index (the "**Underlying Index**").

Investment Strategy

The CSI Energy ETF adopts a "synthetic representative" investment strategy. Investors should note that the CSI Energy ETF does not invest in A Shares directly.

The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CSI Energy ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2015. Investors should refer to the website of the CSI Energy ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy (cont'd)

A "synthetic representative" investment strategy involves investing in China A-Share Access Products ("**CAAPs**") which are derivative instruments, linked to a representative sample of the securities of the Underlying Index.

Under this strategy the CSI Energy ETF will invest substantially all of the net proceeds of any issue of units of the CSI Energy ETF in CAAPs issued by CAAP issuers ("**CAAP Issuers**").

Under the terms of the CAAPs, CAAP Issuers will provide the CSI Energy ETF with an exposure to the economic gain/loss in the performance of the A Share(s) and/or the Underlying Index net of fees, costs and charges.

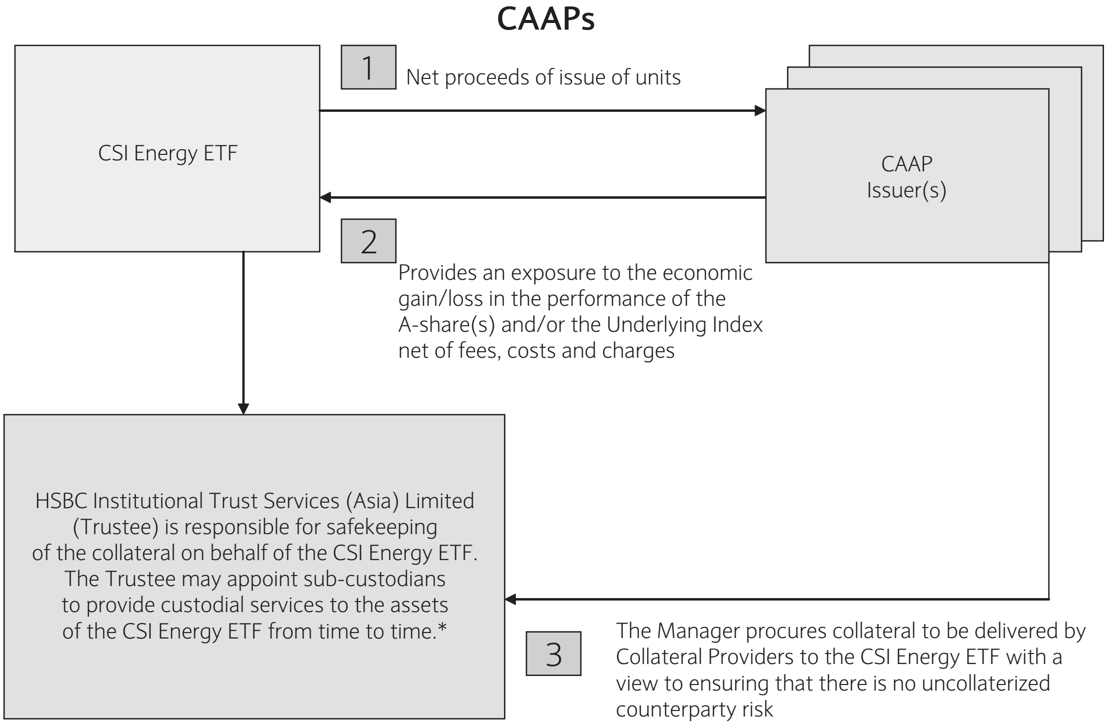
The Manager is required to obtain collateral that represents at least 100% of the CSI Energy ETF's gross total counterparty risk exposure so that there shall be no uncollateralized counterparty risk. Further, where collateral is taken in the nature of equity securities, the market value of the equity collateral should represent at least 120% of the related gross counterparty exposure. Where non-equity collateral is taken, a prudent haircut policy shall be adopted.

Where the CSI Energy ETF is not fully collateralized due to circumstances beyond the control of the Manager, the Manager will procure such additional collateral to be delivered to the CSI Energy ETF as soon as practicable to comply with the above collateral requirements.

The CSI Energy ETF will not invest in any structured products and financial derivative instruments other than in CAAPs. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of the CSI Energy ETF.

How does it work?

The Investment strategy of the CSI Energy ETF is illustrated in the diagram below:



* Where the services of the Collateral Agent is retained by the CSI Energy ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Energy ETF. Please refer to page 74 of the Prospectus for more information.

Collateral

All investments in CAAPs are required to be fully collateralized. Collateral may consist of cash, and Securities (as defined in the Prospectus), as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager from time to time. Collateral received will not consist of any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

How does it work? (Cont'd)

Collateral acceptable to the CSI Energy ETF together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the CSI Energy ETF. The objective of the haircut policy is to minimize the risks of the value of the collateral held by the CSI Energy ETF being less than that of the CAAPs in order to minimize counterparty risks.

Please also refer to the website of the CSI Energy ETF for the composition of the collateral which will be updated on a weekly basis.

CAAP Issuers

The CAAP Issuer must be an institution (a) with a minimum paid up capital of the equivalent of HK$150,000,000; (b) with a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of becoming a CAAP Issuer to the CSI Energy ETF and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poor's and equivalent by Moody's and Fitch); (c) which is independent of the Manager; and (d) which is a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the CSI Energy ETF are guaranteed by a guarantor, the guarantor (but not the CAAP Issuers) must fulfill these requirements.

The value of the CAAPs and the collateral is marked to market on a daily basis by the Manager. The Manager will seek to ensure that there is no uncollateralized exposure to each CAAP Issuer and that the appropriate haircut is imposed on the collateral.

Please refer to the website of the CSI Energy ETF for the gross and net exposure to each CAAP Issuer.

Underlying Index

The Underlying Index is a free-float market capitalisation-weighted index that is compiled and published by China Securities Index Co, Ltd. since 31 December 2004. It measures the performance of the energy sector of the CSI 300 Index, representing 2.34% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax.

As at 24 October 2016, the following were the top 10 Underlying Index constituents:–

Rank	Company Name	Exchange	Weighting %
1	China Petroleum & Chemical Corp	Shanghai	23.44%
2	Petrochina Co, Ltd.	Shanghai	15.87%
3	China Shenhua Energy Co, Ltd.	Shanghai	15.06%
4	Offshore Oil Engineering Co, Ltd.	Shanghai	7.17%
5	Wintime Energy Ltd.	Shanghai	7.07%
6	Guanghui Energy Ltd.	Shanghai	5.94%
7	Sinopec Shanghai Petrochemical Co	Shanghai	5.87%
8	Shaanxi Coal Industry Ltd.	Shanghai	5.61%
9	China Coal Energy Co, Ltd.	Shanghai	5.29%
10	China Oilfield Services Ltd.	Shanghai	3.24%

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

What are the key risks?

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

1. **Synthetic replication, counterparty and liquidity risk**

- The CSI Energy ETF does not invest in or hold A Shares directly. The CSI Energy ETF invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as CAAPs are issued by CAAP Issuers and are intended to provide the CSI Energy ETF an exposure to the economic gain/loss in the performance of the A Shares and/or the Underlying Index net of fees, costs and charges.

- The CSI Energy ETF is subject to counterparty risk associated with each CAAP Issuer. The Manager seeks to mitigate such risks by fully collateralizing all counterparty exposures. However, the CSI Energy ETF may still suffer losses to the extent the value of the collateral does not fully cover the value of the CAAPs and any associated costs that may be incurred to close out the collateral arrangements. Any loss would result in a reduction in the NAV of the CSI Energy ETF and impair the ability of the CSI Energy ETF to achieve its investment objective to track its Underlying Index.

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

- In order to minimize the impact of default of CAAP Issuers, the Manager seeks to diversify such risks to multiple qualified CAAP Issuers. However, the CAAP Issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. Any adverse event affecting the performance of a particular CAAPs Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by the CSI Energy ETF could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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

2. **Emerging market risk**

   Generally, investments in or linked to emerging markets, such as the market for A Shares, 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.

3. **PRC tax risks**

- On 14 November 2014, the Ministry of Finance ("MOF"), China Securities Regulatory Commission ("CSRC") and the State Administration of Taxation ("SAT") in the PRC, acting with State Council's approval, jointly released Caishui [2014] No. 79 ("Circular 79") which temporarily exempts Qualified Foreign Institutional Investors ("QFIIs") and RMB Qualified Foreign Institutional Investors ("RQFIIs") from withholding tax on capital gains (i.e. capital gains tax or "CGT") derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law.

- As a result of Circular 79 on 14 November 2014, the Manager made the decision to reverse the unrealized gain provisions of the CSI Energy ETF's PRC investments. With respect to the CSI Energy ETF's realized gain provision in respect of its CAAPs, the Manager is currently liaising with each of the CAAP Issuers to settle the taxes on gains realized prior to 17 November 2014. Investors should be aware that there could be several significant (positive or negative) adjustments to the NAV of the CSI Energy ETF depending on whether its realized gain provision is greater or less than the amount of the CGT that is settled with its respective CAAP Issuers.

- The duration of the period of temporary exemption was not stated in Circular 79 and is subject to termination by the PRC tax authorities with or without notice. If the exemption in Circular 79 is removed or modified, there is a risk that PRC tax authorities may seek to collect tax on capital gains realized on the CSI Energy ETF's PRC investments. If the temporary exemption is withdrawn, the CSI Energy ETF would be subject to PRC taxation in respect of gains on its investments, directly or indirectly, and the resultant tax liability would be eventually borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed to investors.

What are the key risks? (Cont'd)

4. **Energy sector risk**
The energy sector is cyclical and highly dependent on commodities prices, and the market values of companies in the energy sector are strongly affected by the levels and volatility of global energy prices, capital expenditures on exploration and production, energy conservation efforts, exchange rates and technological advances. Companies in this sector are subject to substantial government regulation and contractual fixed pricing, which may increase the cost of business and limit these companies' earnings, and a significant portion of their revenues depends on a relatively small number of customers, including governmental entities and utilities. As a result, governmental budget constraints may have a material adverse effect on the stock prices of companies in this industry. Energy companies may also operate in countries with less developed regulatory regimes or a history of expropriation, nationalization or other adverse policies. Energy companies also face a significant risk of civil liability from accidents resulting in injury or loss of life or property, pollution or other environmental mishaps, equipment malfunctions or mishandling of materials and a risk of loss from terrorism and natural disasters. Any such event could have serious consequences for the general population of the area affected and result in a material adverse impact on the CSI Energy ETF's portfolio companies and the performance of the CSI Energy ETF.

5. **Concentration risk**
The exposure of the CSI Energy ETF is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. In addition, to the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Energy ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

6. **Regulatory policies risk**
The government or the regulators may intervene in the financial markets, such as the previous imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes have a negative impact on existing funds such as the CSI Energy ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the CSI Energy ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the CSI Energy ETF and thereby decrease the liquidity of the CSI Energy ETF. In order to maintain its authorization status and to continue its listing on the SEHK, the CSI Energy ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the CSI Energy ETF, investors may suffer accordingly.

7. **Risk related to PRC regulatory policies including QFII policy risks**
The QFII policy and rules are subject to change and any such change could adversely impact the CSI Energy ETF. In the worst case scenario, this could lead to CAAPs not being able to be issued and the CSI Energy ETF having to be terminated.

8. **Passive investment risk**
The CSI Energy 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, CSI Energy ETF will also decrease in value. Investors may suffer significant losses accordingly.

9. **CAAP structure, collateral and cash holding tracking error risks**

- Changes in the NAV of the CSI Energy ETF may deviate from the performance of the Underlying Index due to factors such as fees, costs and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. The tracking error risk is also heightened by the significant amount of collateral required to be posted to the CSI Energy ETF to collateralize all counterparty exposures. Such costs may depend on the cost of capital of the Collateral Providers and may vary from time to time. Any such costs may contribute to tracking error.

- Further, the tracking error risk will also increase in the event the CSI Energy ETF is holding more cash than normal. The CSI Energy ETF may hold a large amount of cash in circumstances including but not limited to the unwinding of CAAPs, liquidation of collateral upon default of a counterparty or repayment of taxes previously withheld. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index. There is also no assurance that there will be availability of new CAAPs in the market to enable the Manager to reduce the tracking error risk efficiently.

What are the key risks? (Cont'd)

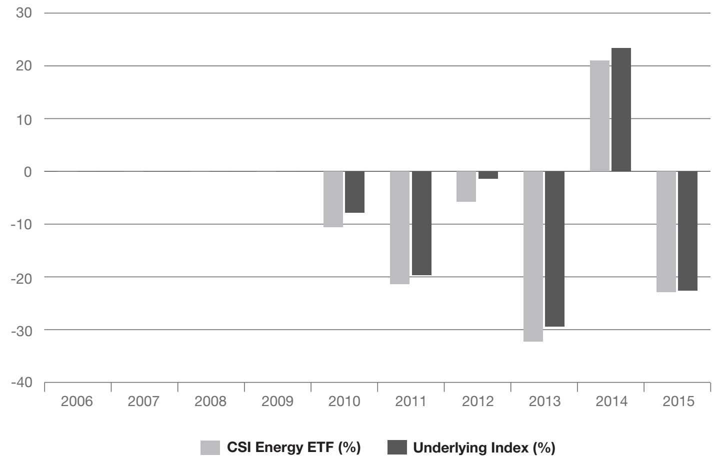
10. **Early CAAP redemption and repurchase risk**
CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Energy ETF is terminated – see the section "Termination" in the Prospectus) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of the CSI Energy ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Energy ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Energy 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 CSI Energy ETF are charged to/paid out of the capital of the CSI Energy ETF, resulting in an increase in distributable income for the payment of dividends by the CSI Energy ETF and therefore, the CSI Energy 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 CSI Energy ETF's capital may result in an immediate reduction of the NAV per Unit.

12. **Underlying Index related risks**
There is no guarantee that the CSI Energy 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 CSI Energy 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 CSI Energy ETF and its Unitholders.

13. **Trading risk**
Generally, retail investors can only buy or sell units on the SEHK. The trading price of the units of the CSI Energy ETF on the SEHK is subject to market forces and may trade at a substantial premium/discount to the NAV.

How has the fund performed?



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CSI Energy ETF Return (%)	–	–	–	–	-10.60	-21.39	-5.69	-32.27	20.99	-22.88
Underlying Index Return (%)	–	–	–	–	-7.83	-19.64	-1.34	-29.42	23.36	-22.58

How has the fund performed? (Cont'd)

- 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 CSI Energy ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CSI Energy ETF, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI 300 Energy Index.
- Launch date of CSI Energy ETF: 12 November 2009.

Is there any guarantee?

The CSI Energy 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 CSI Energy ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1]
Trading fee	0.005%[2]
Stamp duty	Nil

Ongoing fees payable by the CSI Energy ETF

The following expenses will be paid out of the CSI Energy ETF. They affect you because they reduce the NAV of the CSI Energy ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.99% p.a. of NAV calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other fees

Please refer to the Prospectus for other fees and expenses payable by the CSI Energy ETF.

[1] Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.
[2] 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 CSI Energy ETF at the following website at www.blackrock.com/hk.

- The CSI Energy ETF's prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Gross and net exposure to the CAAP Issuers;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 CSI Energy ETF. The product webpage of the CSI Energy ETF can be located by using the search function and inserting the stock code of the CSI Energy ETF (i.e. 3050) at 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.

iShares by BLACKROCK®

Product Key Facts

iShares CSI A-Share MATERIALS INDEX ETF*

(*This is a synthetic ETF)

BlackRock Asset Management North Asia Limited **21 November 2016**

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

Stock code:	3039	**Trading lot size:**	100 units
Fund Manager:	BlackRock Asset Management North Asia Limited		
Trustee:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year#:	1.26%	**Underlying Index:**	CSI 300 Materials Index
Tracking difference of the last calendar year##:	11.10%	**Base currency:**	Hong Kong Dollars
Financial year end of this fund:	31 December		
Dividend policy:	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 14 below.		
ETF website:	www.blackrock.com/hk (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 iShares CSI A-Share Materials Index ETF* (*This is a synthetic ETF) (the "**CSI Materials ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The CSI Materials ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Materials Index (the "**Underlying Index**").

Investment Strategy

The CSI Materials ETF adopts a "synthetic representative" investment strategy. Investors should note that the CSI Materials ETF does not invest in A Shares directly.

The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CSI Materials ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2015. Investors should refer to the website of the CSI Materials ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy (Cont'd)

A "synthetic representative" investment strategy involves investing in China A-Share Access Products ("**CAAPs**") which are derivative instruments, linked to a representative sample of the securities of the Underlying Index.

Under this strategy, the CSI Materials ETF will invest substantially all of the net proceeds of any issue of units of the CSI Materials ETF in CAAPs issued by CAAP issuers ("**CAAP Issuers**").

Under the terms of the CAAPs, CAAP Issuers will provide the CSI Materials ETF with an exposure to the economic gain/loss in the performance of the A Share(s) and/or the Underlying Index net of fees, costs and charges.

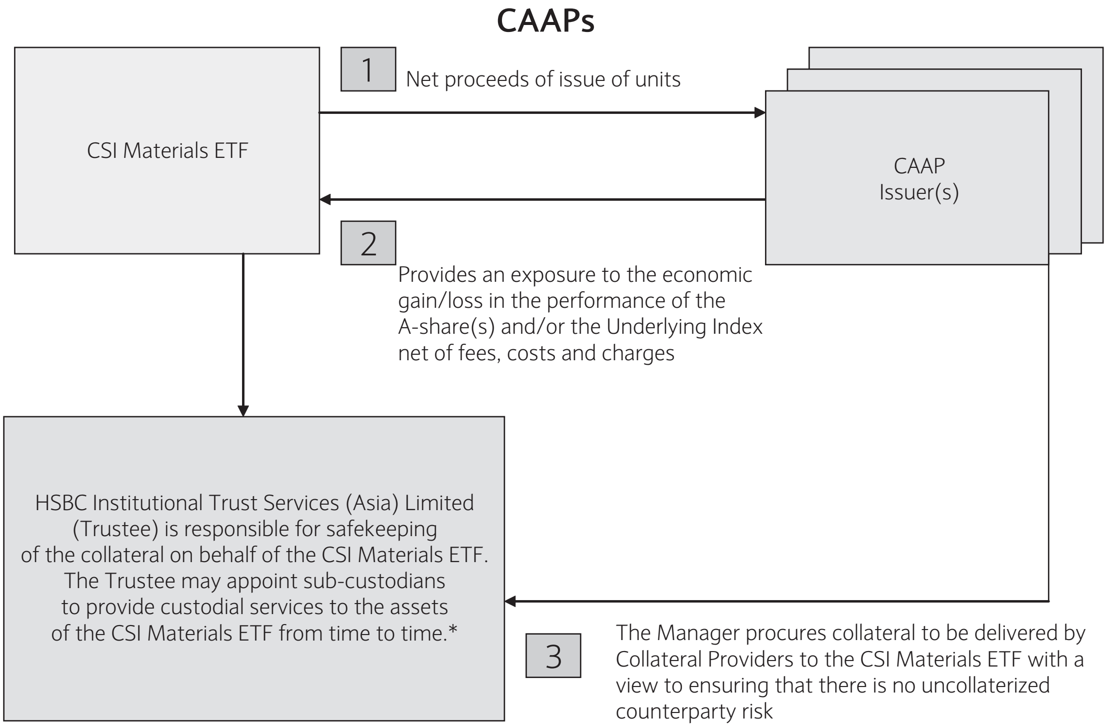
The Manager is required to obtain collateral that represents at least 100% of the CSI Materials ETF's gross total counterparty risk exposure so that there shall be no uncollateralized counterparty risk. Further, where collateral is taken in the nature of equity securities, the market value of the equity collateral should represent at least 120% of the related gross counterparty exposure. Where non-equity collateral is taken, a prudent haircut policy shall be adopted.

Where the CSI Materials ETF is not fully collateralized due to circumstances beyond the control of the Manager, the Manager will procure such additional collateral to be delivered to the CSI Materials ETF as soon as practicable to comply with the above collateral requirements.

The CSI Materials ETF will not invest in any structured products and financial derivative instruments other than in CAAPs. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of the CSI Materials ETF.

How does it work?

The Investment strategy of the CSI Materials ETF is illustrated in the diagram below:



* Where the services of the Collateral Agent is retained by the CSI Materials ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Materials ETF. Please refer to page 74 of the Prospectus for more information.

How does it work? (Cont'd)

Collateral

All investments in CAAPs are required to be fully collateralized. Collateral may consist of cash, and Securities (as defined in the Prospectus), as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager from time to time. Collateral received will not consist of any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

Collateral acceptable to the CSI Materials ETF together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the CSI Materials ETF. The objective of the haircut policy is to minimize the risks of the value of the collateral held by the CSI Materials ETF being less than that of the CAAPs in order to minimize counterparty risks.

Please also refer to the website of the CSI Materials ETF for the composition of the collateral which will be updated on a weekly basis.

CAAP Issuers

The CAAP Issuer must be an institution (a) with a minimum paid up capital of the equivalent of HK$150,000,000; (b) with a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of becoming a CAAP Issuer to the CSI Materials ETF and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poor's and equivalent by Moody's and Fitch); (c) which is independent of the Manager; and (d) which is a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the CSI Materials ETF are guaranteed by a guarantor, the guarantor (but not the CAAP Issuers) must fulfill these requirements.

The value of the CAAPs and the collateral is marked to market on a daily basis by the Manager. The Manager will seek to ensure that there is no uncollateralized exposure to each CAAP Issuer and that the appropriate haircut is imposed on the collateral.

Please refer to the website of the CSI Materials ETF for the gross and net exposure to each CAAP Issuer.

Underlying Index

The Underlying Index is a free-float market capitalisation-weighted index that is compiled and published by China Securities Index Co, Ltd. since 31 December 2004. It measures the performance of the materials sector of the CSI 300 Index, representing 5.70% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax.

As at 24 October 2016, the following were the top 10 Underlying Index constituents:–

Rank	Company Name	Exchange	Weighting %
1	Jiangsu Kangde Xin Composite Mater Co, Ltd.	Shenzhen	9.50%
2	Anhui Conch Cement Co, Ltd.	Shanghai	6.92%
3	Zijin Mining Group Co, Ltd.	Shanghai	6.32%
4	Shandong Gold-Mining Ltd.	Shanghai	5.84%
5	Inner Mongolia Baotou Steel Union Co, Ltd.	Shanghai	5.68%
6	Inner Mongolia Baotou Steel Rare-Earth Group Hi-Tech Co, Ltd.	Shanghai	5.68%
7	Baoshan Iron & Steel Co, Ltd.	Shanghai	5.61%
8	Wanhua Chemical Group Ltd.	Shanghai	4.72%
9	Aluminum Corp. Of China Ltd.	Shanghai	4.45%
10	Zhejiang Longsheng Group Ltd.	Shanghai	4.38%

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

What are the key risks?

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

1. **Synthetic replication, counterparty and liquidity risks**

- The CSI Materials ETF does not invest in or hold A Shares directly. The CSI Materials ETF invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as CAAPs are issued by CAAP Issuers and are intended to provide the CSI Materials ETF an exposure to the economic gain/loss in the performance of the A Shares and/or the Underlying Index net of fees, costs and charges.

- The CSI Materials ETF is subject to counterparty risk associated with each CAAP Issuer. The Manager seeks to mitigate such risks by fully collateralizing all counterparty exposures. However, the CSI Materials ETF may still suffer losses to the extent the value of the collateral does not fully cover the value of the CAAPs and any associated costs that may be incurred to close out the collateral arrangements. Any loss would result in a reduction in the NAV of the CSI Materials ETF and impair the ability of the CSI Materials ETF to achieve its investment objective to track its Underlying Index.

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

- In order to minimize the impact of default of CAAP Issuers, the Manager seeks to diversify such risks to multiple qualified CAAP Issuers. However, the CAAP Issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. Any adverse event affecting the performance of a particular CAAPs Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by the CSI Materials ETF could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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

2. **Emerging market risk**

   Generally, investments in or linked to emerging markets, such as the market for A Shares, 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.

3. **PRC tax risks**

- On 14 November 2014, the Ministry of Finance (“MOF”), China Securities Regulatory Commission (“CSRC”) and the State Administration of Taxation (“SAT”) in the PRC, acting with State Council’s approval, jointly released Caishui [2014] No. 79 (“Circular 79”) which temporarily exempts Qualified Foreign Institutional Investors (“QFIIs”) and RMB Qualified Foreign Institutional Investors (“RQFIIs”) from withholding tax on capital gains (i.e. capital gains tax or “CGT”) derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law.

- As a result of Circular 79 on 14 November 2014, the Manager made the decision to reverse the unrealized gain provisions of the CSI Materials ETF’s PRC investments. With respect to the CSI Materials ETF’s realized gain provision in respect of its CAAPs, the Manager is currently liaising with each of the CAAP Issuers to settle the taxes on gains realized prior to 17 November 2014. Investors should be aware that there could be several significant (positive or negative) adjustments to the NAV of the CSI Materials ETF depending on whether its realized gain provision is greater or less than the amount of the CGT that is settled with its respective CAAP Issuers.

What are the key risks? (Cont'd)

- The duration of the period of temporary exemption was not stated in Circular 79 and is subject to termination by the PRC tax authorities with or without notice. If the exemption in Circular 79 is removed or modified, there is a risk that PRC tax authorities may seek to collect tax on capital gains realized on the CSI Material ETF's PRC investments. If the temporary exemption is withdrawn, the CSI Material ETF would be subject to PRC taxation in respect of gains on its investments, directly or indirectly, and the resultant tax liability would be eventually borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed to investors.

4. **Materials sector risk**
   Securities in the materials sector could be adversely affected by commodity price volatility, exchange rates, import controls and increased competition. Production of industrial materials often exceeds demand as a result of over-building or economic downturns, leading to poor investment returns. Issuers in the basic materials sector are at risk for environmental damage and product liability claims and may be adversely affected by depletion of resources, technical progress, labor relations and government regulations.

5. **Concentration risk**
   The exposure of the CSI Materials ETF is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. In addition, to the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Materials ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

6. **Regulatory policies risk**
   The government or the regulators may intervene in the financial markets, such as the previous imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the CSI Materials ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the CSI Materials ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the CSI Materials ETF and thereby decrease the liquidity of the CSI Materials ETF. In order to maintain its authorization status and to continue its listing on the SEHK, the CSI Materials ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the CSI Materials ETF, investors may suffer accordingly.

7. **Risk related to PRC regulatory policies including QFII policy risks**
   The QFII policy and rules are subject to change and any such change could adversely impact the CSI Materials ETF. In the worst case scenario, this could lead to CAAPs not being able to be issued and the CSI Materials ETF having to be terminated.

8. **Passive investment risk**
   The CSI Materials 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, CSI Materials ETF will also decrease in value. Investors may suffer significant losses accordingly.

9. **CAAP structure, collateral and cash holding tracking error risks**

- Changes in the NAV of the CSI Materials ETF may deviate from the performance of the Underlying Index due to factors such as fees, costs and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. The tracking error risk is also heightened by the significant amount of collateral required to be posted to the CSI Materials ETF to collateralize all counterparty exposures. Such costs may depend on the cost of capital of the Collateral Providers and may vary from time to time. Any such costs may contribute to tracking error.

- Further, the tracking error risk will also increase in the event the CSI Materials ETF is holding more cash than normal. The CSI Materials ETF may hold a large amount of cash in circumstances including but not limited to the unwinding of CAAPs, liquidation of collateral upon default of a counterparty or repayment of taxes previously withheld. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index. There is also no assurance that there will be availability of new CAAPs in the market to enable the Manager to reduce the tracking error risk efficiently.

What are the key risks? (Cont'd)

10. Early CAAP redemption and repurchase risk

CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Materials ETF is terminated – see the section "Termination" in the Prospectus) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of the CSI Materials ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Materials ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Materials 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 CSI Materials ETF are charged to/paid out of the capital of the CSI Materials ETF, resulting in an increase in distributable income for the payment of dividends by the CSI Materials ETF and therefore, the CSI Materials 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 CSI Materials ETF's capital may result in an immediate reduction of the NAV per Unit.

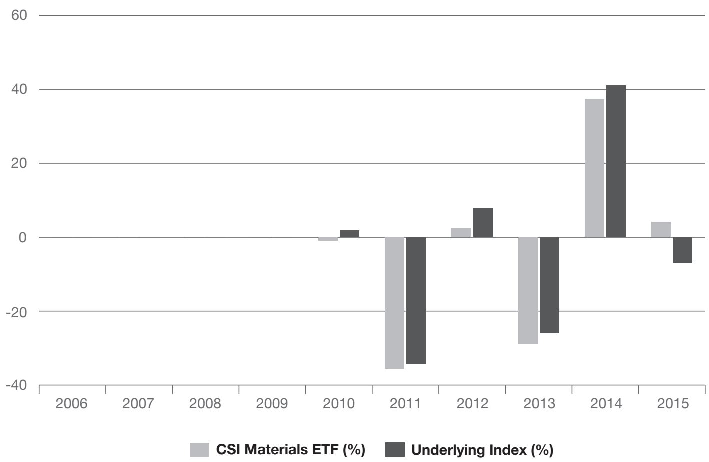
12. Underlying Index related risks

There is no guarantee that the CSI Materials 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 CSI Materials 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 CSI Materials ETF and its Unitholders.

13. Trading risk

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

How has the fund performed?



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CSI Materials ETF Return (%)	–	–	–	–	-0.91	-35.61	2.45	-28.73	37.41	4.09
Underlying Index Return (%)	–	–	–	–	1.87	-34.21	7.97	-25.97	41.05	-7.01

- 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.

How has the fund performed? (Cont'd)

- These figures show by how much the CSI Materials ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CSI Materials ETF, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI 300 Materials Index.
- Launch date of CSI Materials ETF: 12 November 2009.

Is there any guarantee?

The CSI Materials 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 CSI Materials ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1]
Trading fee	0.005%[2]
Stamp duty	Nil

Ongoing fees payable by the CSI Materials ETF

The following expenses will be paid out of the CSI Materials ETF. They affect you because they reduce the NAV of the CSI Materials ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.99% p.a. of NAV calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other fees

Please refer to the Prospectus for other fees and expenses payable by the CSI Materials ETF.

1 Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.
2 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 CSI Materials ETF at the following website at www.blackrock.com/hk.

- The CSI Materials ETF's prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Gross and net exposure to the CAAP Issuers;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 CSI Materials ETF. The product webpage of the CSI Materials ETF can be located by using the search function and inserting the stock code of the CSI Materials ETF (i.e. 3039) at 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.

iShares
by BLACKROCK®

Product Key Facts

iShares CSI A-Share FINANCIALS INDEX ETF*

(*This is a synthetic ETF)

BlackRock Asset Management North Asia Limited **10 January 2017**

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

Stock code:	2829	**Trading lot size:**	100 units
Fund Manager:	BlackRock Asset Management North Asia Limited		
Trustee:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year#:	1.07%	**Underlying Index:**	CSI 300 Financials Index
Tracking difference of the last calendar year##:	-2.49%	**Base currency:**	Hong Kong Dollars
Financial year end of this fund:	31 December		
Dividend policy:	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 22 below.		
ETF website:	www.blackrock.com/hk (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 iShares CSI A-Share Financials Index ETF* (*This is a synthetic ETF) (the "**CSI Financials ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The CSI Financials ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Financials Index (the "**Underlying Index**").

The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CSI Financials ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2015. Investors should refer to the website of the CSI Financials ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy (Cont'd)

Investment Strategy

The CSI Financials ETF adopts a "synthetic representative" investment strategy. Investors should note that the CSI Financials ETF does not invest in A Shares directly.

A "synthetic representative" investment strategy involves investing in China A-Share Access Products ("**CAAPs**") which are derivative instruments, linked to a representative sample of the securities of the Underlying Index.

Under this strategy, the CSI Financials ETF will invest substantially all of the net proceeds of any issue of units of the CSI Financials ETF in CAAPs issued by CAAP issuers ("**CAAP Issuers**").

Under the terms of the CAAPs, CAAP Issuers will provide the CSI Financials ETF with an exposure to the economic gain/loss in the performance of the A Share(s) and/or the Underlying Index net of fees, costs and charges.

The Manager is required to obtain collateral that represents at least 100% of the CSI Financials ETF's gross total counterparty risk exposure so that there shall be no uncollateralized counterparty risk. Further, where collateral is taken in the nature of equity securities, the market value of the equity collateral should represent at least 120% of the related gross counterparty exposure. Where non-equity collateral is taken, a prudent haircut policy shall be adopted.

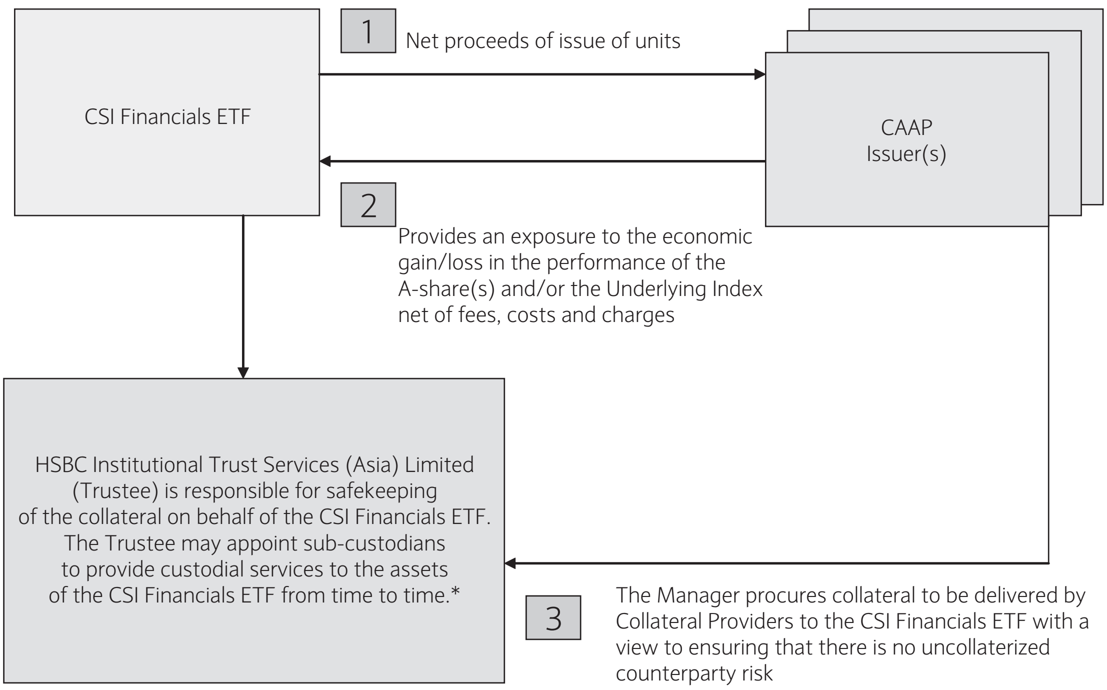
Where the CSI Financials ETF is not fully collateralized due to circumstances beyond the control of the Manager, the Manager will procure such additional collateral to be delivered to the CSI Financials ETF as soon as practicable to comply with the above collateral requirements.

The CSI Financials ETF will not invest in any structured products and financial derivative instruments other than in CAAPs. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of the CSI Financials ETF.

How does it work?

The Investment strategy of the CSI Financials ETF is illustrated in the diagram below:

CAAPs



* Where the services of the Collateral Agent is retained by the CSI Financials ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Financials ETF. Please refer to page 74 of the Prospectus for more information.

How does it work? (Cont'd)

Collateral

All investments in CAAPs are required to be fully collateralized. Collateral may consist of cash, and Securities (as defined in the Prospectus), as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager from time to time. Collateral received will not consist any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

Collateral acceptable to the CSI Financials ETF together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the CSI Financials ETF. The objective of the haircut policy is to minimize the risks of the value of the collateral held by the CSI Financials ETF being less than that of the CAAPs in order to minimize counterparty risks.

Please also refer to the website of the CSI Financials ETF for the composition of the collateral which will be updated on a weekly basis.

CAAP Issuers

The CAAP Issuer must be an institution (a) with a minimum paid up capital of the equivalent of HK$150,000,000; (b) with a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of becoming a CAAP Issuer to the CSI Financials ETF and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poor's and equivalent by Moody's and Fitch); (c) which is independent of the Manager; and (d) which is a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the CSI Financials ETF are guaranteed by a guarantor, the guarantor (but not the CAAP Issuers) must fulfill these requirements.

The value of the CAAPs and the collateral is marked to market on a daily basis by the Manager. The Manager will seek to ensure that there is no uncollateralized exposure to each CAAP Issuer and that the appropriate haircut is imposed on the collateral.

Please refer to the website of the CSI Financials ETF for the gross and net exposure to each CAAP Issuer.

Underlying Index

The Underlying Index is a free-float market capitalisation-weighted index that is compiled and published by China Securities Index Co, Ltd. since 31 December 2004. It measures the performance of the financials sector of the CSI 300 Index, representing 48.17% of the CSI 300 Index as at 4 January 2017. It is a net total return index calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax.

As at 4 January 2017, the following were the top 10 Underlying Index constituents:–

Rank	Company Name	Exchange	Weighting %
1	Ping An Insurance (Group) Of China	Shanghai	10.20%
2	Industrial Bank Co, Ltd.	Shanghai	5.75%
3	China Minsheng Banking Corp. Ltd.	Shanghai	5.69%
4	China Merchants Bank Co, Ltd.	Shanghai	4.91%
5	Bank Of Communications Co, Ltd.	Shanghai	4.22%
6	China Vanke Co, Ltd.	Shenzhen	3.75%
7	Shanghai Pudong Development Bank Ltd.	Shanghai	3.73%
8	Haitong Securities Ltd.	Shanghai	3.38%
9	Citic Securities Co, Ltd.	Shanghai	3.37%
10	Bank Of Beijing Ltd.	Shanghai	3.17%

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

What are the key risks?

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

1. **Synthetic replication, counterparty and liquidity risks**

- The CSI Financials ETF does not invest in or hold A Shares directly. The CSI Financials ETF invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as CAAPs are issued by CAAP Issuers and are intended to provide the CSI Financials ETF an exposure to the economic gain/loss in the performance of the A Shares and/or the Underlying Index net of fees, costs and charges.

- The CSI Financials ETF is subject to counterparty risk associated with each CAAP Issuer. The Manager seeks to mitigate such risks by fully collateralizing all counterparty exposures. However, the CSI Financials ETF may still suffer losses to the extent the value of the collateral does not fully cover the value of the CAAPs and any associated costs that may be incurred to close out the collateral arrangements. Any loss would result in a reduction in the NAV of the CSI Financials ETF and impair the ability of the CSI Financials ETF to achieve its investment objective to track its Underlying Index.

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

- In order to minimize the impact of default of CAAP Issuers, the Manager seeks to diversify such risks to multiple qualified CAAP Issuers. However, the CAAP Issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. Any adverse event affecting the performance of a particular CAAPs Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by the CSI Financials ETF could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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

2. **Emerging market risk**

   Generally, investments in or linked to emerging markets, such as the market for A Shares, 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.

3. **PRC tax risks**

- On 14 November 2014, the Ministry of Finance (“MOF”), China Securities Regulatory Commission (“CSRC”) and the State Administration of Taxation (“SAT”) in the PRC, acting with State Council’s approval, jointly released Caishui [2014] No. 79 (“Circular 79”) which temporarily exempts Qualified Foreign Institutional Investors (“QFIIs”) and RMB Qualified Foreign Institutional Investors (“RQFIIs”) from withholding tax on capital gains (i.e. capital gains tax or “CGT”) derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law.

- As a result of Circular 79 on 14 November 2014, the Manager made the decision to reverse the unrealized gain provisions of the CSI Financials ETF’s PRC investments. With respect to the CSI Financials ETF’s realized gain provision in respect of its CAAPs, the Manager is currently liaising with each of the CAAP Issuers to settle the taxes on gains realized prior to 17 November 2014. Investors should be aware that there could be several significant (positive or negative) adjustments to the NAV of the CSI Financials ETF depending on whether its realized gain provision is greater or less than the amount of the CGT that is settled with its respective CAAP Issuers.

What are the key risks? (Cont'd)

- The duration of the period of temporary exemption was not stated in Circular 79 and is subject to termination by the PRC tax authorities with or without notice. If the exemption in Circular 79 is removed or modified, there is a risk that PRC tax authorities may seek to collect tax on capital gains realized on the CSI Financials ETF's PRC investments. If the temporary exemption is withdrawn, the CSI Financials ETF would be subject to PRC taxation in respect of gains on its investments, directly or indirectly, and the resultant tax liability would be eventually borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed to investors.

4. **Financial Sector Risk**
Companies in the financial sector are subject to extensive governmental regulation, which may adversely affect the scope of their activities, the prices they can charge and the amount of capital they must maintain. Governmental regulation may change frequently. The financial services sector is exposed to risks that may impact on the value of investments in the financial services sector more severely than investments outside this sector, including operating with substantial financial leverage. The financial services sector may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations and adverse conditions in other related markets.

5. **Concentration risk**
The exposure of the CSI Financials ETF is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. In addition, to the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Financials ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

6. **Regulatory policies risk**
The government or the regulators may intervene in the financial markets, such as the previous imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the CSI Financials ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the CSI Financials ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the CSI Financials ETF and thereby decrease the liquidity of the CSI Financials ETF. In order to maintain its authorization status and to continue its listing on the SEHK, the CSI Financials ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the CSI Financials ETF, investors may suffer accordingly.

7. **Risk related to PRC regulatory policies including QFII policy risks**
The QFII policy and rules are subject to change and any such change could adversely impact the CSI Financials ETF. In the worst case scenario, this could lead to CAAPs not being able to be issued and the CSI Financials ETF having to be terminated.

8. **Passive investment risk**
The CSI Financials 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, CSI Financials ETF will also decrease in value. Investors may suffer significant losses accordingly.

9. **CAAP structure, collateral and cash holding tracking error risks**

- Changes in the NAV of the CSI Financials ETF may deviate from the performance of the Underlying Index due to factors such as fees, costs and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. The tracking error risk is also heightened by the significant amount of collateral required to be posted to the CSI Financials ETF to collateralize all counterparty exposures. Such costs may depend on the cost of capital of the Collateral Providers and may vary from time to time. Any such costs may contribute to tracking error.

- Further, the tracking error risk will also increase in the event the CSI Financials ETF is holding more cash than normal. The CSI Financials ETF may hold a large amount of cash in circumstances including but not limited to the unwinding of CAAPs, liquidation of collateral upon default of a counterparty or repayment of taxes previously withheld. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index. There is also no assurance that there will be availability of new CAAPs in the market to enable the Manager to reduce the tracking error risk efficiently.

What are the key risks? (Cont'd)

10. Early CAAP redemption and repurchase risk

CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Financials ETF is terminated – see the section "Termination" in the Prospectus) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of the CSI Financials ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Financials ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Financials 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 CSI Financials ETF are charged to/paid out of the capital of the CSI Financials ETF, resulting in an increase in distributable income for the payment of dividends by the CSI Financials ETF and therefore, the CSI Financials 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 CSI Financials ETF's capital may result in an immediate reduction of the NAV per Unit.

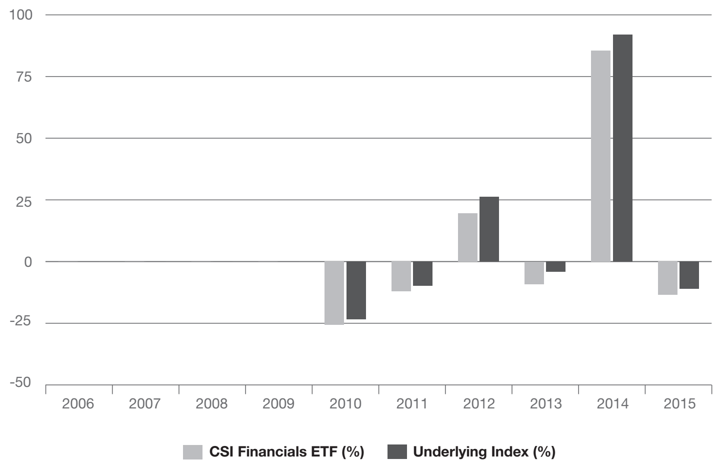
12. Underlying Index related risks

There is no guarantee that the CSI Financials 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 CSI Financials 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 CSI Financials ETF and its Unitholders.

13. Trading risk

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

How has the fund performed?



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CSI Financials ETF Return (%)	–	–	–	–	-25.62	-12.03	19.66	-9.11	85.61	-13.47
Underlying Index Return (%)	–	–	–	–	-23.46	-9.88	26.31	-4.08	91.92	-10.98

- 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.

How has the fund performed? (Cont'd)

- These figures show by how much the CSI Financials ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CSI Financials ETF, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI 300 Financials Index.
- Launch date of CSI Financials ETF: 12 November 2009.

Is there any guarantee?

The CSI Financials 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 CSI Financials ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1]
Trading fee	0.005%[2]
Stamp duty	Nil

Ongoing fees payable by the CSI Financials ETF

The following expenses will be paid out of the CSI Financials ETF. They affect you because they reduce the NAV of the CSI Financials ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.99% p.a. of NAV calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other fees

Please refer to the Prospectus for other fees and expenses payable by the CSI Financials ETF.

[1] Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.
[2] 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 CSI Financials ETF at the following website at www.blackrock.com/hk.

- The CSI Financials ETF's prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Gross and net exposure to the CAAP Issuers;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 CSI Financials ETF. The product webpage of the CSI Financials ETF can be located by using the search function and inserting the stock code of the CSI Financials ETF (i.e. 2829) at 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.

iShares by BLACKROCK®

Product Key Facts

iShares CSI A-Share INFRASTRUCTURE INDEX ETF*

(*This is a synthetic ETF)

BlackRock Asset Management North Asia Limited **21 November 2016**

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

Stock code:	3006	**Trading lot size:**	100 units
Fund Manager:	BlackRock Asset Management North Asia Limited		
Trustee:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year#:	1.22%	**Underlying Index:**	CSI 300 Infrastructure Index
Tracking difference of the last calendar year##:	-2.13%	**Base currency:**	Hong Kong Dollars
Financial year end of this fund:	31 December		
Dividend policy:	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 30 below.		
ETF website:	www.blackrock.com/hk (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 iShares CSI A-Share Infrastructure Index ETF* (*This is a synthetic ETF) (the "**CSI Infrastructure ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The CSI Infrastructure ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Infrastructure Index (the "**Underlying Index**").

Investment Strategy

The CSI Infrastructure ETF adopts a "synthetic representative" investment strategy. Investors should note that the CSI Infrastructure ETF does not invest in A Shares directly.

The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CSI Infrastructrue ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2015. Investors should refer to the website of the CSI Infrastructrue ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy (Cont'd)

A "synthetic representative" investment strategy involves investing in China A-Share Access Products ("**CAAPs**") which are derivative instruments, linked to a representative sample of the securities of the Underlying Index.

Under this strategy, the CSI Infrastructure ETF will invest substantially all of the net proceeds of any issue of units of the CSI Infrastructure ETF in CAAPs issued by CAAP issuers ("**CAAP Issuers**").

Under the terms of the CAAPs, CAAP Issuers will provide the CSI Infrastructure ETF with an exposure to the economic gain/loss in the performance of the A Share(s) and/or the Underlying Index net of fees, costs and charges.

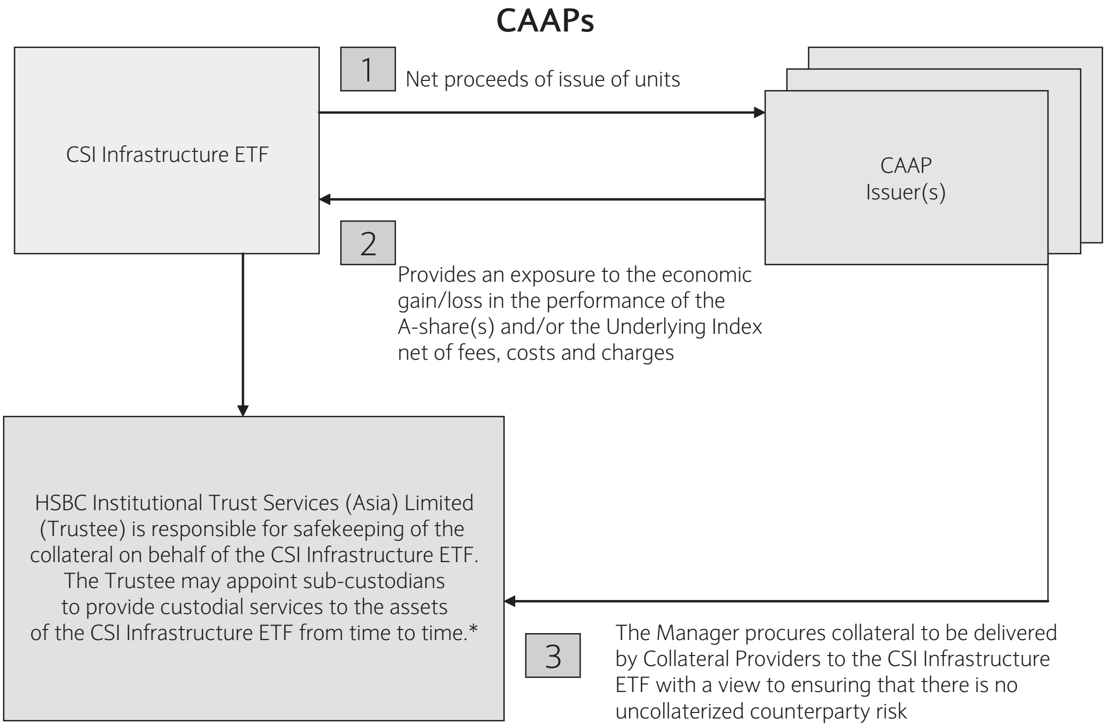
The Manager is required to obtain collateral that represents at least 100% of the CSI Infrastructure ETF's gross total counterparty risk exposure so that there shall be no uncollateralized counterparty risk. Further, where collateral is taken in the nature of equity securities, the market value of the equity collateral should represent at least 120% of the related gross counterparty exposure. Where non-equity collateral is taken, a prudent haircut policy shall be adopted.

Where the CSI Infrastructure ETF is not fully collateralized due to circumstances beyond the control of the Manager, the Manager will procure such additional collateral to be delivered to the CSI Infrastructure ETF as soon as practicable to comply with the above collateral requirements.

The CSI Infrastructure ETF will not invest in any structured products and financial derivative instruments other than in CAAPs. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of the CSI Infrastructure ETF.

How does it work?

The Investment strategy of the CSI Infrastructure ETF is illustrated in the diagram below:



* Where the services of the Collateral Agent is retained by the CSI Infrastructure ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Infrastructure ETF. Please refer to page 74 of the Prospectus for more information.

How does it work? (Cont'd)

Collateral

All investments in CAAPs are required to be fully collateralized. Collateral may consist of cash, and Securities (as defined in the Prospectus), as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager from time to time. Collateral received will not consist of any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

Collateral acceptable to the CSI Infrastructure ETF together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the CSI Infrastructure ETF. The objective of the haircut policy is to minimize the risks of the value of the collateral held by the CSI Infrastructure ETF being less than that of the CAAPs in order to minimize counterparty risks.

Please also refer to the website of the CSI Infrastructure ETF for the composition of the collateral which will be updated on a weekly basis.

CAAP Issuers

The CAAP Issuer must be an institution (a) with a minimum paid up capital of the equivalent of HK$150,000,000; (b) with a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of becoming a CAAP Issuer to the CSI Infrastructure ETF and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poor's and equivalent by Moody's and Fitch); (c) which is independent of the Manager; and (d) which is a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the CSI Infrastructure ETF are guaranteed by a guarantor, the guarantor (but not the CAAP Issuers) must fulfill these requirements.

The value of the CAAPs and the collateral is marked to market on a daily basis by the Manager. The Manager will seek to ensure that there is no uncollateralized exposure to each CAAP Issuer and that the appropriate haircut is imposed on the collateral.

Please refer to the website of the CSI Infrastructure ETF for the gross and net exposure to each CAAP Issuer.

Underlying Index

The Underlying Index is a free-float market capitalisation-weighted index that is compiled and published by China Securities Index Co, Ltd. since 31 December 2004. It measures the performance of the infrastructure sub-sector of the CSI 300 Index, representing 10.06% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax.

As at 24 October 2016, the following were the top 10 Underlying Index constituents:–

Rank	Company Name	Exchange	Weighting %
1	China State Construction Engineering Ltd.	Shanghai	12.30%
2	China Yangtze Power Co, Ltd.	Shanghai	9.62%
3	China Railway Group Ltd.	Shanghai	5.49%
4	China United Network Communication Group Co, Ltd.	Shanghai	4.93%
5	Daqin Railway Co, Ltd.	Shanghai	4.50%
6	China Railway Construction Corp Ltd.	Shanghai	4.14%
7	Gd Power Development Co, Ltd.	Shanghai	3.95%
8	China National Nuclear Power Ltd.	Shanghai	3.56%
9	Huaneng Power International Inc.	Shanghai	3.30%
10	Power Construction Corporation Of China Ltd.	Shanghai	3.29%

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

What are the key risks?

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

1. Synthetic replication, counterparty and liquidity risks

- The CSI Infrastructure ETF does not invest in or hold A Shares directly. The CSI Infrastructure ETF invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as CAAPs are issued by CAAP Issuers and are intended to provide the CSI Infrastructure ETF an exposure to the economic gain/loss in the performance of the A Shares and/or the Underlying Index net of fees, costs and charges.

- The CSI Infrastructure ETF is subject to counterparty risk associated with each CAAP Issuer. The Manager seeks to mitigate such risks by fully collateralizing all counterparty exposures. However, the CSI Infrastructure ETF may still suffer losses to the extent the value of the collateral does not fully cover the value of the CAAPs and any associated costs that may be incurred to close out the collateral arrangements. Any loss would result in a reduction in the NAV of the CSI Infrastructure ETF and impair the ability of the CSI Infrastructure ETF to achieve its investment objective to track its Underlying Index.

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

- In order to minimize the impact of default of CAAP Issuers, the Manager seeks to diversify such risks to multiple qualified CAAP Issuers. However, the CAAP Issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. Any adverse event affecting the performance of a particular CAAPs Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by the CSI Infrastructure ETF could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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

2. Emerging market risk

Generally, investments in or linked to emerging markets, such as the market for A Shares, 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.

3. PRC tax risks

- On 14 November 2014, the Ministry of Finance (“MOF”), China Securities Regulatory Commission (“CSRC”) and the State Administration of Taxation (“SAT”) in the PRC, acting with State Council’s approval, jointly released Caishui [2014] No. 79 (“Circular 79”) which temporarily exempts Qualified Foreign Institutional Investors (“QFIIs”) and RMB Qualified Foreign Institutional Investors (“RQFIIs”) from withholding tax on capital gains (i.e. capital gains tax or “CGT”) derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law.

- As a result of Circular 79 on 14 November 2014, the Manager made the decision to reverse the unrealized gain provisions of the CSI Infrastructure ETF’s PRC investments. With respect to the CSI Infrastructure ETF’s realized gain provision in respect of its CAAPs, the Manager is currently liaising with each of the CAAP Issuers to settle the taxes on gains realized prior to 17 November 2014. Investors should be aware that there could be several significant (positive or negative) adjustments to the NAV of the CSI Infrastructure ETF depending on whether its realized gain provision is greater or less than the amount of the CGT that is settled with its respective CAAP Issuers.

What are the key risks? (Cont'd)

- The duration of the period of temporary exemption was not stated in Circular 79 and is subject to termination by the PRC tax authorities with or without notice. If the exemption in Circular 79 is removed or modified, there is a risk that PRC tax authorities may seek to collect tax on capital gains realized on the CSI Infrastructure ETF's PRC investments. If the temporary exemption is withdrawn, the CSI Infrastructure ETF would be subject to PRC taxation in respect of gains on its investments, directly or indirectly, and the resultant tax liability would be eventually borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed to investors.

4. **Infrastructure Sector Risk**
   There are risks in concentrating in infrastructure securities within the utilities, telecommunications and industrials industries. Adverse developments within these industries may affect the value of the underlying Securities of the CSI Infrastructure ETF which invests in these industries. Companies involved in these industries are subject to environmental considerations, taxes, government regulation, price and supply considerations and competition.

5. **Concentration risk**
   The exposure of the CSI Infrastructure ETF is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. In addition, to the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Infrastructure ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

6. **Regulatory policies risk**
   The government or the regulators may intervene in the financial markets, such as the previous imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the CSI Infrastructure ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the CSI Infrastructure ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the CSI Infrastructure ETF and thereby decrease the liquidity of the CSI Infrastructure ETF. In order to maintain its authorization status and to continue its listing on the SEHK, the CSI Infrastructure ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the CSI Infrastructure ETF, investors may suffer accordingly.

7. **Risk related to PRC regulatory policies including QFII policy risks**
   The QFII policy and rules are subject to change and any such change could adversely impact the CSI Infrastructure ETF. In the worst case scenario, this could lead to CAAPs not being able to be issued and the CSI Infrastructure ETF having to be terminated.

8. **Passive investment risk**
   The CSI Infrastructure 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, CSI Infrastructure ETF will also decrease in value. Investors may suffer significant losses accordingly.

9. **CAAP structure, collateral and cash holding tracking error risks**

- Changes in the NAV of the CSI Infrastructure ETF may deviate from the performance of the Underlying Index due to factors such as fees, costs and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. The tracking error risk is also heightened by the significant amount of collateral required to be posted to the CSI Infrastructure ETF to collateralize all counterparty exposures. Such costs may depend on the cost of capital of the Collateral Providers and may vary from time to time. Any such costs may contribute to tracking error.

- Further, the tracking error risk will also increase in the event the CSI Infrastructure ETF is holding more cash than normal. The CSI Infrastructure ETF may hold a large amount of cash in circumstances including but not limited to the unwinding of CAAPs, liquidation of collateral upon default of a counterparty or repayment of taxes previously withheld. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index. There is also no assurance that there will be availability of new CAAPs in the market to enable the Manager to reduce the tracking error risk efficiently.

What are the key risks? (Cont'd)

10. Early CAAP redemption and repurchase risk

CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Infrastructure ETF is terminated – see the section "Termination" in the Prospectus) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of the CSI Infrastructure ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Infrastructure ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Infrastructure 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 CSI Infrastructure ETF are charged to/paid out of the capital of the CSI Infrastructure ETF, resulting in an increase in distributable income for the payment of dividends by the CSI Infrastructure ETF and therefore, the CSI Infrastructure 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 CSI Infrastructure ETF's capital may result in an immediate reduction of the NAV per Unit.

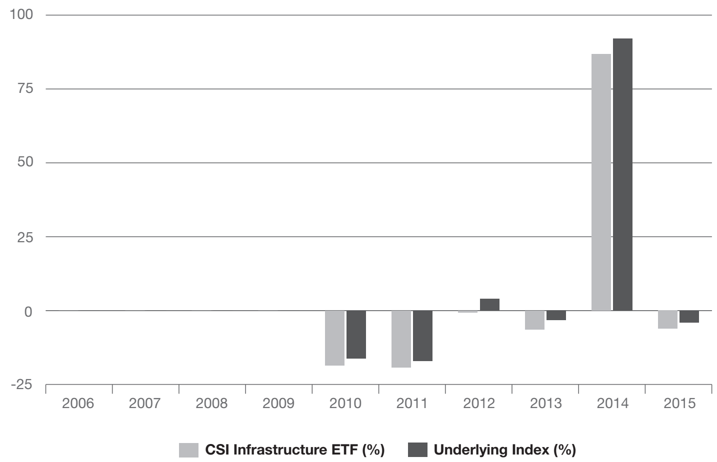
12. Underlying Index related risks

There is no guarantee that the CSI Infrastructure 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 CSI Infrastructure 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 CSI Infrastructure ETF and its Unitholders.

13. Trading risk

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

How has the fund performed?



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CSI Infrastructure ETF Return (%)	–	–	–	–	-18.58	-19.18	-0.59	-6.37	86.83	-6.09
Underlying Index Return (%)	–	–	–	–	-16.17	-17.07	3.98	-3.23	92.08	-3.97

- 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.

How has the fund performed? (Cont'd)

- These figures show by how much the CSI Infrastructure ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CSI Infrastructure ETF, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI 300 Infrastructure Index.
- Launch date of CSI Infrastructure ETF: 12 November 2009.

Is there any guarantee?

The CSI Infrastructure 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 CSI Infrastructure ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1]
Trading fee	0.005%[2]
Stamp duty	Nil

Ongoing fees payable by the CSI Infrastructure ETF

The following expenses will be paid out of the CSI Infrastructure ETF. They affect you because they reduce the NAV of the CSI Infrastructure ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.99% p.a. of NAV calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other fees

Please refer to the Prospectus for other fees and expenses payable by the CSI Infrastructure ETF.

[1] Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.
[2] 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 CSI Infrastructure ETF at the following website at www.blackrock.com/hk.

- The CSI Infrastructure ETF's prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Gross and net exposure to the CAAP Issuers;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 CSI Infrastructure ETF. The product webpage of the CSI Infrastructure ETF can be located by using the search function and inserting the stock code of the CSI Infrastructure ETF (i.e. 3006) at 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.

iShares by BLACKROCK®

Product Key Facts

iShares CSI A-Share CONSUMER DISCRETIONARY INDEX ETF*

(*This is a synthetic ETF)

BlackRock Asset Management North Asia Limited **21 November 2016**

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

Stock code:	3001	**Trading lot size:**	100 units
Fund Manager:	BlackRock Asset Management North Asia Limited		
Trustee:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year#:	1.16%	**Underlying Index:**	CSI 300 Consumer Discretionary Index
Tracking difference of the last calendar year##:	0.28%	**Base currency:**	Hong Kong Dollars
Financial year end of this fund:	31 December		
Dividend policy:	Annually, at Manager's discretion (December each year) (if any). Distributions may be made out of capital 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 38 below.		
ETF website:	www.blackrock.com/hk (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 iShares CSI A-Share Consumer Discretionary Index ETF* (*This is a synthetic ETF) (the "**CSI Consumer Discretionary ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The CSI Consumer Discretionary ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Consumer Discretionary Index (the "**Underlying Index**").

Investment Strategy

The CSI Consumer Discretionary ETF adopts a "synthetic representative" investment strategy. Investors should note that the CSI Consumer Discretionary ETF does not invest in A Shares directly.

The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CSI Consumer Discretionary ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2015. Investors should refer to the website of the CSI Consumer Discretionary ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy (Cont'd)

A "synthetic representative" investment strategy involves investing in China A-Share Access Products ("**CAAPs**") which are derivative instruments, linked to a representative sample of the securities of the Underlying Index.

Under this strategy, the CSI Consumer Discretionary ETF will invest substantially all of the net proceeds of any issue of units of the CSI Consumer Discretionary ETF in CAAPs issued by CAAP issuers ("**CAAP Issuers**").

Under the terms of the CAAPs, CAAP Issuers will provide the CSI Consumer Discretionary ETF with an exposure to the economic gain/loss in the performance of the A Share(s) and/or the Underlying Index net of fees, costs and charges.

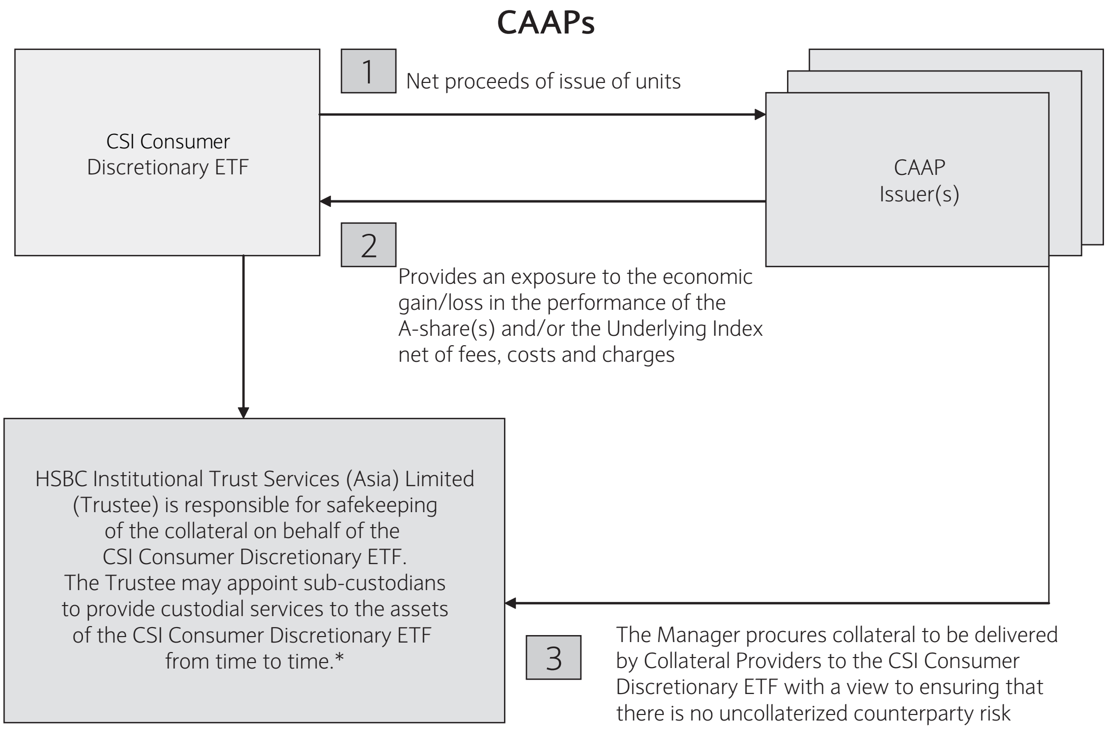
The Manager is required to obtain collateral that represents at least 100% of the CSI Consumer Discretionary ETF's gross total counterparty risk exposure so that there shall be no uncollateralized counterparty risk. Further, where collateral is taken in the nature of equity securities, the market value of the equity collateral should represent at least 120% of the related gross counterparty exposure. Where non-equity collateral is taken, a prudent haircut policy shall be adopted.

Where the CSI Consumer Discretionary ETF is not fully collateralized due to circumstances beyond the control of the Manager, the Manager will procure such additional collateral to be delivered to the CSI Consumer Discretionary ETF as soon as practicable to comply with the above collateral requirements.

The CSI Consumer Discretionary ETF will not invest in any structured products and financial derivative instruments other than in CAAPs. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of the CSI Consumer Discretionary ETF.

How does it work?

The Investment strategy of the CSI Consumer Discretionary ETF is illustrated in the diagram below:



* Where the services of the Collateral Agent is retained by the CSI Consumer Discretionary ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Consumer Discretionary ETF. Please refer to page 74 of the Prospectus for more information.

How does it work? (Cont'd)

Collateral

All investments in CAAPs are required to be fully collateralized. Collateral may consist of cash, and Securities (as defined in the Prospectus), as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager from time to time. Collateral received will not consist of any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

Collateral acceptable to the CSI Consumer Discretionary ETF together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the CSI Consumer Discretionary ETF. The objective of the haircut policy is to minimize the risks of the value of the collateral held by the CSI Consumer Discretionary ETF being less than that of the CAAPs in order to minimize counterparty risks.

Please also refer to the website of the CSI Consumer Discretionary ETF for the composition of the collateral which will be updated on a weekly basis.

CAAP Issuers

The CAAP Issuer must be an institution (a) with a minimum paid up capital of the equivalent of HK$150,000,000; (b) with a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of becoming a CAAP Issuer to the CSI Consumer Discretionary ETF and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poor's and equivalent by Moody's and Fitch); (c) which is independent of the Manager; and (d) which is a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the CSI Consumer Discretionary ETF are guaranteed by a guarantor, the guarantor (but not the CAAP Issuers) must fulfill these requirements.

The value of the CAAPs and the collateral is marked to market on a daily basis by the Manager. The Manager will seek to ensure that there is no uncollateralized exposure to each CAAP Issuer and that the appropriate haircut is imposed on the collateral.

Please refer to the website of the CSI Consumer Discretionary ETF for the gross and net exposure to each CAAP Issuer.

Underlying Index

The Underlying Index is a free-float market capitalisation-weighted index that is compiled and published by China Securities Index Co, Ltd. since 31 December 2004. It measures the performance of the consumer discretionary sector of the CSI 300 Index, representing 10.25% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax.

As at 24 October 2016, the following were the top 10 Underlying Index constituents:–

Rank	Company Name	Exchange	Weighting %
1	Gree Electric Appliances Inc. Of Zhuhai	Shenzhen	10.90%
2	Midea Group Ltd.	Shenzhen	8.57%
3	Saic Motor Corp Ltd.	Shanghai	7.77%
4	Suning Commerce Ltd.	Shenzhen	4.26%
5	Chongqing Changan Auto Co, Ltd.	Shenzhen	3.66%
6	Shanghai Oriental Pearl Media Co, Ltd.	Shanghai	3.23%
7	Citic Guoan Information Industry Co. Ltd.	Shenzhen	3.22%
8	Wanda Cinema Line Corp	Shenzhen	3.19%
9	Qingdao Haier Ltd.	Shanghai	3.15%
10	Byd Ltd.	Shenzhen	3.11%

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

What are the key risks?

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

1. **Synthetic replication, counterparty and liquidity risks**

- The CSI Consumer Discretionary ETF does not invest in or hold A Shares directly. The CSI Consumer Discretionary ETF invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as CAAPs are issued by CAAP Issuers and are intended to provide the CSI Consumer Discretionary ETF an exposure to the economic gain/loss in the performance of the A Shares and/or the Underlying Index net of fees, costs and charges.

- The CSI Consumer Discretionary ETF is subject to counterparty risk associated with each CAAP Issuer. The Manager seeks to mitigate such risks by fully collateralizing all counterparty exposures. However, the CSI Consumer Discretionary ETF may still suffer losses to the extent the value of the collateral does not fully cover the value of the CAAPs and any associated costs that may be incurred to close out the collateral arrangements. Any loss would result in a reduction in the NAV of the CSI Consumer Discretionary ETF and impair the ability of the CSI Consumer Discretionary ETF to achieve its investment objective to track its Underlying Index.

- In the event of any default by CAAP Issuers, dealing in the units of the CSI Consumer Discretionary ETF may be suspended and the units of the CSI Consumer Discretionary ETF may not continue to trade. The CSI Consumer Discretionary ETF may also ultimately be terminated.

- In order to minimize the impact of default of CAAP Issuers, the Manager seeks to diversify such risks to multiple qualified CAAP Issuers. However, the CAAP Issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. Any adverse event affecting the performance of a particular CAAPs Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by the CSI Consumer Discretionary ETF could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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

2. **Emerging market risk**

   Generally, investments in or linked to emerging markets, such as the market for A Shares, 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.

3. **PRC tax risks**

- On 14 November 2014, the Ministry of Finance (“MOF”), China Securities Regulatory Commission (“CSRC”) and the State Administration of Taxation (“SAT”) in the PRC, acting with State Council’s approval, jointly released Caishui [2014] No. 79 (“Circular 79”) which temporarily exempts Qualified Foreign Institutional Investors (“QFIIs”) and RMB Qualified Foreign Institutional Investors (“RQFIIs”) from withholding tax on capital gains (i.e. capital gains tax or “CGT”) derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law.

- As a result of Circular 79 on 14 November 2014, the Manager made the decision to reverse the unrealized gain provisions of the CSI Consumer Discretionary ETF’s PRC investments. With respect to the CSI Consumer Discretionary ETF’s realized gain provision in respect of its CAAPs, the Manager is currently liaising with each of the CAAP Issuers to settle the taxes on gains realized prior to 17 November 2014. Investors should be aware that there could be several significant (positive or negative) adjustments to the NAV of the CSI Consumer Discretionary ETF depending on whether its realized gain provision is greater or less than the amount of the CGT that is settled with its respective CAAP Issuers.

What are the key risks? (Cont'd)

- The duration of the period of temporary exemption was not stated in Circular 79 and is subject to termination by the PRC tax authorities with or without notice. If the exemption in Circular 79 is removed or modified, there is a risk that PRC tax authorities may seek to collect tax on capital gains realized on the CSI Consumer Discretionary ETF's PRC investments. If the temporary exemption is withdrawn, the CSI Consumer Discretionary ETF would be subject to PRC taxation in respect of gains on its investments, directly or indirectly, and the resultant tax liability would be eventually borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed to investors.

4. **Consumer Discretionary Sector Risk**
The performance of PRC companies active in the consumer discretionary sector are correlated to the growth rate of the PRC consumer market, individual income levels and their impact on levels of domestic consumer spending in the PRC, which in turn depend on the worldwide economic conditions, which have recently deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. 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. There can be no assurance that historical growth rates of the PRC economy and the PRC consumer market will continue. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect the business of the companies in the consumer discretionary sector and as a result the performance of the CSI Consumer Discretionary ETF.

5. **Concentration risk**
The exposure of the CSI Consumer Discretionary ETF is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. In addition, to the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Consumer Discretionary ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

6. **Regulatory policies risk**
The government or the regulators may intervene in the financial markets, such as the previous imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the CSI Consumer Discretionary ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the CSI Consumer Discretionary ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the CSI Consumer Discretionary ETF and thereby decrease the liquidity of the CSI Consumer Discretionary ETF. In order to maintain its authorization status and to continue its listing on the SEHK, the CSI Consumer Discretionary ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the CSI Consumer Discretionary ETF, investors may suffer accordingly.

7. **Risk related to PRC regulatory policies including QFII policy risks**
The QFII policy and rules are subject to change and any such change could adversely impact the CSI Consumer Discretionary ETF. In the worst case scenario, this could lead to CAAPs not being able to be issued and the CSI Consumer Discretionary ETF having to be terminated.

8. **Passive investment risk**
The CSI Consumer Discretionary 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, CSI Consumer Discretionary ETF will also decrease in value. Investors may suffer significant losses accordingly.

What are the key risks? (Cont'd)

9. CAAP structure, collateral and cash holding tracking error risks

- Changes in the NAV of the CSI Consumer Discretionary ETF may deviate from the performance of the Underlying Index due to factors such as fees, costs and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. The tracking error risk is also heightened by the significant amount of collateral required to be posted to the CSI Consumer Discretionary ETF to collateralize all counterparty exposures. Such costs may depend on the cost of capital of the Collateral Providers and may vary from time to time. Any such costs may contribute to tracking error.

- Further, the tracking error risk will also increase in the event the CSI Consumer Discretionary ETF is holding more cash than normal. The CSI Consumer Discretionary ETF may hold a large amount of cash in circumstances including but not limited to the unwinding of CAAPs, liquidation of collateral upon default of a counterparty or repayment of taxes previously withheld. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index. There is also no assurance that there will be availability of new CAAPs in the market to enable the Manager to reduce the tracking error risk efficiently.

10. Early CAAP redemption and repurchase risk

CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Consumer Discretionary ETF is terminated – see the section "Termination" in the Prospectus) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of the CSI Consumer Discretionary ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Consumer Discretionary ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Consumer Discretionary 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 CSI Consumer Discretionary ETF are charged to/paid out of the capital of the CSI Consumer Discretionary ETF, resulting in an increase in distributable income for the payment of dividends by the CSI Consumer Discretionary ETF and therefore, the CSI Consumer Discretionary 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 CSI Consumer Discretionary ETF's capital may result in an immediate reduction of the NAV per Unit.

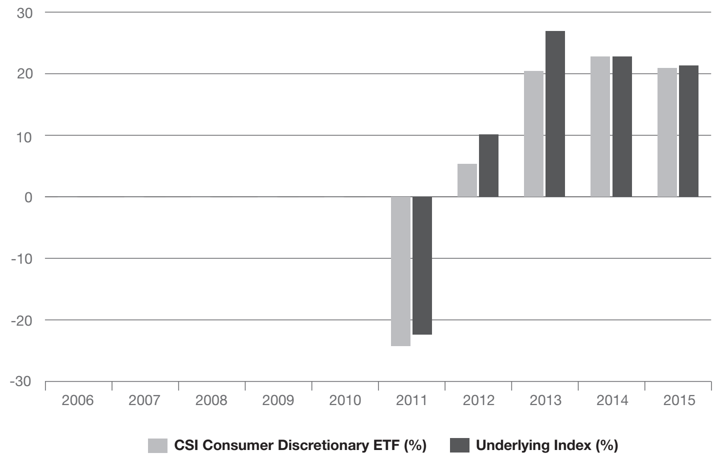
12. Underlying Index related risks

There is no guarantee that the CSI Consumer Discretionary 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 CSI Consumer Discretionary 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 CSI Consumer Discretionary ETF and its Unitholders.

13. Trading risk

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

How has the fund performed?



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CSI Consumer Discretionary ETF Return (%)	–	–	–	–	–	-24.25	5.34	20.42	22.73	20.90
Underlying Index Return (%)	–	–	–	–	–	-22.38	10.08	26.91	22.79	21.34

- 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 CSI Consumer Discretionary ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CSI Consumer Discretionary ETF, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI 300 Consumer Discretionary Index.
- Launch date of CSI Consumer Discretionary ETF: 15 July 2010.

Is there any guarantee?

The CSI Consumer Discretionary 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 CSI Consumer Discretionary ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1]
Trading fee	0.005%[2]
Stamp duty	Nil

1 Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.
2 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 CSI Consumer Discretionary ETF

The following expenses will be paid out of the CSI Consumer Discretionary ETF. They affect you because they reduce the NAV of the CSI Consumer Discretionary ETF which may affect the trading price.

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	Annual rate (as a % of the fund's value)
Management fee	0.99% p.a. of NAV calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other fees

Please refer to the Prospectus for other fees and expenses payable by the CSI Consumer Discretionary ETF.

Additional information

You can find the following information of the CSI Consumer Discretionary ETF at the following website at www.blackrock.com/hk.

- The CSI Consumer Discretionary ETF's prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Gross and net exposure to the CAAP Issuers;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 CSI Consumer Discretionary ETF. The product webpage of the CSI Consumer Discretionary ETF can be located by using the search function and inserting the stock code of the CSI Consumer Discretionary ETF (i.e. 3001) at 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.

iShares by BlackRock

Product Key Facts

iShares CSI A-Share CONSUMER STAPLES INDEX ETF*

(*This is a synthetic ETF)

BlackRock Asset Management North Asia Limited **21 November 2016**

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

Stock code:	2841	**Trading lot size:**	100 units
Fund Manager:	BlackRock Asset Management North Asia Limited		
Trustee:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year#:	1.12%	**Underlying Index:**	CSI 300 Consumer Staples Index
Tracking difference of the last calendar year##:	6.94%	**Base currency:**	Hong Kong Dollars
Financial year end of this fund:	31 December		
Dividend policy:	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 46 below.		
ETF website:	www.blackrock.com/hk (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 iShares CSI A-Share Consumer Staples Index ETF* (*This is a synthetic ETF) (the "**CSI Consumer Staples ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks.

Objective and Investment Strategy

Objective

The CSI Consumer Staples ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Consumer Staples Index (the "**Underlying Index**").

Investment Strategy

The CSI Consumer Staples ETF adopts a "synthetic representative" investment strategy. Investors should note that CSI Consumer Staples ETF does not invest in A Shares directly.

The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CSI Consumer Staples ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2015. Investors should refer to the website of the CSI Consumer Staples ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy (Cont'd)

A "synthetic representative" investment strategy involves investing in China A-Share Access Products ("**CAAPs**") which are derivative instruments, linked to a representative sample of the securities of the Underlying Index.

Under this strategy, the CSI Consumer Staples ETF will invest substantially all of the net proceeds of any issue of units of the CSI Consumer Staples ETF in CAAPs issued by CAAP issuers ("**CAAP Issuers**").

Under the terms of the CAAPs, CAAP Issuers will provide CSI Consumer Staples ETF with an exposure to the economic gain/loss in the performance of the A Share(s) and/or the Underlying Index net of fees, costs and charges.

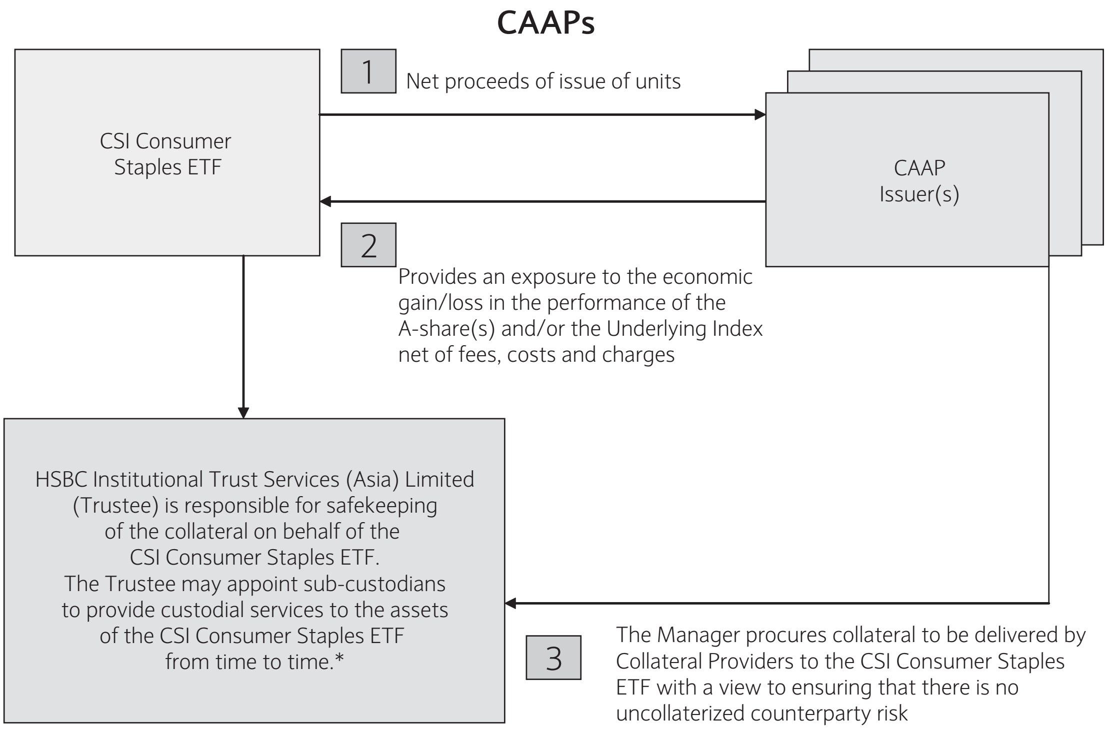
The Manager is required to obtain collateral that represents at least 100% of the CSI Consumer Staples ETF's gross total counterparty risk exposure so that there shall be no uncollateralized counterparty risk. Further, where collateral is taken in the nature of equity securities, the market value of the equity collateral should represent at least 120% of the related gross counterparty exposure. Where non-equity collateral is taken, a prudent haircut policy shall be adopted.

Where the CSI Consumer Staples ETF is not fully collateralized due to circumstances beyond the control of the Manager, the Manager will procure such additional collateral to be delivered to the CSI Consumer Staples ETF as soon as practicable to comply with the above collateral requirements.

The CSI Consumer Staples ETF will not invest in any structured products and financial derivative instruments other than in CAAPs. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of the CSI Consumer Staples ETF.

How does it work?

The Investment strategy of the CSI Consumer Staples ETF is illustrated in the diagram below:



* Where the services of the Collateral Agent is retained by the CSI Consumer Staples ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Consumer Staples ETF. Please refer to page 74 of the Prospectus for more information.

Collateral

All investments in CAAPs are required to be fully collateralized. Collateral may consist of cash, and Securities (as defined in the Prospectus), as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager from time to time. Collateral received will not consist of any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

How does it work? (Cont'd)

Collateral acceptable to the CSI Consumer Staples ETF together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the CSI Consumer Staples ETF. The objective of the haircut policy is to minimize the risks of the value of the collateral held by the CSI Consumer Staples ETF being less than that of the CAAPs in order to minimize counterparty risks.

Please also refer to the website of the CSI Consumer Staples ETF for the composition of the collateral which will be updated on a weekly basis.

CAAP Issuers

The CAAP Issuer must be an institution (a) with a minimum paid up capital of the equivalent of HK$150,000,000; (b) with a credit rating in respect of senior debt of at least A-by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of becoming a CAAP Issuer to the CSI Consumer Staples ETF and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poor's and equivalent by Moody's and Fitch); (c) which is independent of the Manager; and (d) which is a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the CSI Consumer Staples ETF are guaranteed by a guarantor, the guarantor (but not the CAAP Issuers) must fulfill these requirements.

The value of the CAAPs and the collateral is marked to market on a daily basis by the Manager. The Manager will seek to ensure that there is no uncollateralized exposure to each CAAP Issuer and that the appropriate haircut is imposed on the collateral.

Please refer to the website of the CSI Consumer Staples ETF for the gross and net exposure to each CAAP Issuer.

Underlying Index

The Underlying Index is a free-float market capitalisation-weighted index that is compiled and published by China Securities Index Co, Ltd. since 31 December 2004. It measures the performance of the consumer staples sector of the CSI 300 Index, representing 6.04% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax.

As at 24 October 2016, the following were the top 10 Underlying Index constituents:–

Rank	Company Name	Exchange	Weighting %
1	Kweichow Moutai Ltd.	Shanghai	24.64%
2	Inner Mongolia Yili Industrial Group	Shanghai	16.75%
3	Wuliangye Yibin Ltd.	Shenzhen	10.22%
4	Kangmei Pharmaceutical Co, Ltd.	Shanghai	8.09%
5	Jiangsu Yanghe Brewery Joint-Stock Co, Ltd.	Shenzhen	6.59%
6	Henan Shuanghui Investment & Development Co, Ltd.	Shenzhen	3.80%
7	Shanghai Pharmaceuticals Holding Ltd.	Shanghai	3.70%
8	Luzhou Lao Jiao Ltd.	Shenzhen	3.55%
9	Huadong Medicine Ltd.	Shenzhen	2.86%
10	Yonghui Superstores Co, Ltd.	Shanghai	2.75%

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

What are the key risks?

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

1. **Synthetic replication, counterparty and liquidity risks**

- The CSI Consumer Staples ETF does not invest in or hold A Shares directly. The CSI Consumer Staples ETF invests primarily in derivative instruments which do not have an active secondary market. These derivative instruments, collectively referred to as CAAPs are issued by CAAP Issuers and are intended to provide the CSI Consumer Staples ETF an exposure to the economic gain/loss in the performance of the A Shares and/or the Underlying Index net of fees, costs and charges.

- The CSI Consumer Staples ETF is subject to counterparty risk associated with each CAAP Issuer. The Manager seeks to mitigate such risks by fully collateralizing all counterparty exposures. However, the CSI Consumer Staples ETF may still suffer losses to the extent the value of the collateral does not fully cover the value of the CAAPs and any associated costs that may be incurred to close out the collateral arrangements. Any loss would result in a reduction in the NAV of the CSI Consumer Staples ETF and impair the ability of the CSI Consumer Staples ETF to achieve its investment objective to track its Underlying Index.

- In the event of any default by CAAP Issuers, dealing in the units of the CSI Consumer Staples ETF may be suspended and the units of the CSI Consumer Staples ETF may not continue to trade. The CSI Consumer Staples ETF may also ultimately be terminated.

- In order to minimize the impact of default of CAAP Issuers, the Manager seeks to diversify such risks to multiple qualified CAAP Issuers. However, the CAAP Issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. Any adverse event affecting the performance of a particular CAAPs Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by the CSI Consumer Staples ETF could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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

2. **Emerging market risk**

   Generally, investments in or linked to emerging markets, such as the market for A Shares, 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.

3. **PRC tax risks**

- On 14 November 2014, the Ministry of Finance ("MOF"), China Securities Regulatory Commission ("CSRC") and the State Administration of Taxation ("SAT") in the PRC, acting with State Council's approval, jointly released Caishui [2014] No. 79 ("Circular 79") which temporarily exempts Qualified Foreign Institutional Investors ("QFIIs") and RMB Qualified Foreign Institutional Investors ("RQFIIs") from withholding tax on capital gains (i.e. capital gains tax or "CGT") derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law.

- As a result of Circular 79 on 14 November 2014, the Manager made the decision to reverse the unrealized gain provisions of the CSI Consumer Staples ETF's PRC investments. With respect to the CSI Consumer Staples ETF's realized gain provision in respect of its CAAPs, the Manager is currently liaising with each of the CAAP Issuers to settle the taxes on gains realized prior to 17 November 2014. Investors should be aware that there could be several significant (positive or negative) adjustments to the NAV of the CSI Consumer Staples ETF depending on whether its realized gain provision is greater or less than the amount of the CGT that is settled with its respective CAAP Issuers.

What are the key risks? (Cont'd)

- The duration of the period of temporary exemption was not stated in Circular 79 and is subject to termination by the PRC tax authorities with or without notice. If the exemption in Circular 79 is removed or modified, there is a risk that PRC tax authorities may seek to collect tax on capital gains realized on the CSI Consumer Staples ETF's PRC investments. If the temporary exemption is withdrawn, the CSI Consumer Staples ETF would be subject to PRC taxation in respect of gains on its investments, directly or indirectly, and the resultant tax liability would be eventually borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed to investors.

4. **Consumer Staples Sector Risk**
Companies in the consumer staples sector are subject to government regulation affecting the permissibility of using various food additives and production methods, which regulations could affect company profitability. 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. There can be no assurance that historical growth rates of the PRC economy and the PRC consumer market will continue. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect the business of the companies in the consumer staples sector and as a result the performance of the CSI Consumer Staples ETF.

5. **Concentration risk**
The exposure of the CSI Consumer Staples ETF is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. In addition, to the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Consumer Staples ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

6. **Regulatory policies risk**
The government or the regulators may intervene in the financial markets, such as the previous imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the CSI Consumer Staples ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the CSI Consumer Staples ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the CSI Consumer Staples ETF and thereby decrease the liquidity of the CSI Consumer Staples ETF. In order to maintain its authorization status and to continue its listing on the SEHK, the CSI Consumer Staples ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the CSI Consumer Staples ETF, investors may suffer accordingly.

7. **Risk related to PRC regulatory policies including QFII policy risks**
The QFII policy and rules are subject to change and any such change could adversely impact the CSI Consumer Staples ETF. In the worst case scenario, this could lead to CAAPs not being able to be issued and the CSI Consumer Staples ETF having to be terminated.

8. **Passive investment risk**
The CSI Consumer Staples 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, CSI Consumer Staples ETF will also decrease in value. Investors may suffer significant losses accordingly.

What are the key risks? (Cont'd)

9. CAAP structure, collateral and cash holding tracking error risks

- Changes in the NAV of the CSI Consumer Staples ETF may deviate from the performance of the Underlying Index due to factors such as fees, costs and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. The tracking error risk is also heightened by the significant amount of collateral required to be posted to the CSI Consumer Staples ETF to collateralize all counterparty exposures. Such costs may depend on the cost of capital of the Collateral Providers and may vary from time to time. Any such costs may contribute to tracking error.

- Further, the tracking error risk will also increase in the event the CSI Consumer Staples ETF is holding more cash than normal. The CSI Consumer Staples ETF may hold a large amount of cash in circumstances including but not limited to the unwinding of CAAPs, liquidation of collateral upon default of a counterparty or repayment of taxes previously withheld. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index. There is also no assurance that there will be availability of new CAAPs in the market to enable the Manager to reduce the tracking error risk efficiently.

10. Early CAAP redemption and repurchase risk

CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the CSI Consumer Staples ETF is terminated – see the section "Termination" in the Prospectus) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of the CSI Consumer Staples ETF, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the CSI Consumer Staples ETF paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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 CSI Consumer Staples 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 CSI Consumer Staples ETF are charged to/paid out of the capital of the CSI Consumer Staples ETF, resulting in an increase in distributable income for the payment of dividends by the CSI Consumer Staples ETF and therefore, the CSI Consumer Staples 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 CSI Consumer Staples ETF's capital may result in an immediate reduction of the NAV per Unit.

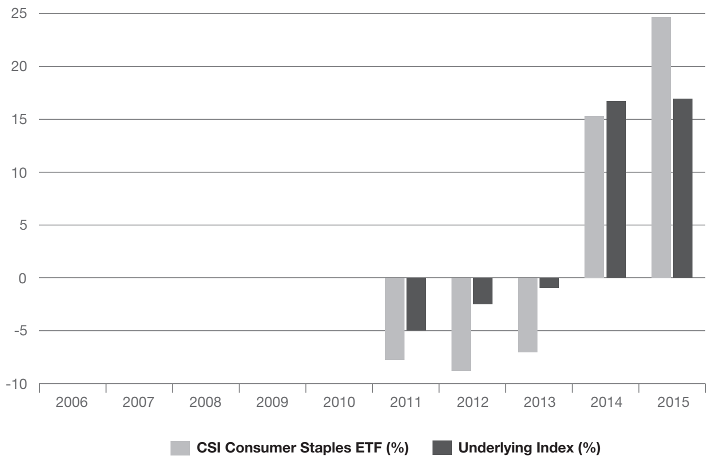
12. Underlying Index related risks

There is no guarantee that the CSI Consumer Staples 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 CSI Consumer Staples 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 CSI Consumer Staples ETF and its Unitholders.

13. Trading risk

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

How has the fund performed?



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CSI Consumer Staples ETF Return (%)	–	–	–	–	–	-7.73	-8.79	-7.04	15.29	24.68
Underlying Index Return (%)	–	–	–	–	–	-4.95	-2.49	-0.91	16.71	16.92

- 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 CSI Consumer Staples ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CSI Consumer Staples ETF, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI 300 Consumer Staples Index.
- Launch date of CSI Consumer Staples ETF: 15 July 2010.

Is there any guarantee?

The CSI Consumer Staples 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 CSI Consumer Staples ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1]
Trading fee	0.005%[2]
Stamp duty	Nil

1 Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.
2 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 CSI Consumer Staples ETF

The following expenses will be paid out of the CSI Consumer Staples ETF. They affect you because they reduce the NAV of the CSI Consumer Staples ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.99% p.a. of NAV calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other fees

Please refer to the Prospectus for other fees and expenses payable by the CSI Consumer Staples ETF.

Additional information

You can find the following information of the CSI Consumer Staples ETF at the following website at www.blackrock.com/hk.

- The CSI Consumer Staples ETF's prospectus and this statement (as revised from time to time);
- Latest financial reports;
- Latest closing NAV;
- Estimated NAV throughout each dealing day;
- Gross and net exposure to the CAAP Issuers;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 CSI Consumer Staples ETF. The product webpage of the CSI Consumer Staples ETF can be located by using the search function and inserting the stock code of the CSI Consumer Staples ETF (i.e. 2841) at 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.

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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 CSI A-Share Energy Index ETF* (* This is a synthetic ETF);
2. iShares CSI A-Share Materials Index ETF* (* This is a synthetic ETF);
3. iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF);
4. iShares CSI A-Share Infrastructure Index ETF* (* This is a synthetic ETF);
5. iShares CSI A-Share Consumer Discretionary Index ETF* (* This is a synthetic ETF); and
6. iShares CSI A-Share Consumer Staples Index ETF* (* This is a synthetic 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 subscribe 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 is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index.

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". A representative sampling investment strategy may be more appropriate in view of the comparative illiquidity and possible settlement difficulties which may be experienced with certain A Shares comprised in the Underlying Index. This means that an Index Fund may not hold all shares in all the constituent companies of the Underlying Index.

Potential investors should note that the Manager may swap between the two investment 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 CSI to use the CSI Indices to create the Index Funds based on the relevant CSI Indices and to use certain trademarks and any copyright in the relevant CSI Indices. The initial term of the licence is 5 years. The Manager has an automatic right of renewal for an additional 3 year term, provided the Manager is not in material breach of the licence agreement at the time of renewal. Investors' attention is drawn to "Risks Associated with the Underlying Index" on page 61.

Cross-trades

Cross-trades between the Index Funds and other funds managed by the Manager or its affiliates may be undertaken where the Manager considers that, as part of its portfolio management, such cross-trades would be in the best interests of the Unitholders to achieve the investment objective and policy of the relevant Index Fund. By conducting cross-trades, the Manager may achieve trading efficiencies and savings for the benefit of the Unitholders.

In conducting transactions, the Manager will ensure that the trades are executed on arm's length terms at current market value and the reason for such trades shall be documented prior to execution, in accordance with the SFC's Fund Manager Code of Conduct.

DESCRIPTIONS OF THE INDEX FUNDS

iSHARES CSI A-Share ENERGY INDEX ETF* (* This is a synthetic ETF)

Key Information

The following table is a summary of key information in respect of the iShares CSI A-Share Energy Index ETF* (* This is a synthetic ETF) (the "CSI Energy ETF"), and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: CSI 300 Energy Index Inception Date: 31 December 2004 Number of constituents: 12 (24 October 2016) Total Market Capitalisation (Free Float): RMB2,375 billion (24 October 2016) Base Currency: Renminbi (RMB)
Listing Date (SEHK)	18 November 2009
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	3050
Trading Board Lot Size	100
Base Currency and Trading Currency	Hong Kong dollars (HK$)
Distribution Policy	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.
Application Unit size (only Participating Dealers)	Minimum 500,000 Units (or multiples thereof)
Management Fee	0.99% p.a. of Net Asset Value calculated daily
Investment strategy	Synthetic representative sampling investment strategy (refer to the Introduction above and the "Investment Strategy" section below)
Financial year end	31 December
Website	www.blackrock.com/hk

Investment Objective

The investment objective of the CSI Energy ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Energy Index. There can be no assurance that the CSI Energy ETF will achieve its investment objective.

Investment Strategy

The Manager intends to pursue a synthetic representative sampling investment strategy.

The underlying Securities to which the Underlying Index relates (A Shares), may not be directly invested by non PRC persons, such as the CSI Energy ETF, unless the person is a Qualified Foreign Institutional Investor ("QFII"). The Manager has not applied for a QFII quota on behalf of the CSI Energy ETF, meaning that the CSI Energy ETF cannot invest in or hold A Shares directly.

In order to meet the investment objective, the Manager on behalf of the CSI Energy ETF will invest in derivative instruments.

The derivative instruments invested by the CSI Energy ETF are called CAAPs. A CAAP is a derivative instrument linked to either (a) an A Share; or (b) the Underlying Index. The CSI Energy ETF may also invest in CAAPs that are linked to A Shares that are not constituent A Shares of the Underlying Index but which the Manager believes will help the CSI Energy ETF achieve its investment objective.

A CAAP represents only an obligation of the CAAP Issuer to provide the CSI Energy ETF with the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, the A Shares are not in any way owned by the CSI Energy ETF. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible.

Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, the CSI Energy ETF may suffer losses potentially equal to the full value of the CAAP (net of the value of the collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its obligations under the CAAPs. The Manager seeks to mitigate the counterparty risk subject to market conditions by diversifying the number of, and the relative exposure of the CSI Energy ETF to, multiple qualified CAAP Issuers. Please refer to the section “Risk Management Model” on page 40 for further information in this regard.

Pursuant to the authorization conditions imposed on the CSI Energy ETF by the SFC on 29 August 2011, the Manager is required to collateralize all counterparty exposures with a view to ensuring that the collateral held by the CSI Energy ETF must represent at least 100% of the CSI Energy ETF’s gross total counterparty exposure. In addition, pursuant to the SFC Collateral Conditions, where the CSI Energy ETF accepts collateral in the nature of equity securities, the CSI Energy ETF will obtain collateral that has a market value of at least 120%. Further, for non-equity collateral, the Manager is required to adopt a prudent haircut policy on any non-equity collateral held by the CSI Energy ETF taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the CSI Energy ETF is published on the website of the CSI Energy ETF.

Given that the Manager intends to invest the assets of the CSI Energy ETF in CAAPs issued by one or more CAAP Issuers, the Manager has applied for, and has been granted, a waiver from the Code to allow the CSI Energy ETF to hold CAAPs issued by any single issuer in excess of 10% of the Net Asset Value of the CSI Energy ETF.

The Manager intends to pursue a representative sampling investment strategy for the CSI Energy ETF. As a result the CSI Energy ETF may overweight holdings of CAAPs relative to the respective weightings of the constituents in the Underlying Index of the A Shares to which such CAAPs are linked, provided that the maximum extra weighting in any CAAP relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the CSI Energy ETF. The annual and semi-annual reports of the CSI Energy ETF shall also disclose whether or not such limit has been complied with during such period.

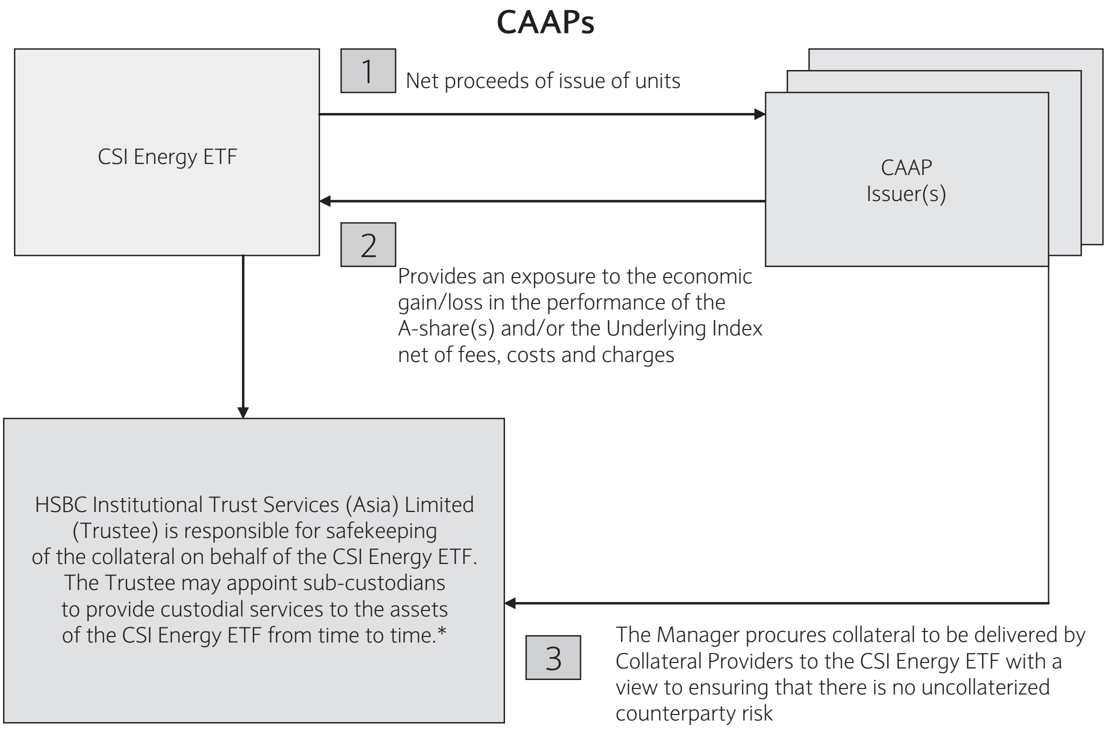
The Manager seeks to fully collateralize the overall exposures of the CSI Energy ETF, subject to market conditions and insofar as it is reasonably practicable. The Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer to ensure that there is no uncollateralized exposures and to comply with the SFC Collateral Conditions. Please refer to the section “Risk Management Model” on page 40 for an explanation on the measures implemented by the Manager in this regard. The value of any Security obtained by way of collateral will also be subject to the single issuer limit of 10% of Net Asset Value.

Information about CAAPs and CAAP Issuers including eligibility, exposure levels, duration, valuation and early redemption or repurchase is set out in Schedule 2.

The CSI Energy 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 CSI Energy ETF achieve its investment objective. The investment strategy of the CSI Energy ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

Future Changes
Should it become possible under PRC law and practicable for the CSI Energy ETF to hold the underlying A Shares comprised in the Underlying Index directly, the Manager may, take such steps as would enable the CSI Energy ETF to hold or have an equitable interest directly in A Shares constituting the Underlying Index instead of, or in addition to CAAPs. The Manager will notify Unitholders of any such development.

Fund Investment Structure
The diagram below summarizes the investment structure of the CSI Energy ETF:



* Where the services of the Collateral Agent is retained by the CSI Energy ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Energy ETF. Please refer to page 74 of the Prospectus for more information.

Underlying Index
The CSI 300 Energy Index is a free-float market capitalisation-weighted index that is compiled and published by CSI since 31 December 2004. The Manager (and its Connected Persons) is independent of the Index Provider. Please see Schedule 3 for the index disclaimer.

The CSI 300 Energy Index measures the performance of the energy sector of the CSI 300 Index, representing 2.34% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of the constituent securities on each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax. The CSI 300 Index is a diversified index consisting of 300 constituent stocks traded on the Shanghai and Shenzhen stock exchanges, representing about 70% of the total market capitalisation of the two exchanges.

Description of Index methodology

The constituents of the CSI 300 Index are classified into 10 sectors. Index calculation, maintenance and adjustments of the 10 CSI Sector Indices, including CSI 300 Energy Index, are made in accordance with the methodology applicable to the CSI 300 Index described below.

Stock Universe of the CSI 300 Index

The CSI 300 Index is a free-float market capitalisation-weighted index. The index universe of CSI 300 Index includes all the A Shares listed on the Shanghai Stock Exchange (the Main Board) and the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following criteria:

- A stock listed on the Main Board or the SME Board of the Shenzhen Stock Exchange (the "Non-ChiNext Stock") has been listed for more than three months or the daily average total market value of the stock, since initial listing, is ranked in the top 30 of all A Shares (Non-ChiNext Stocks);

- A stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years;

- The stock is not a ST (special treatment stock) or *ST stock and its listing has not been suspended;

- The issuer of stock's operating condition is good, without serious financial problems or breaches of laws / regulations in the last year;

- The stock should not have experienced large price volatility, or exhibited strong evidence of manipulation;

- The stock is not considered unsuitable by the Index Advisory Committee.

Selection Methodology of the CSI 300 Index

- The daily average trading volume and the daily average total market value of the stocks in the index universe are calculated for the last year (or in the case of a new issue, since its initial listing);

- The stocks are ranked by daily average trading value and the bottom 50% are deleted;

- The remaining stocks are ranked by daily average market capitalisation and the top 300 are selected

Sector classification

In addition, for the purposes of sector classification, all constituents of CSI 300 Index are classified according to the following principles:

1) If the revenue generated from one business is greater than 50% of total company revenue, then the company belongs to the corresponding sub-industry.

2) If the revenue of none of a company's major business lines is greater than 50% but revenue and profit from one business are the highest and above 30% of total revenue and profit, the company belongs to the corresponding industry.

3) If no business within the company generates revenue and profit of over 30%, experts from the CSI team will research and decide which industry the company should belong to.

The securities classified as energy stocks are then grouped together to form the CSI 300 Energy Index. Industries included in the energy sector include: Energy Equipment & Services, Oil, Gas & Consumable Fuels. Should the industry classification of a constituent change due to a major corporate action, adjustments are made to the CSI Sector Indices.

CSI publishes the day end index level of the CSI 300 Energy Index (ticker: CSICU008) on Bloomberg. The closing price of the CSI 300 Energy Index is also available on the website of CSI (www.csindex.com.cn) as well as at www.blackrock.com/hk.

Constituent Securities of the Underlying Index

As at 24 October 2016, the 10 largest constituent stocks of the CSI 300 Energy Index are as follows:–

	Company Name	Exchange	Weighting %
1	China Petroleum & Chemical Corp	Shanghai	23.44%
2	Petrochina Co, Ltd.	Shanghai	15.87%
3	China Shenhua Energy Co, Ltd.	Shanghai	15.06%
4	Offshore Oil Engineering Co, Ltd.	Shanghai	7.17%
5	Wintime Energy Ltd.	Shanghai	7.07%
6	Guanghui Energy Ltd.	Shanghai	5.94%
7	Sinopec Shanghai Petrochemical Co	Shanghai	5.87%
8	Shaanxi Coal Industry Ltd.	Shanghai	5.61%
9	China Coal Energy Co, Ltd.	Shanghai	5.29%
10	China Oilfield Services Ltd.	Shanghai	3.24%

The constituent stocks of the CSI 300 Energy Index may be updated from time to time and the complete list of constituent stocks of the CSI 300 Energy Index is available on the website of CSI (www.csindex.com.cn). The index constituents are reviewed semi-annually usually on the next trading day after the close of the second Friday in June and December and any planned adjustment is published two weeks in advance. Ad hoc adjustments may also be made between periodic adjustments.

Distribution Policy

Income net of withholding tax earned by the CSI Energy ETF 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). 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", the CSI Energy ETF is subject to the following additional specific risks:

- **Concentration Risk.** To the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Energy ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Energy Sector Risk.** The energy sector is cyclical and highly dependent on commodities prices, and the market values of companies in the energy sector are strongly affected by the levels and volatility of global energy prices, capital expenditures on exploration and production, energy conservation efforts, exchange rates and technological advances. Companies in this sector are subject to substantial government regulation and contractual fixed pricing, which may increase the cost of business and limit these companies' earnings, and a significant portion of their revenues depends on a relatively small number of customers, including governmental entities and utilities. As a result, governmental budget constraints may have a material adverse effect on the stock prices of companies in this industry. Energy companies may also operate in countries with less developed regulatory regimes or a history of expropriation, nationalization or other adverse policies. Energy companies also face a significant risk of civil liability from accidents resulting in injury or loss of life or property, pollution or other environmental mishaps, equipment malfunctions or mishandling of materials and a risk of loss from terrorism and natural disasters. Any such event could have serious consequences for the general population of the area affected and result in a material adverse impact on the CSI Energy ETF's portfolio companies and the performance of the CSI Energy ETF.

Further Information

Further information in relation to the CSI Energy ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (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 CSI A-Share MATERIALS INDEX ETF* (* This is a synthetic ETF)

Key Information

The following table is a summary of key information in respect of the iShares CSI A-Share Materials Index ETF* (* This is a synthetic ETF) (the "CSI Materials ETF"), and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: CSI 300 Materials Index Inception Date: 31 December, 2004 Number of constituents: 26 (24 October 2016) Total Market Capitalisation (Free Float): RMB1,095 billion (24 October 2016) Base Currency: Renminbi (RMB)
Listing Date (SEHK)	18 November 2009
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	3039
Trading Board Lot Size	100
Base Currency and Trading Currency	Hong Kong dollars (HK$)
Distribution Policy	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.
Application Unit size (only Participating Dealers)	Minimum 500,000 Units (or multiples thereof)
Management Fee	0.99% p.a. of Net Asset Value calculated daily
Investment strategy	Synthetic representative sampling investment strategy (refer to the Introduction above and the "Investment Strategy" section below)
Financial year end	31 December
Website	www.blackrock.com/hk

Investment Objective

The investment objective of the CSI Materials ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Materials Index. There can be no assurance that the CSI Materials ETF will achieve its investment objective.

Investment Strategy

The Manager intends to pursue a synthetic representative sampling investment strategy.

The underlying Securities to which the Underlying Index relates (A Shares), may not be directly invested by non PRC persons, such as the CSI Materials ETF, unless the person is a Qualified Foreign Institutional Investor ("QFII"). The Manager has not applied for a QFII quota on behalf of the CSI Materials ETF, meaning that the CSI Materials ETF cannot invest in or hold A Shares directly.

In order to meet the investment objective, the Manager on behalf of the CSI Materials ETF will invest in derivative instruments.

The derivative instruments invested by the CSI Materials ETF are called CAAPs. A CAAP is a derivative instrument linked to either (a) an A Share; or (b) the Underlying Index. The CSI Materials ETF may also invest in CAAPs that are linked to A Shares that are not constituent A Shares of the Underlying Index but which the Manager believes will help the CSI Materials ETF achieve its investment objective.

A CAAP represents only an obligation of the CAAP Issuer to provide the CSI Materials ETF with the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, the A Shares are not in any way owned by the CSI Materials ETF. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible.

Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, the CSI Materials ETF may suffer losses potentially equal to the full value of the CAAP (net of the value of the collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its obligations under the CAAPs. The Manager seeks to mitigate the counterparty risk subject to market conditions by diversifying the number of, and the relative exposure of the CSI Materials ETF to, multiple qualified CAAP Issuers. Please refer to the section "Risk Management Model" on page 40 for further information in this regard.

Pursuant to the authorization conditions imposed on the CSI Materials ETF by the SFC on 29 August 2011, the Manager is required to collateralize all counterparty exposures with a view to ensuring that the collateral held by the CSI Materials ETF must represent at least 100% of the CSI Materials ETF's gross total counterparty exposure. In addition, pursuant to the SFC Collateral Conditions, where the CSI Materials ETF accepts collateral in the nature of equity securities, the CSI Materials ETF will obtain collateral that has a market value of at least 120%. Further, for non-equity collateral, the Manager is required to adopt a prudent haircut policy on any non-equity collateral held by the CSI Materials ETF taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the CSI Materials ETF is published on the website of the CSI Materials ETF.

Given that the Manager intends to invest the assets of the CSI Materials ETF in CAAPs issued by one or more CAAP Issuers, the Manager has applied for, and has been granted, a waiver from the Code to allow the CSI Materials ETF to hold CAAPs issued by any single issuer in excess of 10% of the Net Asset Value of the CSI Materials ETF.

The Manager intends to pursue a representative sampling investment strategy for the CSI Materials ETF. As a result the CSI Materials ETF may overweight holdings of CAAPs relative to the respective weightings of the constituents in the Underlying Index of the A Shares to which such CAAPs are linked, provided that the maximum extra weighting in any CAAP relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the CSI Materials ETF. The annual and semi-annual reports of the CSI Materials ETF shall also disclose whether or not such limit has been complied with during such period.

The Manager seeks to fully collateralize the overall exposures of the CSI Materials ETF, subject to market conditions and insofar as it is reasonably practicable. The Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer to ensure that there is no uncollateralized exposures and to comply with the SFC Collateral Conditions. Please refer to the section "Risk Management Model" on page 40 for an explanation on the measures implemented by the Manager in this regard. The value of any Security obtained by way of collateral will also be subject to the single issuer limit of 10% of Net Asset Value.

Information about CAAPs and CAAP Issuers including eligibility, exposure levels, duration, valuation and early redemption or repurchase is set out in Schedule 2.

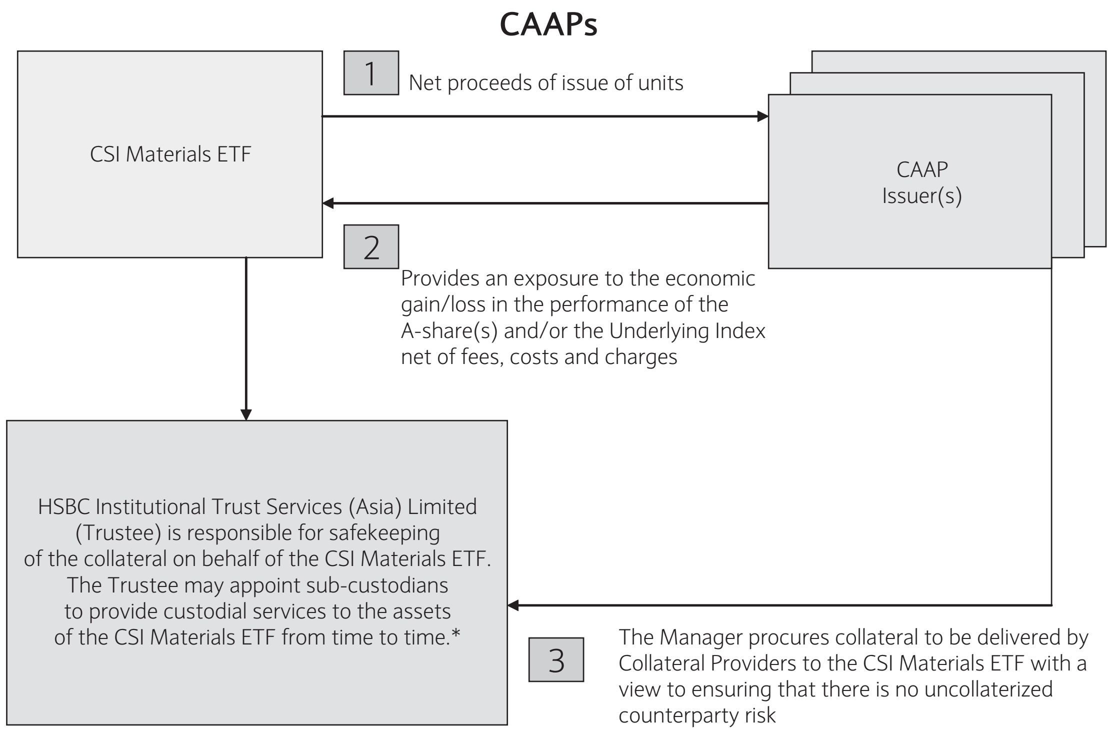
The CSI Materials ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the CSI Materials ETF achieve its investment objective. The investment strategy of the CSI Materials ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

Future Changes

Should it become possible under PRC law and practicable for the CSI Materials ETF to hold the underlying A Shares comprised in the Underlying Index directly, the Manager may, take such steps as would enable the CSI Materials ETF to hold or have an equitable interest directly in A Shares constituting the Underlying Index instead of, or in addition to CAAPs. The Manager will notify Unitholders of any such development.

Fund investment Structure

The diagram below summarizes the investment structure of the CSI Materials ETF:



* Where the services of the Collateral Agent is retained by the CSI Materials ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Materials ETF. Please refer to page 74 of the Prospectus for more information.

Underlying Index

The CSI 300 Materials Index is a free-float market capitalisation-weighted index that is compiled and published by CSI since 31 December 2004. The Manager (and its Connected Persons) is independent of the Index Provider. Please see Schedule 3 for the index disclaimer.

The CSI 300 Materials Index measures the performance of the materials sector of the CSI 300 Index, representing 5.70% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of the constituent securities on each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax. The CSI 300 Index is a diversified index consisting of 300 constituent stocks traded on the Shanghai and Shenzhen stock exchanges, representing about 70% of the total market capitalisation of the two exchanges.

Description of Index methodology

The constituents of the CSI 300 Index are classified into 10 sectors. Index calculation, maintenance and adjustments of the 10 CSI Sector Indices, including CSI 300 Materials Index, are made in accordance with the methodology applicable to the CSI 300 Index described below.

Stock Universe of the CSI 300 Index

The CSI 300 Index is a free-float market capitalisation-weighted index. The index universe of CSI 300 Index includes all the A Shares listed on the Shanghai Stock Exchange (the Main Board) and the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following criteria:

- A stock listed on the Main Board or the SME Board of the Shenzhen Stock Exchange (the "Non-ChiNext Stock") has been listed for more than three months or the daily average total market value of the stock, since initial listing, is ranked in the top 30 of all A Shares (Non-ChiNext Stocks);

- A stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years;

- The stock is not a ST (special treatment stock) or *ST stock and its listing has not been suspended;

- The issuer of stock's operating condition is good, without serious financial problems or breaches of laws / regulations in the last year;

- The stock should not have experienced large price volatility, or exhibited strong evidence of manipulation;

- The stock is not considered unsuitable by the Index Advisory Committee.

Selection Methodology of the CSI 300 Index

- The daily average trading volume and the daily average total market value of the stocks in the index universe are calculated for the last year (or in the case of a new issue, since its initial listing);

- The stocks are ranked by daily average trading value and the bottom 50% are deleted;

- The remaining stocks are ranked by daily average market capitalisation and the top 300 are selected

Sector classification

In addition, for the purposes of sector classification, all constituents of CSI 300 Index are classified according to the following principles:

1) If the revenue generated from one business is greater than 50% of total company revenue, then the company belongs to the corresponding sub-industry.

2) If the revenue of none of a company's major business lines is greater than 50% but revenue and profit from one business are the highest and above 30% of total revenue and profit, the company belongs to the corresponding industry.

3) If no business within the company generates revenue and profit of over 30%, experts from the CSI team will research and decide which industry the company should belong to.

The securities classified as materials stocks are then grouped together to form the CSI 300 Materials Index. Industries included in the materials sector include: Chemicals, Construction Materials, Containers & Packaging, Metals & Mining, Paper & Forest Products. Should the industry classification of a constituent change due to a major corporate action, adjustments are made to the CSI Sector Indices.

CSI publishes the day end index level of the CSI 300 Materials Index (ticker: CSICU009) on Bloomberg. The closing price of the CSI 300 Materials Index is also available on the website of CSI (www.csindex.com.cn) as well as at www.blackrock.com/hk.

Constituent Securities of the Underlying Index
As at 24 October 2016, the 10 largest constituent stocks of the CSI 300 Materials Index are as follows:–

	Company Name	Exchange	Weighting %
1	Jiangsu Kangde Xin Composite Mater Co, Ltd.	Shenzhen	9.50%
2	Anhui Conch Cement Co, Ltd.	Shanghai	6.92%
3	Zijin Mining Group Co, Ltd.	Shanghai	6.32%
4	Shandong Gold-Mining Ltd.	Shanghai	5.84%
5	Inner Mongolia Baotou Steel Union Co, Ltd.	Shanghai	5.68%
6	Inner Mongolia Baotou Steel Rare-Earth Group Hi-Tech Co, Ltd.	Shanghai	5.68%
7	Baoshan Iron & Steel Co, Ltd.	Shanghai	5.61%
8	Wanhua Chemical Group Ltd.	Shanghai	4.72%
9	Aluminum Corp. Of China Ltd.	Shanghai	4.45%
10	Zhejiang Longsheng Group Ltd.	Shanghai	4.38%

The constituent stocks of the CSI 300 Materials Index may be updated from time to time and the complete list of constituent stocks of the CSI 300 Materials Index is available on the website of CSI (www.csindex.com.cn). The index constituents are reviewed semi-annually usually on the next trading day after the close of the second Friday in June and December and any planned adjustment is published two weeks in advance. Ad hoc adjustments may also be made between periodic adjustments.

Distribution Policy
Income net of withholding tax earned by the CSI Materials ETF 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). 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", the CSI Materials ETF is subject to the following additional specific risks:

- **Concentration Risk.** To the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the the CSI Materials ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Materials sector risk.** Securities in the materials sector could be adversely affected by commodity price volatility, exchange rates, import controls and increased competition. Production of industrial materials often exceeds demand as a result of over-building or economic downturns, leading to poor investment returns. Issuers in the basic materials sector are at risk for environmental damage and product liability claims and may be adversely affected by depletion of resources, technical progress, labor relations and government regulations.

Further Information

Further information in relation to the the CSI Materials ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (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 CSI A-Share FINANCIALS INDEX ETF* (* This is a synthetic ETF)

Key Information

The following table is a summary of key information in respect of the iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF) (the "CSI Financials ETF"), and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: CSI 300 Financials Index Inception Date: 31 December, 2004 Number of constituents: 62 (24 October 2016) Total Market Capitalisation (Free Float): RMB9,505 billion (24 October 2016) Base Currency: Renminbi (RMB)
Listing Date (SEHK)	18 November 2009
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	2829
Trading Board Lot Size	100
Base Currency and Trading Currency	Hong Kong dollars (HK$)
Distribution Policy	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.
Application Unit size (only Participating Dealers)	Minimum 1,000,000 Units (or multiples thereof)
Management Fee	0.99% p.a. of Net Asset Value calculated daily
Investment strategy	Synthetic representative sampling investment strategy (refer to the Introduction above and the "Investment Strategy" section below)
Financial year end	31 December
Website	www.blackrock.com/hk

Investment Objective

The investment objective of the CSI Financials ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Financials Index. There can be no assurance that the CSI Financials ETF will achieve its investment objective.

Investment Strategy

The Manager intends to pursue a synthetic representative sampling investment strategy.

The underlying Securities to which the Underlying Index relates (A Shares), may not be directly invested by non PRC persons, such as the CSI Financials ETF, unless the person is a Qualified Foreign Institutional Investor ("QFII"). The Manager has not applied for a QFII quota on behalf of the CSI Financials ETF, meaning that the CSI Financials ETF cannot invest in or hold A Shares directly.

In order to meet the investment objective, the Manager on behalf of the CSI Financials ETF will invest in derivative instruments.

The derivative instruments invested by the CSI Financials ETF are called CAAPs. A CAAP is a derivative instrument linked to either (a) an A Share; or (b) the Underlying Index. The CSI Financials ETF may also invest in CAAPs that are linked to A Shares that are not constituent A Shares of the Underlying Index but which the Manager believes will help the CSI Financials ETF achieve its investment objective.

A CAAP represents only an obligation of the CAAP Issuer to provide the CSI Financials ETF with the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, the A Shares are not in any way owned by the CSI Financials ETF. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible.

Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, the CSI Financials ETF may suffer losses potentially equal to the full value of the CAAP (net of the value of the collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its obligations under the CAAPs. The Manager seeks to mitigate the counterparty risk subject to market conditions by diversifying the number of, and the relative exposure of the CSI Financials ETF to, multiple qualified CAAP Issuers. Please refer to the section "Risk Management Model" on page 40 for further information in this regard.

Pursuant to the authorization conditions imposed on the CSI Financials ETF by the SFC on 29 August 2011, the Manager is required to collateralize all counterparty exposures with a view to ensuring that the collateral held by the CSI Financials ETF must represent at least 100% of the CSI Financials ETF's gross total counterparty exposure. In addition, pursuant to the SFC Collateral Conditions, where the CSI Financials ETF accepts collateral in the nature of equity securities, the CSI Financials ETF will obtain collateral that has a market value of at least 120%. Further, for non-equity collateral, the Manager is required to adopt a prudent haircut policy on any non-equity collateral held by the CSI Financials ETF taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the CSI Financials ETF is published on the website of the CSI Financials ETF.

Given that the Manager intends to invest the assets of the CSI Financials ETF in CAAPs issued by one or more CAAP Issuers, the Manager has applied for, and has been granted, a waiver from the Code to allow the CSI Financials ETF to hold CAAPs issued by any single issuer in excess of 10% of the Net Asset Value of the CSI Financials ETF.

The Manager intends to pursue a representative sampling investment strategy for the CSI Financials ETF. As a result the CSI Financials ETF may overweight holdings of CAAPs relative to the respective weightings of the constituents in the Underlying Index of the A Shares to which such CAAPs are linked, provided that the maximum extra weighting in any CAAP relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the CSI Financials ETF. The annual and semi-annual reports of the CSI Financials ETF shall also disclose whether or not such limit has been complied with during such period.

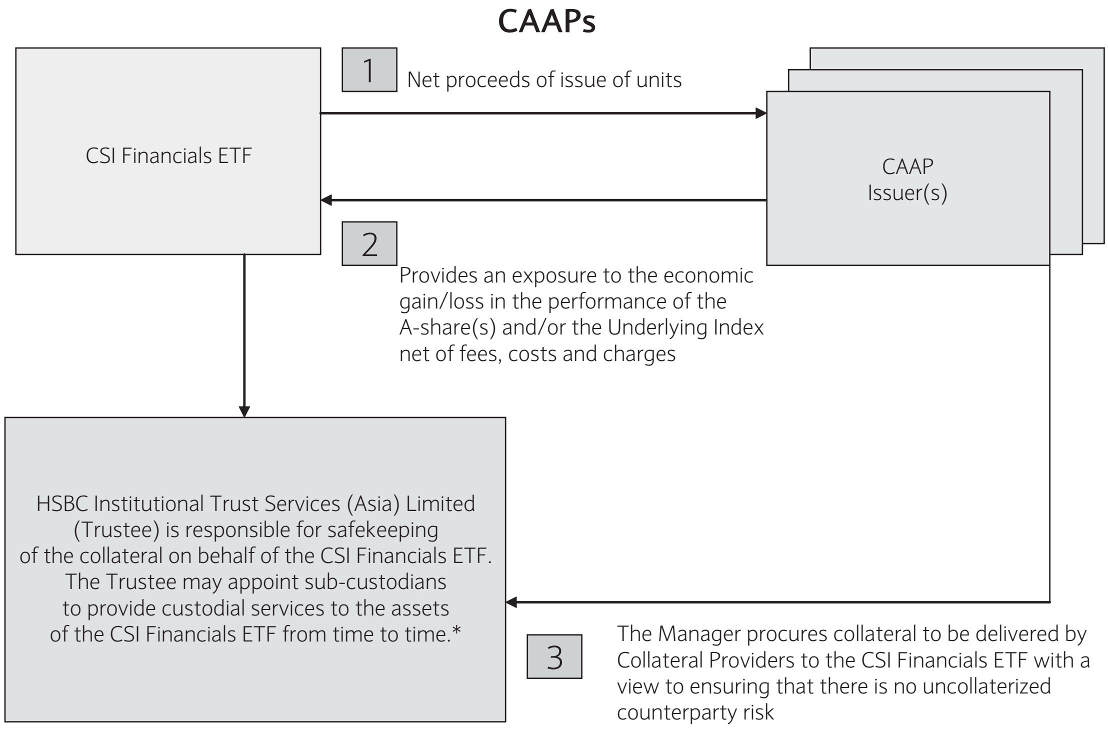
The Manager seeks to fully collateralize the overall exposures of the CSI Financials ETF, subject to market conditions and insofar as it is reasonably practicable. The Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer to ensure that there is no uncollateralized exposures and to comply with the SFC Collateral Conditions. Please refer to the section "Risk Management Model" on page 40 for an explanation on the measures implemented by the Manager in this regard. The value of any Security obtained by way of collateral will also be subject to the single issuer limit of 10% of Net Asset Value.

Information about CAAPs and CAAP Issuers including eligibility, exposure levels, duration, valuation and early redemption or repurchase is set out in Schedule 2.

The CSI Financials 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 CSI Financials ETF achieve its investment objective. The investment strategy of the CSI Financials ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

Future Changes
Should it become possible under PRC law and practicable for the CSI Financials ETF to hold the underlying A Shares comprised in the Underlying Index directly, the Manager may, take such steps as would enable the CSI Financials ETF to hold or have an equitable interest directly in A Shares constituting the Underlying Index instead of, or in addition to CAAPs. The Manager will notify Unitholders of any such development.

Fund Investment Structure
The diagram below summarizes the investment structure of the CSI Financials ETF:



* Where the services of the Collateral Agent is retained by the CSI Financials ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Financials ETF. Please refer to page 74 of the Prospectus for more information.

Underlying Index
The CSI 300 Financials Index is a free-float market capitalisation-weighted index that is compiled and published by CSI since 31 December 2004. The Manager (and its Connected Persons) is independent of the Index Provider. Please see Schedule 3 for the index disclaimer.

The CSI 300 Financials Index measures the performance of the financials sector of the CSI 300 Index, representing 35.39% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of the constituent securities on each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax. The CSI 300 Index is a diversified index consisting of 300 constituent stocks traded on the Shanghai and Shenzhen stock exchanges, representing about 70% of the total market capitalisation of the two exchanges.

Description of Index methodology
The constituents of the CSI 300 Index are classified into 10 sectors. Index calculation, maintenance and adjustments of the 10 CSI Sector Indices, including CSI 300 Financials Index, are made in accordance with the methodology applicable to the CSI 300 Index described below.

Stock Universe of the CSI 300 Index

The CSI 300 Index is a free-float market capitalisation-weighted index. The index universe of CSI 300 Index includes all the A Shares listed on the Shanghai Stock Exchange (the Main Board) and the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following criteria:

- A stock listed on the Main Board or the SME Board of the Shenzhen Stock Exchange (the “Non-ChiNext Stock”) has been listed for more than three months or the daily average total market value of the stock, since initial listing, is ranked in the top 30 of all A Shares (Non-ChiNext Stocks);

- A stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years;

- The stock is not a ST (special treatment stock) or *ST stock and its listing has not been suspended;

- The issuer of stock’s operating condition is good, without serious financial problems or breaches of laws / regulations in the last year;

- The stock should not have experienced large price volatility, or exhibited strong evidence of manipulation;

- The stock is not considered unsuitable by the Index Advisory Committee.

Selection Methodology of the CSI 300 Index

- The daily average trading volume and the daily average total market value of the stocks in the index universe are calculated for the last year (or in the case of a new issue, since its initial listing);

- The stocks are ranked by daily average trading value and the bottom 50% are deleted;

- The remaining stocks are ranked by daily average market capitalisation and the top 300 are selected

Sector classification

In addition, for the purposes of sector classification, all constituents of CSI 300 Index are classified according to the following principles:

1) If the revenue generated from one business is greater than 50% of total company revenue, then the company belongs to the corresponding sub-industry.

2) If the revenue of none of a company’s major business lines is greater than 50% but revenue and profit from one business are the highest and above 30% of total revenue and profit, the company belongs to the corresponding industry.

3) If no business within the company generates revenue and profit of over 30%, experts from the CSI team will research and decide which industry the company should belong to.

The securities classified as financials stocks are then grouped together to form the CSI 300 Financials Index. Industries included in the financials sector include: Banks, Insurance, Capital Markets, Real Estate Management & Development. Should the industry classification of a constituent change due to a major corporate action, adjustments are made to the CSI Sector Indices.

CSI publishes the day end index level of the CSI 300 Financials Index (ticker: CSICU010) on Bloomberg. The closing price of the CSI 300 Financials Index is also available on the website of CSI (www.csindex.com.cn) as well as at www.blackrock.com/hk.

Constituent Securities of the Underlying Index

As at 24 October 2016, the 10 largest constituent stocks of the CSI 300 Financials Index are as follows:–

	Company Name	Exchange	Weighting %
1	Ping An Insurance (Group) Of China	Shanghai	10.04%
2	China Minsheng Banking Corp. Ltd.	Shanghai	5.95%
3	Industrial Bank Co, Ltd.	Shanghai	5.85%
4	China Vanke Co, Ltd.	Shenzhen	5.27%
5	China Merchants Bank Co, Ltd.	Shanghai	5.07%
6	Bank Of Communications Co, Ltd.	Shanghai	4.18%
7	Shanghai Pudong Development Bank Ltd.	Shanghai	3.83%
8	Citic Securities Co, Ltd.	Shanghai	3.59%
9	Haitong Securities Ltd.	Shanghai	3.51%
10	Agricultural Bank Of China Ltd.	Shanghai	3.26%

The constituent stocks of the CSI 300 Financials Index may be updated from time to time and the complete list of constituent stocks of the CSI 300 Financials Index is available on the website of CSI (www.csindex.com.cn). The index constituents are reviewed semi-annually usually on the next trading day after the close of the second Friday in June and December and any planned adjustment is published two weeks in advance. Ad hoc adjustments may also be made between periodic adjustments.

Distribution Policy

Income net of withholding tax earned by the CSI Financials ETF 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). 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", the CSI Financials ETF is subject to the following additional specific risks:

- **Concentration Risk.** To the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Financials ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Financial Sector Risk.** Companies in the financial sector are subject to extensive governmental regulation, which may adversely affect the scope of their activities, the prices they can charge and the amount of capital they must maintain. Governmental regulation may change frequently. The financial services sector is exposed to risks that may impact on the value of investments in the financial services sector more severely than investments outside this sector, including operating with substantial financial leverage. The financial services sector may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations and adverse conditions in other related markets.

Further Information

Further information in relation to the CSI Financials ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (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 CSI A-Share INFRASTRUCTURE INDEX ETF* (* This is a synthetic ETF)

Key Information

The following table is a summary of key information in respect of the iShares CSI A-Share Infrastructure Index ETF* (* This is a synthetic ETF) (the "CSI Infrastructure ETF"), and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index : CSI 300 Infrastructure Index Inception Date: 28 October 2009 Number of constituents: 39 (24 October 2016) Total Market Capitalisation (Free Float): RMB2,657 billion (24 October 2016) Base Currency: Renminbi (RMB)
Listing Date (SEHK)	18 November 2009
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	3006
Trading Board Lot Size	100
Base Currency and Trading Currency	Hong Kong dollars (HK$)
Distribution Policy	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.
Application Unit size (only Participating Dealers)	Minimum 1,000,000 Units (or multiples thereof)
Management Fee	0.99% p.a. of Net Asset Value calculated daily
Investment strategy	Synthetic representative sampling investment strategy (refer to the Introduction above and the "Investment Strategy" section below)
Financial year end	31 December
Website	www.blackrock.com/hk

Investment Objective

The investment objective of the CSI Infrastructure ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Infrastructure Index. There can be no assurance that the CSI Infrastructure ETF will achieve its investment objective.

Investment Strategy

The Manager intends to pursue a synthetic representative sampling Investment strategy.

The underlying Securities to which the Underlying Index relates (A Shares), may not be directly invested by non PRC persons, such as the CSI Infrastructure ETF, unless the person is a Qualified Foreign Institutional Investor ("QFII"). The Manager has not applied for a QFII quota on behalf of the CSI Infrastructure ETF, meaning that the CSI Infrastructure ETF cannot invest in or hold A Shares directly.

In order to meet the investment objective, the Manager on behalf of the CSI Infrastructure ETF will invest in derivative instruments.

The derivative instruments invested by the CSI Infrastructure ETF are called CAAPs. A CAAP is a derivative instrument linked to either (a) an A Share; or (b) the Underlying Index. The CSI Infrastructure ETF may also invest in CAAPs that are linked to A Shares that are not constituent A Shares of the Underlying Index but which the Manager believes will help the CSI Infrastructure ETF achieve its investment objective.

A CAAP represents only an obligation of the CAAP Issuer to provide the CSI Infrastructure ETF with the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, the A Shares are not in any way owned by the CSI Infrastructure ETF. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible.

Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, the CSI Infrastructure ETF may suffer losses potentially equal to the full value of the CAAP (net of the value of the collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its obligations under the CAAPs. The Manager seeks to mitigate the counterparty risk subject to market conditions by diversifying the number of, and the relative exposure of the CSI Infrastructure ETF to, multiple qualified CAAP Issuers. Please refer to the section "Risk Management Model" on page 40 for further information in this regard.

Pursuant to the authorization conditions imposed on the CSI Infrastructure ETF by the SFC on 29 August 2011, the Manager is required to collateralize all counterparty exposures with a view to ensuring that the collateral held by the CSI Infrastructure ETF must represent at least 100% of the CSI Infrastructure ETF's gross total counterparty exposure. In addition, pursuant to the SFC Collateral Conditions, where the CSI Infrastructure ETF accepts collateral in the nature of equity securities, the CSI Infrastructure ETF will obtain collateral that has a market value of at least 120%. Further, for non-equity collateral, the Manager is required to adopt a prudent haircut policy on any non-equity collateral held by the CSI Infrastructure ETF taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the CSI Infrastructure ETF is published on the website of the CSI Infrastructure ETF.

Given that the Manager intends to invest the assets of the CSI Infrastructure ETF in CAAPs issued by one or more CAAP Issuers, the Manager has applied for, and has been granted, a waiver from the Code to allow the CSI Infrastructure ETF to hold CAAPs issued by any single issuer in excess of 10% of the Net Asset Value of the CSI Infrastructure ETF.

The Manager intends to pursue a representative sampling investment strategy for the CSI Infrastructure ETF. As a result the CSI Infrastructure ETF may overweight holdings of CAAPs relative to the respective weightings of the constituents in the Underlying Index of the A Shares to which such CAAPs are linked, provided that the maximum extra weighting in any CAAP relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the CSI Infrastructure ETF. The annual and semi-annual reports of the CSI Infrastructure ETF shall also disclose whether or not such limit has been complied with during such period.

The Manager seeks to fully collateralize the overall exposures of the CSI Infrastructure ETF, subject to market conditions and insofar as it is reasonably practicable. The Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer to ensure that there is no uncollateralized exposures and to comply with the SFC Collateral Conditions. Please refer to the section "Risk Management Model" on page 40 for an explanation on the measures implemented by the Manager in this regard. The value of any Security obtained by way of collateral will also be subject to the single issuer limit of 10% of Net Asset Value.

Information about CAAPs and CAAP Issuers including eligibility, exposure levels, duration, valuation and early redemption or repurchase is set out in Schedule 2.

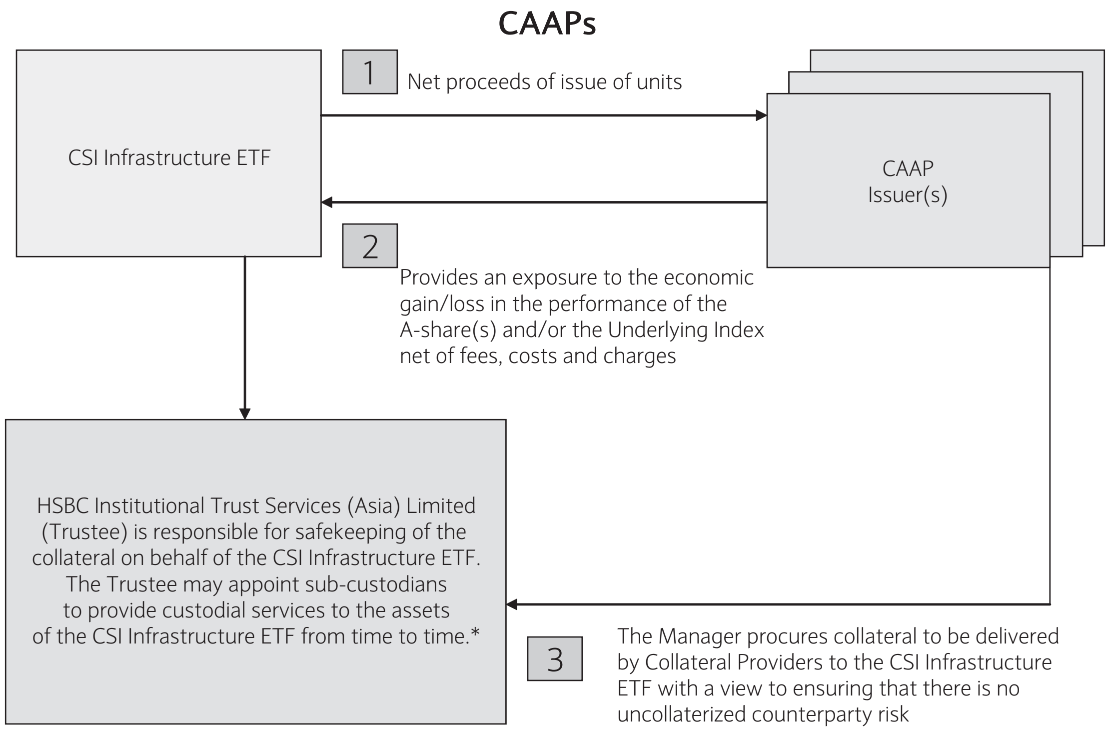
The CSI Infrastructure ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the CSI Infrastructure ETF achieve its investment objective. The investment strategy of the CSI Infrastructure ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

Future Changes

Should it become possible under PRC law and practicable for the CSI Infrastructure ETF to hold the underlying A Shares comprised in the Underlying Index directly, the Manager may, take such steps as would enable the CSI Infrastructure ETF to hold or have an equitable interest directly in A Shares constituting the Underlying Index instead of, or in addition to CAAPs. The Manager will notify Unitholders of any such development.

Fund Investment Structure

The diagram below summarizes the investment structure of the CSI Infrastructure ETF:



* Where the services of the Collateral Agent is retained by the CSI Infrastructure ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Infrastructure ETF. Please refer to page 74 of the Prospectus for more information.

Underlying Index

The CSI 300 Infrastructure Index is a free-float market capitalisation-weighted index that is compiled and published by CSI since 28 October 2009. The Manager (and its Connected Persons) is independent of the Index Provider. Please see Schedule 3 for the index disclaimer.

The CSI 300 Infrastructure Index measures the performance of the infrastructure sub-sector of the CSI 300 Index, representing 10.06% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of the constituent securities on each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax. The CSI 300 Index is a diversified index consisting of 300 constituent stocks traded on the Shanghai and Shenzhen stock exchanges, representing about 70% of the total market capitalisation of the two exchanges.

Description of Index methodology

The constituents of the CSI 300 Index are classified into different subsectors. Index calculation, maintenance and adjustments of the CSI 300 subsectors indices, are made in accordance with the methodology applicable to the CSI 300 Index described below.

Stock Universe of the CSI 300 Index

The CSI 300 Index is a free-float market capitalisation-weighted index. The index universe of CSI 300 Index includes all the A Shares listed on the Shanghai Stock Exchange (the Main Board) and the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following criteria:

- A stock listed on the Main Board or the SME Board of the Shenzhen Stock Exchange (the "Non-ChiNext Stock") has been listed for more than three months or the daily average total market value of the stock, since initial listing, is ranked in the top 30 of all A Shares (Non-ChiNext Stocks);

- A stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years;

- The stock is not a ST (special treatment stock) or *ST stock and its listing has not been suspended;

- The issuer of stock's operating condition is good, without serious financial problems or breaches of laws / regulations in the last year;

- The stock should not have experienced large price volatility, or exhibited strong evidence of manipulation;

- The stock is not considered unsuitable by the Index Advisory Committee.

Selection Methodology of the CSI 300 Index

- The daily average trading volume and the daily average total market value of the stocks in the index universe are calculated for the last year (or in the case of a new issue, since its initial listing);

- The stocks are ranked by daily average trading value and the bottom 50% are deleted;

- The remaining stocks are ranked by daily average market capitalisation and the top 300 are selected

Sector classification

In addition, for the purposes of sector classification, all constituents of CSI 300 Index are classified according to the following principles:

1) If the revenue generated from one business is greater than 50% of total company revenue, then the company belongs to the corresponding sub-industry.

2) If the revenue of none of a company's major business lines is greater than 50% but revenue and profit from one business are the highest and above 30% of total revenue and profit, the company belongs to the corresponding industry.

3) If no business within the company generates revenue and profit of over 30%, experts from the CSI team will research and decide which industry the company should belong to.

All the securities that meet the requirement of the theme "infrastructure" are grouped together to form the CSI 300 Infrastructure Index. Industries included in the CSI 300 Infrastructure Index include Oil & Gas Storage & Transportation (ex non-pipeline transportation), Oil & Gas Drilling, Oil & Gas Equipment & Services (ex equipment), Highways & Railtracks, Marine Ports & Services, Airport Services, Electric Utilities, Gas Utilities, Multi-Utilities, Water Utilities, Alternative Carriers, Integrated Telecommunication. Should the industry classification of a constituent change due to a major corporate action, adjustments are made to the CSI Sector Indices.

CSI publishes the day end index level of the CSI 300 Infrastructure Index (ticker: CSICU011) on Bloomberg. The closing price of the CSI 300 Infrastructure Index is also available on the website of CSI (www.csindex.com.cn) as well as at www.blackrock.com/hk.

Constituent Securities of the Underlying Index

As at 24 October 2016, the 10 largest constituent stocks of the CSI 300 Infrastructure Index are as follows:–

	Company Name	Exchange	Weighting %
1	China State Construction Engineering Ltd.	Shanghai	12.30%
2	China Yangtze Power Co, Ltd.	Shanghai	9.62%
3	China Railway Group Ltd.	Shanghai	5.49%
4	China United Network Communication Group Co, Ltd.	Shanghai	4.93%
5	Daqin Railway Co, Ltd.	Shanghai	4.50%
6	China Railway Construction Corp Ltd.	Shanghai	4.14%
7	Gd Power Development Co, Ltd.	Shanghai	3.95%
8	China National Nuclear Power Ltd.	Shanghai	3.56%
9	Huaneng Power International Inc.	Shanghai	3.30%
10	Power Construction Corporation Of China Ltd.	Shanghai	3.29%

The constituent stocks of the CSI 300 Infrastructure Index may be updated from time to time and the complete list of constituent stocks of the CSI 300 Infrastructure Index is available on the website of CSI. (www.csindex.com.cn). The index constituents are reviewed semi-annually usually on the next trading day after the close of the second Friday in June and December and any planned adjustment is published two weeks in advance. Ad hoc adjustments may also be made between periodic adjustments.

Distribution Policy

Income net of withholding tax earned by the CSI Infrastructure ETF 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). 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", the CSI Infrastructure ETF is subject to the following additional specific risks:

- **Concentration Risk.** To the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Infrastructure ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Infrastructure Sector Risk.** There are risks in concentrating in infrastructure securities within the utilities, telecommunications and industrials industries. Adverse developments within these industries may affect the value of the underlying Securities of the CSI Infrastructure ETF which invests in these industries. Companies involved in these industries are subject to environmental considerations, taxes, government regulation, price and supply considerations and competition.

Further Information

Further information in relation to the CSI Infrastructure ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (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 CSI A-Share CONSUMER DISCRETIONARY INDEX ETF* (* This is a synthetic ETF)

Key Information

The following table is a summary of key information in respect of the iShares CSI A-Share Consumer Discretionary Index ETF* (* This is a synthetic ETF) (the "CSI Consumer Discretionary ETF"), and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: CSI 300 Consumer Discretionary Index Inception Date: 31 December 2004 Number of constituents: 41 (24 October 2016) Total Market Capitalisation (Free Float): RMB2,247 billion (24 October 2016) Base Currency: Renminbi (RMB)
Listing Date (SEHK)	20 July 2010
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	3001
Trading Board Lot Size	100
Base Currency and Trading Currency	Hong Kong dollars (HK$)
Distribution Policy	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.
Application Unit size (only Participating Dealers)	Minimum 500,000 Units (or multiples thereof)
Management Fee	0.99% p.a. of Net Asset Value calculated daily
Investment strategy	Synthetic representative sampling investment strategy (refer to the Introduction above and the "Investment Strategy" section below)
Financial year end	31 December
Website	www.blackrock.com/hk

Investment Objective

The investment objective of the CSI Consumer Discretionary ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Consumer Discretionary Index. There can be no assurance that the CSI Consumer Discretionary ETF will achieve its investment objective.

Investment Strategy

The Manager intends to pursue a synthetic representative sampling investment strategy.

The underlying Securities to which the Underlying Index relates (A Shares), may not be directly invested by non PRC persons, such as the CSI Consumer Discretionary ETF, unless the person is a Qualified Foreign Institutional Investor ("QFII"). The Manager has not applied for a QFII quota on behalf of the CSI Consumer Discretionary ETF, meaning that the CSI Consumer Discretionary ETF cannot invest in or hold A Shares directly.

In order to meet the investment objective, the Manager on behalf of the CSI Consumer Discretionary ETF will invest in derivative instruments.

The derivative instruments invested by the CSI Consumer Discretionary ETF are called CAAPs. A CAAP is a derivative instrument linked to either (a) an A Share; or (b) the Underlying Index. The CSI Consumer Discretionary ETF may also invest in CAAPs that are linked to A Shares that are not constituent A Shares of the Underlying Index but which the Manager believes will help the CSI Consumer Discretionary ETF achieve its investment objective.

A CAAP represents only an obligation of the CAAP Issuer to provide the CSI Consumer Discretionary ETF the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, the A Shares are not in any way owned by the CSI Consumer Discretionary ETF. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible.

Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, the CSI Consumer Discretionary ETF may suffer losses potentially equal to the full value of the CAAP (net of the value of the collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its obligations under the CAAPs. The Manager seeks to mitigate the counterparty risk subject to market conditions by diversifying the number of, and the relative exposure of the CSI Consumer Discretionary ETF to, multiple qualified CAAP Issuers. Please refer to the section "Risk Management Model" on page 40 for further information in this regard.

Pursuant to the authorization conditions imposed on the CSI Consumer Discretionary ETF by the SFC on 29 August 2011, the Manager is required to collateralize all counterparty exposures with a view to ensuring that the collateral held by the CSI Consumer Discretionary ETF must represent at least 100% of the CSI Consumer Discretionary ETF's gross total counterparty exposure. In addition, pursuant to the SFC Collateral Conditions, where the CSI Consumer Discretionary ETF accepts collateral in the nature of equity securities, the CSI Consumer Discretionary ETF will obtain collateral that has a market value of at least 120%. Further, for non-equity collateral, the Manager is required to adopt a prudent haircut policy on any non-equity collateral held by the CSI Consumer Discretionary ETF taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the CSI Consumer Discretionary ETF is published on the website of the CSI Consumer Discretionary ETF.

Given that the Manager intends to invest the assets of the CSI Consumer Discretionary ETF in CAAPs issued by one or more CAAP Issuers, the Manager has applied for, and has been granted, a waiver from the Code to allow the CSI Consumer Discretionary ETF to hold CAAPs issued by any single issuer in excess of 10% of the Net Asset Value of the CSI Consumer Discretionary ETF.

The Manager intends to pursue a representative sampling investment strategy for the CSI Consumer Discretionary ETF. As a result the CSI Consumer Discretionary ETF may overweight holdings of CAAPs relative to the respective weightings of the constituents in the Underlying Index of the A Shares to which such CAAPs are linked, provided that the maximum extra weighting in any CAAP relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the CSI Consumer Discretionary ETF. The annual and semi-annual reports of the CSI Consumer Discretionary ETF shall also disclose whether or not such limit has been complied with during such period.

The Manager seeks to fully collateralize the overall exposures of the CSI Consumer Discretionary ETF, subject to market conditions and insofar as it is reasonably practicable. The Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer to ensure that there is no uncollateralized exposures and to comply with the SFC Collateral Conditions. Please refer to the section "Risk Management Model" on page 40 for an explanation on the measures implemented by the Manager in this regard. The value of any Security obtained by way of collateral will also be subject to the single issuer limit of 10% of Net Asset Value.

Information about CAAPs and CAAP Issuers including eligibility, exposure levels, duration, valuation and early redemption or repurchase is set out in Schedule 2.

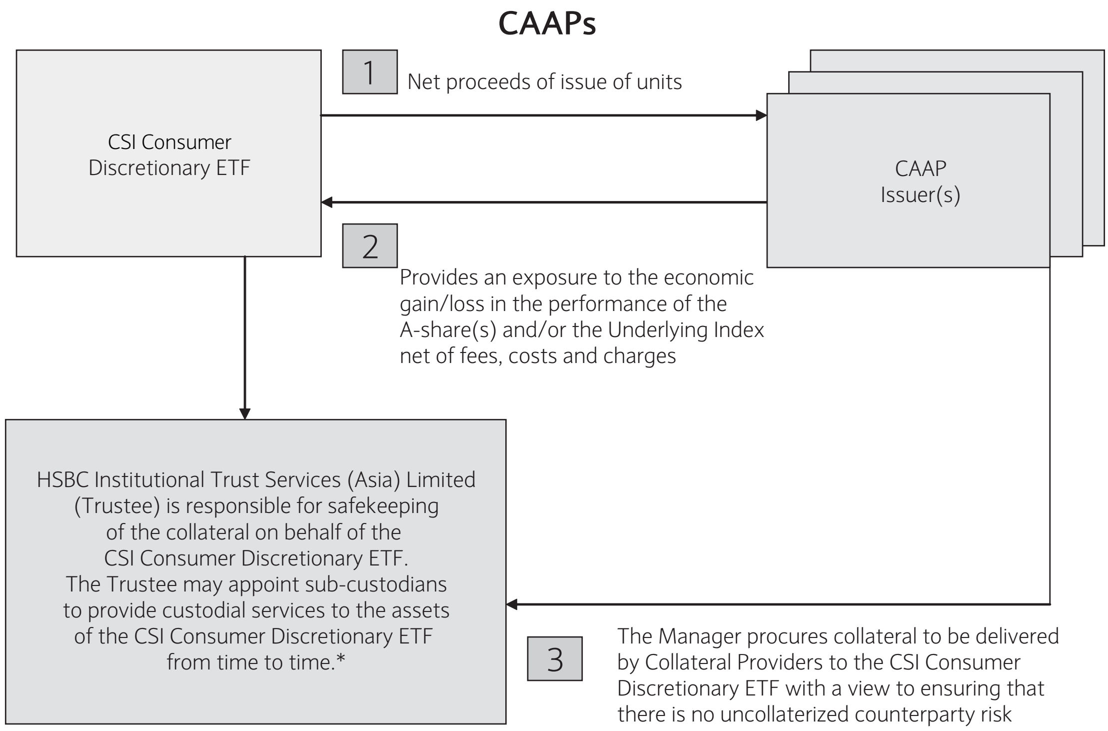
The CSI Consumer Discretionary ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the CSI Consumer Discretionary ETF achieve its investment objective. The investment strategy of the CSI Consumer Discretionary ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

Future Changes

Should it become possible under PRC law and practicable for the CSI Consumer Discretionary ETF to hold the underlying A Shares comprised in the Underlying Index directly, the Manager may, take such steps as would enable the CSI Consumer Discretionary ETF to hold or have an equitable interest directly in A Shares constituting the Underlying Index instead of, or in addition to CAAPs. The Manager will notify Unitholders of any such development.

Fund Investment Structure

The diagram below summarizes the investment structure of the CSI Consumer Discretionary ETF:



* Where the services of the Collateral Agent is retained by the CSI Consumer Discretionary ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Consumer Discretionary ETF. Please refer to page 74 of the Prospectus for more information.

Underlying Index

The CSI 300 Consumer Discretionary Index is a free-float market capitalisation-weighted index that is compiled and published by CSI since 31 December 2004. The Manager (and its Connected Persons) is independent of the Index Provider. Please see Schedule 3 for the index disclaimer.

The CSI 300 Consumer Discretionary Index measures the performance of the Consumer Discretionary sector of the CSI 300 Index, representing 10.25% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of the constituent securities on each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax. The CSI 300 Index is a diversified index consisting of 300 constituent stocks traded on the Shanghai and Shenzhen stock exchanges, representing about 70% of the total market capitalisation of the two exchanges.

Description of Index methodology

The constituents of the CSI 300 Index are classified into 10 sectors. Index calculation, maintenance and adjustments of the 10 CSI Sector Indices, including CSI 300 Consumer Discretionary Index, are made in accordance with the methodology applicable to the CSI 300 Index described below.

Stock Universe of the CSI 300 Index

The CSI 300 Index is a free-float market capitalisation-weighted index. The index universe of CSI 300 Index includes all the A Shares listed on the Shanghai Stock Exchange (the Main Board) and the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following criteria:

- A stock listed on the Main Board or the SME Board of the Shenzhen Stock Exchange (the "Non-ChiNext Stock") has been listed for more than three months or the daily average total market value of the stock, since initial listing, is ranked in the top 30 of all A Shares (Non-ChiNext Stocks);

- A stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years;

- The stock is not a ST (special treatment stock) or *ST stock and its listing has not been suspended;

- The issuer of stock's operating condition is good, without serious financial problems or breaches of laws / regulations in the last year;

- The stock should not have experienced large price volatility, or exhibited strong evidence of manipulation;

- The stock is not considered unsuitable by the Index Advisory Committee.

Selection Methodology of the CSI 300 Index

- The daily average trading volume and the daily average total market value of the stocks in the index universe are calculated for the last year (or in the case of a new issue, since its initial listing);

- The stocks are ranked by daily average trading value and the bottom 50% are deleted;

- The remaining stocks are ranked by daily average market capitalisation and the top 300 are selected

Sector classification

In addition, for the purposes of sector classification, all constituents of CSI 300 Index are classified according to the following principles:

1) If the revenue generated from one business is greater than 50% of total company revenue, then the company belongs to the corresponding sub-industry.

2) If the revenue of none of a company's major business lines is greater than 50% but revenue and profit from one business are the highest and above 30% of total revenue and profit, the company belongs to the corresponding industry.

3) If no business within the company generates revenue and profit of over 30%, experts from the CSI team will research and decide which industry the company should belong to.

The securities classified as consumer discretionary stocks are then grouped together to form the CSI 300 Consumer Discretionary Index. Industries included in the consumer discretionary sector include: Auto Components and Automobiles, Household Durables, Leisure Equipment and Products, Textiles, Apparel and Luxury Good, Hotels, Restaurants and Leisure, Diversified Consumer Services, Media, Distributors, Multiline Retail and Specialty Retail. Should the industry classification of a constituent change due to a major corporate action, adjustments are made to the CSI Sector Indices.

CSI publishes the day end index level of the CSI 300 Consumer Discretionary Index (ticker: CSICU012) on Bloomberg. The closing price of the CSI 300 Consumer Discretionary Index is also available on the website of CSI (www.csindex.com.cn) as well as at www.blackrock.com/hk.

Constituent Securities of the Underlying Index

As at 24 October 2016, the 10 largest constituent stocks of the CSI 300 Consumer Discretionary Index are as follows:–

	Company Name	Exchange	Weighting %
1	Gree Electric Appliances Inc. Of Zhuhai	Shenzhen	10.90%
2	Midea Group Ltd.	Shenzhen	8.57%
3	Saic Motor Corp Ltd.	Shanghai	7.77%
4	Suning Commerce Ltd.	Shenzhen	4.26%
5	Chongqing Changan Auto Co, Ltd.	Shenzhen	3.66%
6	Shanghai Oriental Pearl Media Co, Ltd.	Shanghai	3.23%
7	Citic Guoan Information Industry Co. Ltd.	Shenzhen	3.22%
8	Wanda Cinema Line Corp	Shenzhen	3.19%
9	Qingdao Haier Ltd.	Shanghai	3.15%
10	Byd Ltd.	Shenzhen	3.11%

The constituent stocks of the CSI 300 Consumer Discretionary Index may be updated from time to time and the complete list of constituent stocks of the CSI 300 Consumer Discretionary Index is available on the website of CSI (www.csindex.com.cn). The index constituents are reviewed semi-annually usually on the next trading day after the close of the second Friday in June and December and any planned adjustment is published two weeks in advance. Ad hoc adjustments may also be made between periodic adjustments.

Distribution Policy

Income net of withholding tax earned by the CSI Consumer Discretionary ETF 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). 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", the CSI Consumer Discretionary ETF is subject to the following additional specific risks:

- **Concentration Risk.** To the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Consumer Discretionary ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Consumer Discretionary Sector Risk.** The performance of PRC companies active in the consumer discretionary sector are correlated to the growth rate of the PRC consumer market, individual income levels and their impact on levels of domestic consumer spending in the PRC, which in turn depend on the worldwide economic conditions, which have recently deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. 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. There can be no assurance that historical growth rates of the PRC economy and the PRC consumer market will continue. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect the business of the companies in the consumer discretionary sector and as a result the performance of the CSI Consumer Discretionary ETF.

Further Information

Further information in relation to the CSI Consumer Discretionary ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (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 CSI A-Share CONSUMER STAPLES INDEX ETF* (* This is a synthetic ETF)

Key Information

The following table is a summary of key information in respect of the iShares CSI A-Share Consumer Staples Index ETF* (* This is a synthetic ETF) (the "CSI Consumer Staples ETF"), and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: CSI 300 Consumer Staples Index Inception Date: 31 December 2004 Number of constituents: 20 (24 October 2016) Total Market Capitalisation (Free Float): RMB1,295 billion (24 October 2016) Base Currency: Remninbi (RMB)
Listing Date (SEHK)	20 July 2010
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	2841
Trading Board Lot Size	100
Base Currency and Trading Currency	Hong Kong dollars (HK$)
Distribution Policy	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.
Application Unit size (only Participating Dealers)	Minimum 500,000 Units (or multiples thereof)
Management Fee	0.99% p.a. of Net Asset Value calculated daily
Investment strategy	Synthetic representative sampling investment strategy (refer to the Introduction above and the "Investment Strategy" section below)
Financial year end	31 December
Website	www.blackrock.com/hk

Investment Objective

The investment objective of the CSI Consumer Staples ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI 300 Consumer Staples Index. There can be no assurance that the CSI Consumer Staples ETF will achieve its investment objective.

Investment Strategy

The Manager intends to pursue a synthetic representative sampling investment strategy.

The underlying Securities to which the Underlying Index relates (A Shares), may not be directly invested by non PRC persons, such as the CSI Consumer Staples ETF, unless the person is a Qualified Foreign Institutional Investor ("QFII"). The Manager has not applied for a QFII quota on behalf of the CSI Consumer Staples ETF, meaning that the CSI Consumer Staples ETF cannot invest in or hold A Shares directly.

In order to meet the investment objective, the Manager on behalf of the CSI Consumer Staples ETF will invest in derivative instruments.

The derivative instruments invested by the CSI Consumer Staples ETF are called CAAPs. A CAAP is a derivative instrument linked to either (a) an A Share; or (b) the Underlying Index. The CSI Consumer Staples ETF may also invest in CAAPs that are linked to A Shares that are not constituent A Shares of the Underlying Index but which the Manager believes will help the CSI Consumer Staples ETF achieve its investment objective.

A CAAP represents only an obligation of the CAAP Issuer to provide the CSI Consumer Staples ETF with the economic performance equivalent to holding the underlying A Shares. A CAAP does not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which the CAAP is linked. In other words, the A Shares are not in any way owned by the CSI Consumer Staples ETF. However each CAAP synthetically replicates the economic benefit of the relevant A Share or the Underlying Index insofar as possible.

Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in A Shares, the CSI Consumer Staples ETF may suffer losses potentially equal to the full value of the CAAP (net of the value of the collateral provided by the corresponding Collateral Provider) if the CAAP Issuer fails to perform its obligations under the CAAPs. The Manager seeks to mitigate the counterparty risk subject to market conditions by diversifying the number of, and the relative exposure of the CSI Consumer Staples ETF to, multiple qualified CAAP Issuers. Please refer to the section “Risk Management Model” on page 40 for further information in this regard.

Pursuant to the authorization conditions imposed on the CSI Consumer Staples ETF by the SFC on 29 August 2011, the Manager is required to collateralize all counterparty exposures with a view to ensuring that the collateral held by the CSI Consumer Staples ETF must represent at least 100% of the CSI Consumer Staples ETF’s gross total counterparty exposure. In addition, pursuant to the SFC Collateral Conditions, where the CSI Consumer Staples ETF accepts collateral in the nature of equity securities, the CSI Consumer Staples ETF will obtain collateral that has a market value of at least 120%. Further, for non-equity collateral, the Manager is required to adopt a prudent haircut policy on any non-equity collateral held by the CSI Consumer Staples ETF taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the CSI Consumer Staples ETF is published on the website of the CSI Consumer Staples ETF.

Given that the Manager intends to invest the assets of the CSI Consumer Staples ETF in CAAPs issued by one or more CAAP Issuers, the Manager has applied for, and has been granted, a waiver from the Code to allow the CSI Consumer Staples ETF to hold CAAPs issued by any single issuer in excess of 10% of the Net Asset Value of the CSI Consumer Staples ETF.

The Manager intends to pursue a representative sampling investment strategy for the CSI Consumer Staples ETF. As a result the CSI Consumer Staples ETF may overweight holdings of CAAPs relative to the respective weightings of the constituents in the Underlying Index of the A Shares to which such CAAPs are linked, provided that the maximum extra weighting in any CAAP relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the CSI Consumer Staples ETF. The annual and semi-annual reports of the CSI Consumer Staples ETF shall also disclose whether or not such limit has been complied with during such period.

The Manager seeks to fully collateralize the overall exposures of the CSI Consumer Staples ETF, subject to market conditions and insofar as it is reasonably practicable. The Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer to ensure that there is no uncollateralized exposures and to comply with the SFC Collateral Conditions. Please refer to the section “Risk Management Model” on page 40 for an explanation on the measures implemented by the Manager in this regard. The value of any Security obtained by way of collateral will also be subject to the single issuer limit of 10% of Net Asset Value.

Information about CAAPs and CAAP Issuers including eligibility, exposure levels, duration, valuation and early redemption or repurchase is set out in Schedule 2.

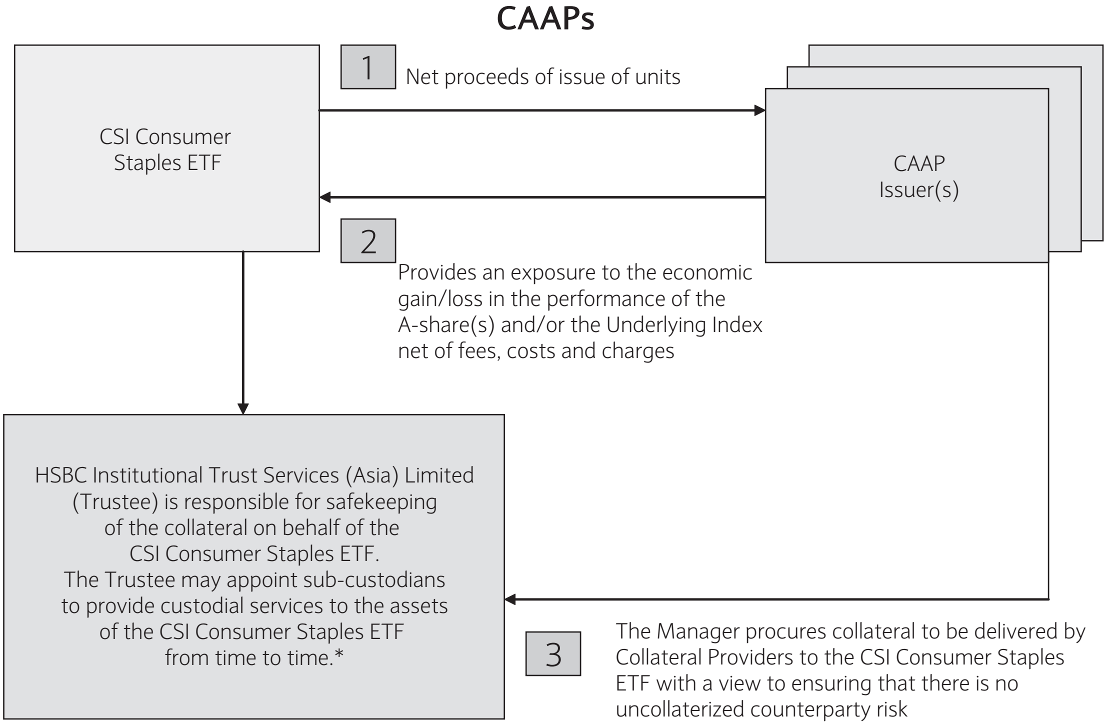
The CSI Consumer Staples ETF may also invest in other investments including funds, futures contracts, options on futures contracts, options and swaps related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents which the Manager believes will help the CSI Consumer Staples ETF achieve its investment objective. The investment strategy of the CSI Consumer Staples ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

Future Changes

Should it become possible under PRC law and practicable for the CSI Consumer Staples ETF to hold the underlying A Shares comprised in the Underlying Index directly, the Manager may, take such steps as would enable the CSI Consumer Staples ETF to hold or have an equitable interest directly in A Shares constituting the Underlying Index instead of, or in addition to CAAPs. The Manager will notify Unitholders of any such development.

Fund Structure

The diagram below summarizes the investment structure of the CSI Consumer Staples ETF:



* Where the services of the Collateral Agent is retained by the CSI Consumer Staples ETF, the Trustee will appoint the Collateral Agent to provide custody of the relevant collateral of the CSI Consumer Staples ETF. Please refer to page 74 of the Prospectus for more information.

Underlying Index

The CSI 300 Consumer Staples Index is a free-float market capitalisation-weighted index that is compiled and published by CSI since 31 December 2004. The Manager (and its Connected Persons) is independent of the Index Provider. Please see Schedule 3 for the index disclaimer.

The CSI 300 Consumer Staples Index measures the performance of the Consumer Staples sector of the CSI 300 Index, representing 6.04% of the CSI 300 Index as at 24 October 2016. It is a net total return index calculated daily by using the official closing price of the constituent securities on each stock exchange on which the constituent stocks are listed and assumes reinvestment of dividends net of withholding tax. The CSI 300 Index is a diversified index consisting of 300 constituent stocks traded on the Shanghai and Shenzhen stock exchanges, representing about 70% of the total market capitalisation of the two exchanges.

Description of Index methodology

The constituents of the CSI 300 Index are classified into 10 sectors. Index calculation, maintenance and adjustments of the 10 CSI Sector Indices, including CSI 300 Consumer Staples Index, are made in accordance with the methodology applicable to the CSI 300 Index described below.

Stock Universe of the CSI 300 Index

The CSI 300 Index is a free-float market capitalisation-weighted index. The index universe of CSI 300 Index includes all the A Shares listed on the Shanghai Stock Exchange (the Main Board) and the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following criteria:

- A stock listed on the Main Board or the SME Board of the Shenzhen Stock Exchange (the "Non-ChiNext Stock") has been listed for more than three months or the daily average total market value of the stock, since initial listing, is ranked in the top 30 of all A Shares (Non-ChiNext Stocks);

- A stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years;

- The stock is not a ST (special treatment stock) or *ST stock and its listing has not been suspended;

- The issuer of stock's operating condition is good, without serious financial problems or breaches of laws / regulations in the last year;

- The stock should not have experienced large price volatility, or exhibited strong evidence of manipulation;

- The stock is not considered unsuitable by the Index Advisory Committee.

Selection Methodology of the CSI 300 Index

- The daily average trading volume and the daily average total market value of the stocks in the index universe are calculated for the last year (or in the case of a new issue, since its initial listing);

- The stocks are ranked by daily average trading value and the bottom 50% are deleted;

- The remaining stocks are ranked by daily average market capitalisation and the top 300 are selected

Sector classification

In addition, for the purposes of sector classification, all constituents of CSI 300 Index are classified according to the following principles:

1) If the revenue generated from one business is greater than 50% of total company revenue, then the company belongs to the corresponding sub-industry.

2) If the revenue of none of a company's major business lines is greater than 50% but revenue and profit from one business are the highest and above 30% of total revenue and profit, the company belongs to the corresponding industry.

3) If no business within the company generates revenue and profit of over 30%, experts from the CSI team will research and decide which industry the company should belong to.

The securities classified as consumer staples stocks are then grouped together to form the CSI 300 Consumer Staples Index. Industries included in the consumer staples sector include: Food and Staples Retailing, Beverages, Food Products, Household Products, Personal Products. Should the industry classification of a constituent change due to a major corporate action, adjustments are made to the CSI Sector Indices.

CSI publishes the day end index level of the CSI 300 Consumer Staples Index (ticker: CSICU013) on Bloomberg. The closing price of the CSI 300 Consumer Staples Index is also available on the website of CSI (www.csindex.com.cn) as well as at www.blackrock.com/hk.

Constituent Securities of the Underlying Index

As at 24 October 2016, the 10 largest constituent stocks of the CSI 300 Consumer Staples Index are as follows:–

	Company Name	Exchange	Weighting %
1	Kweichow Moutai Ltd.	Shanghai	24.64%
2	Inner Mongolia Yili Industrial Group	Shanghai	16.75%
3	Wuliangye Yibin Ltd.	Shenzhen	10.22%
4	Kangmei Pharmaceutical Co, Ltd.	Shanghai	8.09%
5	Jiangsu Yanghe Brewery Joint-Stock Co, Ltd.	Shenzhen	6.59%
6	Henan Shuanghui Investment & Development Co, Ltd.	Shenzhen	3.80%
7	Shanghai Pharmaceuticals Holding Ltd.	Shanghai	3.70%
8	Luzhou Lao Jiao Ltd.	Shenzhen	3.55%
9	Huadong Medicine Ltd.	Shenzhen	2.86%
10	Yonghui Superstores Co, Ltd.	Shanghai	2.75%

The constituent stocks of the CSI 300 Consumer Staples Index may be updated from time to time and the complete list of constituent stocks of the CSI 300 Consumer Staples Index is available on the website of CSI (www.csindex.com.cn). The index constituents are reviewed semi-annually usually on the next trading day after the close of the second Friday in June and December and any planned adjustment is published two weeks in advance. Ad hoc adjustments may also be made between periodic adjustments.

Distribution Policy

Income net of withholding tax earned by the CSI Consumer Staples ETF 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). 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", the CSI Consumer Staples ETF is subject to the following additional specific risks:

- **Concentration Risk.** To the extent that its Underlying Index or portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the CSI Consumer Staples ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

- **Consumer Staples Sector Risk.** Companies in the consumer staples sector are subject to government regulation affecting the permissibility of using various food additives and production methods, which regulations could affect company profitability. 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. There can be no assurance that historical growth rates of the PRC economy and the PRC consumer market will continue. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect the business of the companies in the consumer staples sector and as a result the performance of the CSI Consumer Staples ETF.

Further Information

Further information in relation to the CSI Consumer Staples ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (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.

RISK MANAGEMENT MODEL

Full Collateralization of CAAPs and Diversification of Risks

The Manager will continue to operate a dynamic risk management model for the Index Funds but at the same time, will also require full collateralization of all CAAP Issuer counterparty risk exposures for the Index Funds.

1) Diversification of CAAP Issuers

The Manager seeks to diversify CAAP Issuer risk by using multiple, qualified counterparties. The criteria for the selection of CAAP Issuers are set out in the section "CAAP Issuer" in Schedule 2. There can be no assurance that the Manager will always be able to dispose of CAAPs issued by one CAAP Issuer and buy equivalent CAAPs from a different CAAP Issuer in an orderly and timely way. Each Index Fund seeks to mitigate this risk by constantly looking to further diversify the Index Fund's exposure to counterparties, however there is no guarantee that there will be more than one CAAP Issuer at any given time. Please refer to the Schedule 2 of this Prospectus for the list of CAAP Issuers in respect of each Index Fund.

In the event that the Manager is unable to reduce its net exposure to a CAAP Issuer through disposal of the CAAPs, issued by that CAAP Issuer in an orderly and timely way, an Index Fund may be unable to reduce the exposure to the CAAP Issuer and be exposed to losses up to the full value of the CAAPs held from such CAAP Issuer net of the value of collateral posted by the corresponding Collateral Provider if the CAAP Issuer subsequently fails to perform its payment obligations under the CAAPs.

Further, if the credit health of a CAAP Issuer deteriorates, an Index Fund may be subject to increased counterparty risks. Information about the contingency actions that the Manager may take in circumstances of a credit downgrade is outlined under the section "Contingency Measures" in Schedule 2.

2) Full Collateralization of Counterparty Exposures

In addition to diversification of risks by using multiple counteparties, the Manager also fully collateralizes all counterparty exposures of each of the Index Funds.

By fully collateralizing the counterparty risk exposure of each of the Index Funds, the Index Fund's exposure to each of the CAAP Issuer will be reduced significantly. In the event the market value of the collateral provided by a Collateral Provider is less than what is required under the SFC Collateral Conditions and what is deemed appropriate by the Manager, the relevant Collateral Provider will be required to deliver additional collateral to meet such requirements. However, there may be instances where an Index Fund may not be fully collateralized due to circumstances beyond the control of the Manager including market volatility and operational settlement issues. In these instances, the Manager will continue to observe the SFC Collateral Conditions and its own collateral policy and will seek to rectify any such breaches as soon as practicable, taking into account the interests of Unitholders.

In addition, where the Manager believes it is in the best interests of Unitholders, the Manager may seek the provision of additional collateral in certain circumstances affecting a CAAP Issuer such as a credit downgrade described in Schedule 2. The provision of collateral will be by way of a securities lending and borrowing arrangement or in such other manner as the Manager considers appropriate in the prevailing circumstances.

Where the collateral arrangement is by way of a securities lending and borrowing arrangement, the Collateral Providers will borrow all CAAPs issued by the affiliated CAAP Issuers, and post collateral to the Index Fund of equivalent market value to the CAAPs issued by the CAAP Issuers taking into account the haircut policy on collateral adopted by the Manager at the time. The market value of the CAAPs borrowed and the collateral posted will be adjusted on a daily mark-to-market basis. In the event of an insolvency or an event of default with respect to the relevant Collateral Provider, the payment and delivery obligations of the parties under the securities and borrowing arrangement will be accelerated and netted off, and replaced by an obligation of one party to pay a single sum to the other based on the latest mark-to-market valuations. In such circumstances, the insolvent Collateral Provider will keep the CAAPs that they borrowed and the Trustee will keep the collateral for the account of the Index Fund.

Collateral may consist of cash, and Securities, as agreed between the Manager and the Collateral Provider and consistent with the collateral policy of the Manager at the time. Collateral received will not consist any structured products. Collateral received and held by the Trustee will be held in a segregated account opened in the name of the Trustee.

Collateral acceptable to the Index Funds together with the haircut policy applicable to the collateral from time to time is set out in the collateral policy available on the website of the Index Funds. As at 4 November 2016, collateral of the Index Funds consists of equities that are listed on the exchanges in Hong Kong, Australia, London and Stockholm as well as government bonds issued by Britain, Germany, France, Austria, Netherlands, Canada and the United States.

As at 4 November 2016, the value of collateral held by each of the Index Funds amounts to approximately the following percentages of the Net Asset Value of the respective Index Funds:

Index Funds	**Approximate value of collateral held as a percentage of the Net Asset Value of the Index Funds**
iShares CSI A-Share Energy Index ETF* (* This is a synthetic ETF)	120.03%
iShares CSI A-Share Materials Index ETF* (* This is a synthetic ETF)	121.57%
iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF)	103.30%
iShares CSI A-Share Infrastructure Index ETF* (* This is a synthetic ETF)	120.46%
iShares CSI A-Share Consumer Discretionary Index ETF* (* This is a synthetic ETF)	120.52%
iShares CSI A-Share Consumer Staples Index ETF* (* This is a synthetic ETF)	116.81%

Up to date information on collateral including identity of the Collateral Provider(s) is available at www.blackrock.com/hk. Please refer to the Section “Information Available on the Internet” for details on how to find this information.

With regard to accepting Securities as collateral, the Manager will have regard to any relevant considerations which include, but are not limited to:

(i) **Liquidity** – such Securities are required to be sufficiently liquid so that it can be sold quickly at a price that is close to pre-sale valuation and traded in a deep and liquid marketplace with transparent pricing;

(ii) **Valuation** – all collateral are marked to market daily;

(iii) **Issuer credit quality** – the issuer of such Securities to be of sufficient high credit quality;

(iv) **Diversification** – Securities issued by any single issuer comprising the collateral will not account for more than 10% of the Net Asset Value of the Index Fund and collateral will not include any structured products; and

(v) **Avoidance of Correlation** – correlation between the CAAP Issuer and the collateral received must be avoided.

In addition, pursuant to the SFC Collateral Conditions, where an Index Fund accepts collateral in the nature of equity securities, the Index Fund will obtain collateral that has a market value of at least 120%. Further, the Manager is required to adopt a prudent haircut policy for any non-equity collateral held by the Index Fund taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. The collateral policy applicable to the Index Funds is published on the website of the Index Funds.

The Manager and the Trustee will closely monitor the nature and the market value of the collateral received from the CAAP Issuers daily to ensure compliance with the above criteria. In addition, the Manager will satisfy itself on the validity and enforceability of the collateral arrangement put in place from time to time and ensure that the collateral can be readily enforceable without further recourse to the CAAP Issuers and that the collateral will not be applied for any purpose except for the purpose of being used as collateral. In addition, the Manager will ensure that it has appropriate systems, operational capabilities and legal expertise for proper collateral management.

A description of holdings of collateral (including a description of the nature of the collateral, identity of the Collateral Provider providing the collateral, value of each Index Fund (by percentage) secured/covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in each Index Fund's annual and semi-annual reports for the relevant period.

Each Index Fund may incur additional fees, charges and expenses as a result of such measures and any such fees will be borne by the Index Fund. There can be no assurance that the Manager will always be able to obtain collateral from the CAAP Issuer. The value of the collateral held by each Index Fund is subject to market forces and will therefore fluctuate. There can be no assurance that the Manager will be able to obtain sufficient collateral from a CAAP Issuer to ensure that the counterparty exposure to that CAAP Issuer is always fully collaterized. This risk will be increased in extreme market conditions, where the value of the collateral may change significantly in a short space of time with little advance warning.

In the event that the Manager is unable to obtain adequate collateral in a timely way, an Index Fund may be unable to reduce the exposure to the CAAP Issuer and be exposed to losses up to the full value of the CAAPs held from such CAAP Issuer net of the value of any collateral held by the Index Fund if the CAAP Issuer subsequently fails to perform its obligations under the CAAPs. Collateral may also involve risks including settlement, operational and realization risks. Please refer to the risk factor "Collateral Risks" for further information.

In view of the risk that the value of the collateral may experience a significant and material fall in certain market conditions each Index Fund also seeks to manage its counterparty risk exposure by investing in CAAPs issued by multiple counterparties.

The latest list of CAAP Issuers, each Index Fund's relative exposure to CAAP Issuer and a summary of the collateral provided by a particular CAAP Issuer are available at www.blackrock.com/hk. Please refer to the Section "Information Available on the Internet" for details on where this information can be found.

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 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 due to various factors including prevailing market conditions that may be reflected in the costs associated with acquiring the Securities.

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 in accordance with the Operating Guidelines and the Trust Deed. Whilst it is open to a Participating Dealer to choose the method of creation, in addition to its rights to reject or cancel a Creation Application under the Trust Deed, the Manager reserves the right to reject or cancel a Creation Application if it is unable to invest the cash proceeds of a cash creation or if proposed Securities are not acceptable to the Manager.

Where the aggregate value of the Securities delivered by a Participating Dealer, exceeds the Net Asset Value of an Application Unit as determined in accordance with the Operating Guidelines, the Index Fund will pay the Participating Dealer a cash amount equal to the difference. In the event that the Index Fund has insufficient cash required to pay such cash amount to the Participating Dealer, the Manager may effect sales of the assets of the Index Fund, or may borrow moneys to provide the cash required.

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) where, as a condition of the Index Fund's authorization under the Securities and Futures Ordinance, the SFC imposes a requirement for the Index Fund in question to procure the provision of collateral to reduce or to limit its counterparty exposure to the issuer of financial derivative instruments in which the Index Fund invests, and the issuer of financial derivative instruments has not provided or procured to provide sufficient collateral in respect of the financial derivative instruments issued by it and the subject of investment by the Index Fund to allow the Manager to comply with its obligation under the condition; (v) circumstances outside control of the Manager make it for all practicable purposes impossible to process the Creation Application; (vi) the Manager has suspended the rights of Participating Dealers pursuant to the Trust Deed to redeem Units; or (vii) 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.

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

The creation and issue of Units pursuant to a Creation Application shall be effected 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 relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application.

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 and that collateral satisfactory to the Manager has been posted by the Collateral Provider.

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 (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)) 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 are 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 Creation orders

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) and sufficient collateral in accordance with the SFC Collateral Condition relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion, with the approval of the Trustee, (i) 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 (ii) 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.

In addition to the preceding circumstances, the Manager may also cancel any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of the relevant Creation Application. This may occur if insufficient CAAPs with terms which are acceptable to the Manager are available to the relevant Index Fund to process cash Creation Application on the relevant Dealing Day.

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 (i) 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 (ii) such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the relevant Index Fund as a result of any 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 due to various factors including prevailing market conditions that may be reflected in the costs associated with unwinding the Securities.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline 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, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The 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 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.

For cash redemptions (whether wholly or partly in cash) the Redemption Proceeds may, depending on market conditions, be substantially less than the Redemption Value. In the absence of an active secondary market for CAAPs, costs associated with any CAAPs tendered for early redemption or repurchase by the relevant CAAP Issuer may potentially be significantly higher than the cost of trading the underlying A shares, particularly during times of high market volatility.

The Manager may deduct from and set off against any amount payable to a Participating Dealer on the Redemption Value such sum (if any) as the Manager may consider represents an appropriate provision for Duties and Charges and / or the Transaction Fee. For cash redemptions (whether wholly or partly in cash), the relevant Duties and Charges will include any deductions made by the CAAP Issuers reflecting costs associated with early redemption that may vary significantly through time and may adversely impact the Redemption Proceeds. To the extent that the cash amount is insufficient to pay such Duties and Charges and the Transaction Fee payable on such redemption the Participating Dealer shall promptly pay the shortfall in the currency of account for the relevant index Fund to or to the order of the Trustee. The Trustee shall not be obliged to deliver (and shall have a general lien over) any Security to be transferred in respect of the relevant Redemption Application until such shortfall and any cash amount, Transaction Fee and Extension Fee payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

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.

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

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

the Trustee shall transfer Securities and/or cash relevant to the Redemption Application out of the assets of the relevant Index Fund to the Participating Dealer in accordance with the Operating Guidelines.

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

- the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by the Trustee and/or the Service Agent;
- the Manager may charge the Participating Dealer for the account of the Trustee and/or the Registrar an Application Cancellation Fee, currently HK$10,000;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the relevant Index Fund, in respect of each Unit Cancellation Compensation, being (a) the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if a Participating Dealer had, on the actual date when the Manager is able to repurchase the replacement Securities, made a Creation Application, plus (b) such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Index Fund as a result of any such cancellation; and
- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with 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 Manager may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Redemption Application(s)).

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 depositary (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 depositary (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 all 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 have commenced. Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges.

Units trade on the SEHK in board lots of 100 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. Any transactions in the Units 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.

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 concluded on the SEHK between participants of the SEHK is required to take place in CCASS on the second settlement 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 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 Manger 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 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 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 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. For cash redemptions (whether wholly or partly in cash) the Redemption Proceeds may, depending on market conditions, be substantially less than the Redemption Value where Duties and Charges are adversely impacted by the costs associated with early redemption and/or repurchase of CAAPs. Such costs may vary significantly depending on market conditions.

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.

Fees and expenses payable by Participating Dealers on creation and redemption of Units (primary market)	Amount
Transaction Fee	HK$16,000[1] per Application
Application Cancellation Fee	HK$10,000[2] per Application
Extension Fee	HK$10,000[3] per Application
Partial Delivery Request Fee	HK$10,000[4] per Application
Stamp duty	Nil
Transaction levy and trading fee	Nil

Fees and expenses payable by investors on SEHK (secondary market)	Amount
Brokerage	Market rates
Transaction levy	0.0027%[5]
Trading fee	0.005%[6]
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.

Fees and expenses payable by an Index Fund (see further disclosure below)	Amount
Management Fee[7]	% of Net Asset Value as set out in "Description of the Index Funds"

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 (such as the fees and charges relating to the CAAPs), costs of collateral and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

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1 *HK$15,000 is payable to the Registrar and HK$1,000 is payable to the Service Agent.*
2 *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.*
3 *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.*
4 *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.*
5 *Transaction levy of 0.0027% of the price of the Units payable by the buyer and the seller.*
6 *Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.*
7 *Accrued daily and payable 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 Index Fund.

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.

Fees and Charges Relating to CAAPs

Pursuant to the CAAP documentation, the Index Fund is generally required to bear all taxes and expenses including depositary charges, transaction or exercise charges which may be or would be (i) incurred in connection with the exercise or redemption of the CAAPs and/or any payment and/or delivery in respect thereof; (ii) incurred by the CAAP Issuer or its affiliate had such entity established, unwound or varied any underlying related hedging arrangements in respect of the CAAP; (iii) withheld by the PRC (or any political subdivision of taxing authority thereof or therein); or (iv) payable in the PRC by or on behalf of a foreign investor or its agent.

Despite the above, the Manager has agreed with each CAAP Issuer to pay the CAAP Commission to compensate them for any routine costs in relation to the above transaction charges. Nevertheless, where there is an early redemption or repurchase of CAAPs, and depending on market conditions, the Duties and Charges (including such costs associated with the early redemption or repurchase of the underlying CAAPs) may significantly reduce the Redemption Proceeds payable to the Participating Dealer.

CAAP Commission: Each CAAP Issuer charges a 0.30% commission (excluding stamp duty) on each purchase and sale of each CAAP acquired for the account of an Index Fund. The CAAP Commission is an expense borne by the Index Fund. The CAAP Commission will be adjusted for any stamp duty on the sale of A Shares, currently 0.10%.

The CAAP Commission may be increased generally or in respect of specific CAAP Issuers or transaction.

Where the Manager believes it is in the best interests of Unitholders, the Manager may require the provision of additional collateral and/or the repurchase of CAAPs in certain circumstances affecting the CAAP Issuers such as a credit downgrade below the minimum rating, or the holding of CAAPs in excess of any limit imposed by the Manager etc. The Index Fund may incur additional fees, charges and expenses as a result of the contingency measures set out in Schedule 2.

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.

Costs Relating to the SFC Collateral Conditions

With effect from 31 October 2011, full collateralization of gross total CAAP Issuer counterparty risks became a mandatory requirement for all locally domiciled synthetic ETFs including each of the Index Funds. As a result, significant costs reflecting the capital costs of the various Collateral Providers of the Index Fund are borne by the Index Fund. These costs vary and may increase significantly in the event the capital costs and funding costs of the CAAP Issuers or Collateral Providers increase.

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. Apart from the general risk factors set forth below, prospective investors should also be aware of the particular risks that are specifically identified in the section of this Prospectus titled "Descriptions of the Index Funds".

Investment Risks

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 trade. 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 recession 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 out-performance and underperformance when compared with other general Securities markets.

Foreign Security Risk. The Index Funds may invest in the equity markets of a single country, namely the PRC. 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. The Index Funds may invest in derivatives such as CAAPs. Investing in a derivative is not the same as investing directly in an underlying asset which is part of the Underlying Index. A derivative is a form of contract. Under the terms of a derivative contract each 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 an Index Fund 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. Accordingly an 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 Risk. 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 Fund invests (either directly or indirectly) in the Securities included in or representative of its Underlying Index regardless of their investment merit. 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 the 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 held by 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 and that CAAPs will not usually allow the Manager on behalf of the Index Funds to exercise any voting rights in respect of the underlying A Shares.

Tracking Error Risk. The Net Asset Value of an Index Fund may not have exactly the same Net Asset Value of the Underlying Index. Factors such as the fees and expenses of an Index Fund, the investments of an Index Fund, the investments of an Index Fund not matching exactly the Securities which make up the relevant Underlying Index (e.g. where it uses representative sampling), an inability to rebalance an Index Fund's holdings of Securities in response to changes to the Securities which make up the Underlying Index, rounding of Security prices, changes to the Underlying Index and regulatory policies, and lack of availability of CAAPs that may permit the Manager to track the Underlying Index 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 the Underlying Index or its portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, an Index Fund may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory event affecting that market, industry, group of industries, sector or asset class. Furthermore, since the CAAP Issuers are predominantly financial institutions, any adverse event or news affecting the performance of a particular CAAP Issuer may also have a negative impact on the performance of other CAAP Issuers due to the contagion effect. In addition, there is no guarantee that there will be more than one CAAP Issuer, which poses a concentration risk in that a large portion of the CAAPs held by an Index Fund could be at risk in case of default of that CAAP Issuer. Although CAAP positions are collateralized, the value of this collateral may not cover the value lost in the event of default of the CAAP Issuer.

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.

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 depositaries. In the event of the insolvency of the custodian or other depositaries, the Index Fund will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the Index Fund. The Index Fund's Securities are however maintained by the custodian or other depositaries in segregated accounts and should be protected in the event of insolvency of the custodian or other depositaries.

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 Fund will achieve its investment objective. The level of fees and expenses payable by the Index Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Index Fund can be estimated, the growth rate of the Index Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Index Fund 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 Net Asset Value 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. As with any exchange traded fund, the secondary market price of Units of an Index Fund may trade above or below the relevant Net Asset Value. There is a risk, therefore, that investors may not be able to buy or sell at a price close to the Net Asset Value. The deviation of secondary market price from the Net Asset Value is dependent on a number of factors. One source of deviation is the "bid/ask" spread of the Units (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers). The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from the Net Asset Value. The Manager cannot predict whether the Units will trade below, at, or above their Net Asset Value per Unit.

The Net Asset Value per Unit and the secondary market price of Units are expected to track each other through arbitrage. A Participating Dealer, in calculating the price at which it would be willing to sell or buy Units on the secondary market, will take account of the price at which it could sell the requisite Securities (including CAAPs) and the relevant taxes, costs and expenses. Where the price of selling Securities corresponding to a redemption of an Application Unit size is more than the secondary market price of Units in an Application Unit size, then a Participating Dealer may choose to arbitrage an Index Fund by redeeming Units. Similarly, a Participating Dealer will compare the price at which it could purchase the relevant Securities against the price of Units on the secondary market, when considering whether to create Units or to purchase on the secondary market. The Manager believes such arbitrage will help to generally reduce the deviation of the trading bid and offer price per Unit from the Net Asset Value per Unit (after currency conversion), however it cannot be assured that large discounts or premiums to Net Asset Value will not occur.

Investors Buying at a Premium Risk. An Index Fund 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 the 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 the Index Fund is terminated.

Differences Between Primary and Secondary Market Trading Hours Risk. The Units may trade on the SEHK even when the relevant 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 the 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 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 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 trademarks and any copyright in the relevant Underlying Index. An Index Fund may not be able to fulfill its objective and may be terminated if the 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. The Securities of each Underlying Index are determined and composed by the Index Providers without regard to the performance of the Index Fund. No Index Fund is sponsored, endorsed, sold or promoted by any relevant Index Provider. No Index Provider makes any representation or warranty, express or implied, to investors in the relevant Index Fund or other persons regarding the advisability of investing in Securities generally or in the relevant Index Fund in particular. No Index Provider has any obligation to take the needs of the Manager or investors in the relevant Index Fund into consideration in determining, composing or calculating the relevant Underlying Index.

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 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 the Underlying Index of an Index Fund 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 directly borne 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.

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 Index Fund.

In addition, the process and the basis of computing and compiling each Underlying Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Providers without notice. Consequently there can be no guarantee that the actions of an Index Provider will not prejudice the interests of the relevant Index Fund, the Manager or investors.

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 is not a recommendation or endorsement of the Index Funds nor does it guarantee the commercial merits of a product or its performance. It does not mean the Index Funds are suitable for all investors nor is it an endorsement of their 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.

Risk related to Regulatory Policies.
The government or the regulators may intervene in the financial markets, such as by the imposition of the full collateralization requirements on locally domiciled synthetic ETFs. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the Index Funds including without limitation, an adverse cost impact which may materially prejudice existing investors of the Index Funds. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the Index Funds and thereby decreasing the liquidity of the Index Funds. In order to maintain its authorization status and to continue to list on the HKEX, the Index Funds will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the Index Funds, investors may suffer accordingly.

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 (subject to the relevant fees, costs and expenses as stated in this Prospectus). 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 including the PRC. 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 84) as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material loss.

Specific Risk Factors Relating to the Index Funds

In addition to the principal risk factors above, investors should also note the following additional specific risk factors associated with investing in the Index Funds.

Investment in Index Fund is not the Same as Direct Investment in A Shares Risk. In order that the Index Fund may track the Underlying Index, the Manager will acquire, hold and dispose of CAAPs on behalf of the Index Fund as if these were the relevant A Shares. A Shares, the underlying Securities to which the Underlying Index relates, may not be directly invested by non PRC persons, such as the Index Fund, unless the person is a QFII. Accordingly, in order to meet its investment objective the Index Fund will purchase CAAPs from, and sell CAAPs to, a CAAP Issuer. The CAAPs do not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which each CAAP is linked. Investors should therefore note that an investment in Index Fund is not the same as owning the constituent A Shares of the Underlying Index. The Unitholders will not have any proprietary or beneficial interest in such A Shares linked to the CAAPs because a CAAP represents an obligation of the CAAP Issuer, rather than a direct investment in A Shares, the Index Fund may suffer losses potentially equal to the full value of the CAAP net of any value of collateral provided by the Collateral Provider if the CAAP Issuer fails to perform its obligations under the CAAPs.

Counterparty Risk of CAAP Issuers. The CAAPs constitute direct, general and unsecured contractual obligations of the issuer of the CAAPs. The CAAPs do not provide the Index Fund (or the Manager) with any legal or equitable interest of any type in the underlying A Shares comprising the Underlying Index. Each CAAP is designed to replicate the economic benefit of holding either an A Share or the Underlying Index. The value of the Index Fund's CAAP assets will, and may always, therefore depend entirely on the credit risk of the CAAP Issuers of the CAAPs held by the Index Fund. Any insolvency event in relation to, or other failure to perform obligations under a CAAP or related agreement of, any of the CAAP Issuers will have an adverse impact on the Net Asset Value of the Index Fund. The Index Fund is subject to counterparty risk associated with each CAAP Issuer and may suffer losses potentially up to the full value of the CAAPs issued by a CAAP Issuer net of any value of collateral provided by the Collateral Provider if such CAAP Issuer fails to perform its obligations under the CAAPs. Any loss would result in a reduction in the Net Asset Value and impair the ability of the Index Fund to achieve its investment objective to track the Underlying Index. In the event of any default by a CAAP Issuer, dealing may be suspended and the Index Fund may ultimately be terminated.

The Manager seeks to mitigate much of the Index Fund's risk exposure to each counterparty by obtaining collateral from the affiliated Collateral Provider in a form which complies with the SFC Collateral Conditions. This collateral will be used to reduce counterparty risk exposure to the CAAP Issuers under the CAAPs. As at the date of this Prospectus, the SFC Collateral Conditions require the collateral in the form of equity securities must represent at least 120% of the related counterparty risk exposure. Accordingly, where an Index Fund accepts collateral in the form of equity securities, the Index Fund will obtain collateral that has a market value of at least 120% of the relevant counterparty exposure. Should such requirement change in the future, the collateral obtained by the Index Fund may be changed in order to match the SFC Collateral Conditions at the time.

In addition, the risk exposure of an Index Fund will be monitored and marked to market daily. In the event the market value of the collateral for the Index Fund provided by counterparty is less than the minimum requirement specified by the SFC Collateral Conditions, the counterparty will be required to deliver additional collateral to meet the SFC Collateral Conditions. However, where a counterparty breaches its obligations to provide sufficient collateral, or, due to operational issues, for example, time gaps between calculation of the risk exposure to each counterparty and provision of additional collateral or substitutions of collateral by the relevant counterparty and market volatility that may cause a decrease in value of the collateral, there may be instances where the Index Fund is not fully collateralized but the Manager of the Index Fund will continue to observe the SFC Collateral Conditions and rectify any such situation as soon as practicable.

Investors should note that such measures may involve risks of their own such as settlement, operational and realisation risks arising out of the collateral. Please refer to the risk factor "Collateral Risk" below. Investors should note the Index Fund will continue to be subject to counterparty risk. The Index Fund may incur additional fees, charges and expenses as a result of the employment of such measures. In addition, even where an Index Fund is fully collateralized, the collateral may not be sufficient to cover the costs associated with closing out the collateral arrangements with a defaulting counterparty and purchasing of new CAAPs from an alternative counterparty. Further, there may not be CAAPs available in the market for the Index Fund to invest upon liquidating the collateral it may be holding upon default of a CAAP Issuer. Consequently, the Index Fund may be holding a large amount of collateral and/or cash that has no correlation with the Underlying Index and thereby causing a tracking error to the Index Fund.

Collateral Risk. Collateral may involve risks including settlement, operational and realisation risks. For example, collateral is subject to fluctuations in market value and the prices of subject Securities may go down as well as up. The value of the collateral Securities may be lower upon realisation of the Securities. In case of collateral Securities which are listed securities, the listing of such Securities may be suspended or revoked or the trading of such Securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may not be possible to realise the relevant collateral Securities. In such circumstances the Manager may seek to obtain additional collateral. While the Manager will endeavour to use a tax efficient arrangement in respect of any collateral, there is no guarantee that such arrangement will not be challenged by the tax authorities. If such arrangement is successfully challenged, the Index Fund may be required to pay the requisite tax (such as stamp duties) and other penalties.

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

Collateral Agent Risk. The Bank of New York Mellon has been appointed by the Trustee to act as the Collateral Agent of the Index Fund to provide among other services, collateral allocation between the custody account of the Collateral Providers and that of the Index Fund. In the event the Collateral Agent defaults on its obligations and fails to allocate the relevant collateral accurately or sufficiently, the Index Fund may be under or over collateralized or may be collateralized with collateral that does not meet the collateral policy of the Manager until the Manager instructs the Collateral Agent to rectify any such error and allocate suitable collateral to the custody account of the Index Fund. Notwithstanding the foregoing, whether before or after appointment of a Collateral Agent, the Manager will remain responsible for monitoring compliance of the collateral delivered to the Index Fund with the SFC Collateral Conditions.

Tracking Error Due to CAAP Structure, Collateral Requirements and Cash Holding Risk. The tracking error of the Index Fund may be increased by the overall costs of maintaining the CAAPs. Such costs include the CAAP Commission, any cost of collateral (please see the section "Fees and Expenses Payable by the Index the Funds" under the section of this Prospectus titled "Fees and Expenses") as well as any taxes and the spread and foreign exchange costs to the Index Fund from investing in the CAAPs. As a result of such costs the value of the CAAPs may differ from the price of the A Shares to which such CAAPs are linked, leading to an increased tracking error.

In order to comply with the requirements of the SFC Collateral Conditions, significant collateral costs may be borne by the Index Fund to ensure that there is no uncollateralized counterparty exposure. Such costs are variable and reflect the funding and capital costs of the Collateral Providers of the Index Fund and may increase significantly depending on market conditions, resulting in tracking error.

Tracking error may also be increased by the limitation of availability of CAAPs available to the Index Fund where receiving cash in circumstances including but not limited to the liquidation of collateral upon a counterparty default, unwinding of CAAPs or repayment of taxes withheld. These circumstances may contribute to tracking error as any cash holding will not track the economic performance of the Underlying Index and there can be no assurances that there are investments available in the market to allow the Manager to reduce the tracking error efficiently.

No Obligation for CAAP Issuers or their Connected Persons to Hedge Risk. Although CAAP Issuers or their Connected Persons will generally hedge their exposure in respect of any CAAP issuance for risk management purposes, either by purchasing the underlying A Shares of the Underlying Index or entering into a swap agreement, neither the CAAP Issuers nor their Connected Person are under an obligation to perform hedging. In any event, the Index Funds will not receive any beneficial interests that may arise from any hedging exercise performed by a CAAP Issuer or its Connected Person.

Possible Limited Duration of the Index Fund Risk. The CAAPs are of limited duration and those CAAPs issued at the launch of the Index Fund may settle automatically in the fifth year following their issue. Whilst it has been agreed that the CAAPs to be bought by and sold to the Index Fund from time to time may be "rolled over" for such period as the CAAP Issuers and the Manager may agree, there is no assurance that each of the CAAP Issuers will agree to do so indefinitely. Accordingly, the duration of the Index Fund depends upon the ability of the Index Fund to renew CAAPs with a sufficient number of CAAP Issuers. Although the Manager believes that the CAAP Issuers will be willing to do this, such renewal cannot be guaranteed and such renewal may be uneconomical for the Index Fund. In the event that an insufficient number of CAAP Issuers are willing and able to provide CAAPs to the Index Fund, the Index Fund may in such circumstance redeem all Units outstanding and the Manager would terminate the Index Fund. Such termination may cause outstanding Units to be redeemed at a discount to Net Asset Value. Further, the Manager may terminate any Index Fund if (i) at any time the Net Asset Value of the Index Fund is less than the Hong Kong dollar equivalent of US$10,000,000; or (ii) if the Units of the relevant Index Fund are no longer listed on the SEHK or any other Recognised Stock Exchange; or (iii) at any time, the Index-Fund ceases to have any Participating Dealer or (iv) if, the Manager is unable to implement its investment strategy.

Dependence on the CAAP Issuers Risk. The Manager's ability to manage the Index Fund depends upon the continuing availability of CAAPs. A CAAP Issuer may no longer be willing or able to issue CAAPs to the Index Fund and the Index Fund may no longer be willing or able to hold the relevant CAAPs, in various circumstances including (i) any limit imposed by the Manager on the issue of CAAPs, (ii) material changes to the rules relating to PRC Securities such that CAAPs may no longer be sold, (iii) where it is no longer economically viable to issue CAAPs or to sell CAAPs, (iv) where a CAAP Issuer incurs a materially increased cost to perform its duties, or (v) a CAAP Issuer or the guarantor (as the case may be) ceasing to possess a satisfactory credit rating. In the worst case scenario the Index Fund may be terminated.

Participating Dealers May Only Deal in Certain CAAPs Risk. Although the terms of CAAPs issued by different CAAP Issuers will be similar, investors should note that an Index Fund may face practical limitations that effectively limit it delivering to a Participating Dealer in respect of a Redemption Application CAAPs other than those that have been either issued by an affiliate of the Participating Dealer or are otherwise acceptable to the Participating Dealer. This may from time to time limit the flexibility of the Manager in responding to Redemption Applications and prevent the Manager from maintaining the Index Fund's credit exposure to CAAP Issuers at desired levels.

Liquidation of CAAPs Risk. Although the CAAPs to be held by the Index Funds may be listed, the CAAPs have no active secondary market. In addition, the Manager may have to agree with each CAAP Issuer that, in any event, the Manager will not sell any CAAP to (i) any Taiwanese person or (ii) any PRC individual, PRC corporate, PRC bank, or insider of the issuer of the A Share to which a CAAP is linked or (iii) investors whose source of funding for the CAAP is derived or originates from the PRC or (iv) any other party without the consent of the CAAP Issuers. Further, where there is a market disruption event or hedging disruption event that prevents the CAAP Issuers from liquidating the underlying hedging positions, the Index Funds and their investors may be adversely impacted.

Early CAAP Redemption and Repurchase Risk. CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where an Index Fund is terminated – see the section "Termination") that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager. Hence, (i) in the event of cash redemption by Participating Dealers, the Redemption Proceeds payable to investors may deviate significantly from the underlying value of the A Shares due to such costs, leading to a loss to investors or (ii) in the event of termination of an Index Fund, the net cash proceeds (if any) derived from the realisation of the CAAPs investments comprised in the Index Fund paid to investors may deviate significantly from the underlying value of the A Shares, leading to a loss to investors.

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

QFII System Generally Risk. The QFII system was introduced in 2002. Although the CSRC may in due course relax QFII eligibility requirements, making investment in A Shares easier and more widespread, this cannot be guaranteed. It is not possible to predict the future development of the QFII system and the CSRC may even impose restrictions on QFII's operations. Such restrictions may adversely affect the issuance of CAAPs and/or cause Units in the Index Funds to trade at a discount on the SEHK.

QFII Quota Risk. Under the QFII system, a QFII must obtain the SAFE's approval to increase its QFII Quota. In the event that any QFII wishes to increase its respective QFII Quota from time to time, such increase may take time to obtain the SAFE's approval. Where insufficient QFII Quota is available, additional CAAPs may not be available in which case, because the Index Fund cannot buy more CAAPs, further Units cannot be created. Although the continued operation of the Index Fund should not be affected, where further increases in QFII Quota is restricted, suspended or halted, the supply of CAAPs will be affected and this may cause Units to trade at a premium to Net Asset Value. Further, it may result in an Index Fund being forced to hold more cash than normal. The effect of this would be potentially to increase the tracking error because a cash holding will not track the economic performance of the Underlying Index.

QFII Investment Restrictions Risk. Although the Manager does not anticipate that QFII investment restrictions will impact on the ability of an Index Fund to achieve its investment objective, investors should note that the relevant PRC laws and regulations may limit the ability of the QFII which is a CAAP Issuer to acquire A Shares in certain PRC issuers from time to time and, in addition, a QFII may not be able to acquire A Shares to hedge the CAAPs. In such case, this may accordingly restrict the issuance, and therefore the purchase, of CAAPs linked to these A Shares by the Index Fund. This may occur in a number of circumstances, such as (i) where the QFII holds in aggregate 10% of the total share capital of a listed PRC issuer (regardless of the fact that the QFII may hold its interest on behalf of a number of different ultimate clients), and (ii) where the aggregated holdings in A Shares of all QFIIs (whether or not connected in any way to the Index Fund) already equal 30% of the total share capital of a listed PRC issuer. In the event that these limits are exceeded the relevant QFIIs will be required to dispose of the A Shares in order to comply with the relevant requirements and, in respect of (ii), each QFII will dispose of the relevant A Shares on a "last in first out" basis. As a consequence, the Manager adopts a representative sampling investment strategy in order to achieve the Index Fund's investment objective. This may cause increased tracking error in general.

QFII Regulation Risk. The QFII policy and rules are subject to change and any such change could adversely impact the Index Funds. In the worst case scenario, although the Index Funds are not QFIIs, this could lead to CAAPs not being able to be issued and the Index Funds having to be terminated. Should it be necessary to terminate the Index Funds, we would anticipate an orderly unwind of the Index Funds, with the net cash proceeds to be distributed to the existing Unitholders.

Dependence Upon Trading Market for A Shares Risk. The existence of a liquid trading market for the A Shares may depend on whether there is supply of, and demand for, such A Shares. The price at which the CAAPs may be purchased or sold by the Index Fund upon any rebalancing activities or otherwise and the Net Asset Value of the Index Fund may be adversely affected if trading markets for the A Shares are limited or absent. Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which A Shares are traded are undergoing development. In particular, trading band limits are imposed by the Shanghai Stock Exchange and Shenzhen Stock Exchange on A Shares, where trading in a particular A Share on the relevant stock exchange may be suspended if its trading price has increased or decreased to the extent beyond the trading band limit. Market volatility and settlement difficulties in the A Share markets may result in significant fluctuations in the prices of Securities traded on such markets and thereby changes in the value of the Index Fund.

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

Market Pricing Risk. The market price of an ETF typically depends on the supply and demand imbalance. In the case of the Index Fund, since the supply and demand imbalance can only be addressed by the Participating Dealer(s) creating and redeeming additional Units, the liquidity of the underlying A Share market and the nature of the QFII regime will likely result in the Index Fund trading at a higher premium or discount to the Net Asset Value per Unit than may normally be the case for an ETF.

PRC Tax Risk and Tax Provisioning Policy Risk. 10% PRC withholding tax has been enforced on payment of dividends and interest to foreign investors from PRC listed companies. However, in practice the PRC tax authorities have not been reported to have sought to collect such withholding tax to date on capital gains realised by non-PRC tax resident enterprises on the selling of A Shares, notwithstanding that withholding tax is legally applicable to such capital gains from a technical perspective under the Corporate Income Tax Law. On 14 November 2014, the Ministry of Finance ("MOF"), the CSRC and the State Administration of Taxation ("SAT") in the PRC, acting with State Council's approval, jointly released Caishui [2014] No. 79 ("Circular 79") which temporarily exempts QFIIs and RMB Qualified Foreign Institutional Investors from withholding tax on capital gains (i.e. capital gains tax or "CGT") derived from the trading of shares and other equity interest investments on or after 17 November 2014. However, any gains realised prior to 17 November 2014 would be subject to tax in accordance with law. As a result of Circular 79, the Manager announced certain changes to its tax provisioning policy. Please refer to the below and the section "Taxes – Mainland China" for details.

There is a risk the PRC tax authorities would withdraw this temporary exemption in the future and seek to collect CGT realized on the sale of A Shares without giving any prior warning. If such exemption is withdrawn, any CGT arising from or to the A shares of an Index Fund may be directly borne by or indirectly passed on to the relevant Index Fund and may result in a substantial impact to its Net Asset Value. More specifically, any CGT arising from or to the investments by the Index Funds in CAAPs, if not already provisioned for by CAAP Issuers or by the Index Funds, may be directly borne by and/or indirectly passed on the Index Funds.

PRC CAAP Tax Risk. With respect to its investments in CAAPs prior to the release of Circular 79, the Index Funds provisioned for potential CGT at 10% on unrealised gains of the CAAPs that are linked to A Shares. This provision did not take into account any possible tax treaty benefits. As a result of the temporary exemption announced in Circular 79 on 14 November 2014, the Manager made the decision to reverse this unrealised gain provision of the Index Funds, with the NAV of the Index Funds positively impacted as of that same day as a consequence of the reversal. Since listing of the Index Funds, certain CAAP Issuers have been allowed to withhold, and currently all CAAP Issuers are withholding, up to 10% on any gain on CAAPs realised prior to 17 November 2014, as agreed between the Manager and the CAAP Issuers. As such withholding practices for CAAPs commenced at different dates for different CAAP Issuers, there is currently an amount of realised capital gains for which tax withholding has not been made by CAAP Issuers. In light of the release of Circular 79, and based on independent advice, the Manager has further provisioned for the CGT shortfall on realised gains since the inception of the Index Funds, up to and including 14 November 2014. To the extent that there is withholding by CAAP Issuers, such withheld amounts, representing the CGT that would be payable on an actual sale of the underlying A Shares linked to the CAAPs issued to the Index Funds, were retained for a period of up to five years by the CAAP Issuers, with the intent that should there be no clarification by the SAT after five years, such amounts would be returned to the Index Funds and continue to be provisioned by the Index Funds. As a result of Circular 79, the Manager has requested that CAAP Issuers cease to withhold any CGT realised on gains post 17 November 2014, as well as cease to return any CGT realised and retained after five years.

PRC Tax Provisioning Policy Risk. Investors should note that any retrospective enforcement to the CAAPs in which the Index Funds invest may result in a further and possible substantial loss to the Index Funds, if or to the extent that such liabilities are not already provisioned for, or withheld upon as described above by the Manager and CAAP Issuers. Similarly, any amounts provisioned for in respect of the Index Funds' investment in CAAPs but not ultimately determined to be due will revert to the Index Funds.

Investors should refer to the latest financial report of the Index Funds, for details of the amounts provisioned by the Manager and CAAP Issuers with respect to CGT on capital gains prior to the announcement of Circular 79.

The Manager will keep the provisioning policy for CGT liability outlined above under review, and may, in its discretion from time to time (in consultation with the Trustee), and in respect of its investments prior to 17 November 2014, make further provision for potential tax liabilities in addition to the CGT already provisioned for or reduce the provision made, if in their opinion such adjustment in provision is warranted, particularly as and when the respective PRC taxes pursuant to Circular 79 are settled. Any further provision would have the effect of reducing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. Alternatively, any reduction in provision would have the effect of increasing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. In the event that the Index Funds are required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value per Unit may decrease substantially, without notice, by the pro rata amount of the tax exposure not provisioned.

Investors should note that any tax provision, in respect of investments prior to 17 November 2014, may be more than or less than the Index Funds' actual tax liabilities. In the event that the Manager in consultation with the Trustee is satisfied that all or part of the tax provisions are not required, such provisions will be released back into the Index Funds. By the same token, if the Manager in consultation with the Trustee deems that further provision is warranted or is appropriate, then further provision may be made at its discretion.

Any changes to the tax provision, if made, will be reflected in the Net Asset Value at the time that such change to the provision is effected and thus will only impact on Units which remain in the Index Funds at the time the change to the provision is effected. Units which are sold/redeemed prior to changes in the tax provision being effected will not be impacted by reason of any insufficiency of the tax provision. Likewise, such Units will not benefit from any release of excess tax provisions back to the Index Funds. Investors may be advantaged or disadvantaged depending upon how gains on A Shares will ultimately be taxed and when the investors purchased/subscribed and/or sold/redeemed the units of the Index Funds.

Investors should note that no Unitholders who have sold/redeemed their units in the Index Funds before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withheld amounts released to the Index Funds, which amounts will be reflected in the Net Asset Value.

Please refer to the section "Taxes – Mainland China" for further information about PRC taxation.

Repatriation from the PRC by CAAP Issuers Risk. There are rules and restrictions under the QFII regulations including rules on remittance of principal, investment restrictions, minimum investment holding periods, and repatriation of principal and profits. Such requirements may change from time to time. Where there are changes to these rules that restrict repatriation of funds from the PRC, it may adversely affect the ability of the Index Funds to meet redemption requests.

The CAAPs are issued outside the PRC and restrictions on or suspension of the ability of QFIIs in general to repatriate US dollars should not affect the operation of Index Fund, although restrictions on the repatriation of US dollars might result in the Participating Dealers choosing not to create or redeem Units as a result. Where the CAAP Issuer is also a QFII, the inability to repatriate US dollars may give rise to liquidity problems for that CAAP Issuer, which may impact on the Index Fund if that CAAP Issuer is unable to perform its obligations under the CAAPs it has issued and are held by the Index Fund. However, any further restrictions on or suspension of the ability of QFIIs in general to repatriate US dollars from the PRC, insofar as they affect the CAAP Issuers, may cause Units in the Index Fund to trade at a discount on the SEHK.

Further the corresponding regulations relating to repatriation may be subject to change. The application and interpretation of such regulations may not be certain and there is no certainty as to how they will be applied now or in the future.

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

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

Risk Factors Relating to the PRC

PRC Economic, Political and Social Conditions as well as Government Policies Risk. The economy of the PRC, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

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

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

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

PRC Government Control of Currency Conversion and Future Movements in Exchange Rates Risk. Although the CAAPs are denominated in US dollars, the distributions made under the CAAPs will reflect the dividends and distributions received by the QFII in RMB and are converted at the prevailing foreign exchange rate (see "Distribution Policy" above).

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

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

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. Since 1994, the conversion of RMB into Hong Kong dollars and US dollars has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. The Manager cannot predict nor give any assurance of any future stability of the RMB to Hong Kong dollar exchange rate. Fluctuations in exchange rates may adversely affect the Index Fund's Net Asset Value and any declared dividends.

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

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

Potential Market Volatility Risk. Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which A Shares are traded are undergoing development. Market volatility may result in significant fluctuation in the prices of securities traded on such markets and thereby changes in the Net Asset Value of the Index Funds.

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

Taxation in the PRC Risk. The PRC Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

MANAGEMENT OF THE TRUST

The Manager

The Manager is BlackRock Asset Management North Asia Limited. 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

Belinda Boa, CFA, Managing Director, is Head of Active Investments for Asia Pacific, where she is responsible for delivering investment excellence and investment success in the region both internally and externally. The role will encompass all areas of the Active Investment business including Fundamental Equity, Fixed Income, Scientific Active Equity and Multi-Asset. In addition, Ms Boa will oversee regionally regulated activities of investors. Ms. Boa is a member of the Asia Pacific Executive Committee. Prior to assuming her current role in 2015, Ms. Boa was head of Risk and Quantitative Analysis for APAC where she was responsible for all areas of risk across the region, including investment risk, credit and counterparty risk and corporate and operational risk. Ms. Boa has worked in quantitative finance for over 15 years in London and South Africa. Prior to moving to Asia, she was a senior risk manager, leading the Risk and Quantitative Research team in London, where she was focused on the equity business. She started her career in equity research working for RMB Asset Management. Ms. Boa is a qualified Chartered Financial Analyst and a member of the London Quant Group. Ms Boa earned her degree with honours in Finance and Statistics from the University of the Witwatersrand, South Africa in 1995.

Susan Wai-lan 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 Deustche 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.

Sam Y. Kim, Managing Director, is Head of Trading & Liquidity Strategies Group for the Asia Pacific region. He is responsible for overseeing the Trading, Securities Lending, Transition Management, and E-trading and Market Structure functions in the region. He is a member of the Asia Pacific Executive Committee. Prior to his current role, Mr. Kim managed the Scientific Active Equity trading team for the Americas in San Francisco. Before relocating to San Francisco, Mr. Kim was Head of Trading in Tokyo. Prior to joining BlackRock, Mr. Kim was a partner at Colden Capital Management in New York, which he co-founded in 2000. At Colden Capital, Mr. Kim co-managed the firm's event-driven portfolio, including merger arbitrage and special situation equity investments. Prior to Colden, Mr. Kim was a Vice President in Equity Derivatives at Deutsche Bank/Bankers Trust where he specialized in structuring and marketing over-the-counter equity derivative products. Mr. Kim earned an AB degree, Phi Beta Kappa, cum laude in philosophy from Harvard College in 1995.

Michael Timothy Marquardt, Managing Director, is the Chief Operating Officer of BlackRock's Asia-Pacific business, based in Hong Kong. Mr. Marquardt's service with the firm dates back to 2000, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI, he was the Chief Operating Officer for BGI Japan, where he had oversight responsibility for the technology, operations, finance, human resources, legal, compliance and risk functions for BGI Japan. He began his career at BGI in 2000 as a Global Risk Manager and then as a Senior Project Manager on strategic initiatives. Prior to joining BGI, he was a Private Banking Relationship Manager at American Express Bank Limited in London having client relationship and business development responsibilities for clients in Pakistan, Sri Lanka, Bangladesh and the Maldives. Mr. Marquardt earned a BS degree in economics from Clark University and an MBA from Boston University.

Ryan David Stork, is BlackRock's Chairman, 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 Executive, Global Operating Committees and Global Talent Sub-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.

Graham Douglas Turl, Managing Director, is the General Counsel, Asia-Pacific region. He is a member of BlackRock's Asia Pacific Executive Committee. 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 serves on a number of finance industry bodies in the Asia Pacific region, including the Investment Funds Association of Hong Kong, the Hong Kong Financial Services Development Council and the Asset Management Group of the Asia Securities Industry & Financial Markets Association. Mr. Turl earned a BA degree in history from the University of Nottingham and postgraduate legal qualifications from the Guildford College of Law, England.

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 or 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.

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”.

Collateral Agent

The Bank of New York Mellon acts as the collateral agent (the “Collateral Agent”) of the Index Funds. The main scope of services of the Collateral Agent includes allocation of collateral between the Collateral Provider and the Index Funds, provision of mark to market valuation of collateral and daily collateral holding valuation report to the Manager as well as providing custody services for the collateral in its capacity as a sub-custodian. The Trustee will remain responsible to provide on-going monitoring of the Collateral Agent and will comply with Chapter 4.5 (a) (iii) of the Code and shall exercise reasonable care in the selection, appointment and on-going monitoring of the Collateral Agent and be satisfied that the Collateral Agent remains suitably qualified and competent to provide the relevant service. The Manager will remain responsible to manage and monitor the quality of the collateral as well as to comply with the SFC Collateral Conditions. The services of the Collateral Agent will only be retained if and when the Manager considers its services assist with the collateral management process of the Index Funds. Where the services of the Collateral Agent is not retained, the Trustee and/or other sub-custodians appointed by the Trustee will continue to provide custody services for the collateral of the Index Funds.

The appointment of the Collateral Agent will not result in any additional fees being borne by the Index Funds.

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, the Participating Dealers, (where relevant) the Participating Dealer’s agent, 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 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 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.

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 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;
- Gross and net exposure to the CAAP Issuers updated on each dealing day;
- Identities of the CAAP Issuers and Participating Dealers;
- Composition of the collateral on a weekly basis;
- Collateral policy (as revised from time to time);
- 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 also use all reasonable efforts to publish the near real-time estimated Net Asset Value of each Index Fund throughout each Dealing Day on its website, as well as the final Net Asset Value. 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 each Index Fund. The product webpage of each Index Fund can be located by using the search function and inserting the stock code of the relevant Index Fund at 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
16/F Champion Tower
3 Garden 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 to seek any clarification regarding the Trust or any Index Fund 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, the PRC and 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 Fund

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.

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

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

Hong Kong stamp duty is ordinarily payable on the transfer of Hong Kong stock. As at the date of this Prospectus, none of the Index Funds buys or sells Hong Kong stock and it is not the Manager's intention to do so.

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: Approval has been given by the Financial Services and the Treasury Bureau on 18 November 2009 for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Index Funds. 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. For the Index Funds, as a stamp duty remission order was previously granted by the Secretary for Financial Services and the Treasury, hence no stamp duty was in effect payable for the transfer of units in the Index Funds prior to 13 February 2015. As such, the waiver of stamp duty does not affect the Index Funds in practice.

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

Mainland China

The Index Fund

Corporate Income Tax ("CIT"): To date, PRC withholding tax has been enforced on dividend and interest payments from PRC listed securities to non-PRC tax resident enterprises. Prior to the PRC's announcement of Circular 79, as a matter of practice PRC withholding tax was not strictly enforced on capital gains realised from the sale of A Shares by non-PRC tax resident enterprises ("CGT"); this was notwithstanding that such gains are technically subject to the 10% withholding tax under the CIT law. The Manager and the Trustee intend to manage and operate the Index Funds in such a manner that they should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with an establishment or place of business in the PRC for CIT purposes. As such, it is expected that the Index Funds should not be subject to CIT on an assessment basis and would only be subject to CIT on a withholding basis to the extent the Index Funds directly derive PRC sourced income.

Please refer to the section "The QFIIs" below for disclosure of the CGT treatment (and if applicable, tax provision made) for the Index Funds' underlying investments. Any retrospective enforcement and/or changes in PRC tax law may result in a substantial loss to the Index Funds, if or to the extent that such liability is not already provisioned for, or withheld upon as described below.

The Manager will keep the provisioning policy for CGT liability under review, and may, in its discretion from time to time (in consultation with the Trustee), and in respect of its investments prior to 17 November 2014, make further provision for potential tax liabilities in addition to the CGT already provisioned for or reduce the provision made, if in their opinion such adjustment in provision is warranted, particularly as and when the respective PRC taxes pursuant to Circular 79 are settled. Any further provision would have the effect of reducing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. Alternatively, any reduction in provision would have the effect of increasing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. In the event that the Index Funds are required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value per Unit may decrease substantially, without notice, by the pro rata amount of the tax exposure not provisioned.

The QFIIs

Under the general taxing provision of the CIT Law, a QFII would be considered a non-PRC tax resident enterprise that is subject to 10% PRC withholding tax on interest income, dividends and capital gains from PRC listed securities. This is on the basis that the QFII would be managed and operated such that it would not be considered a tax resident enterprise in the PRC and it would not be considered to have a permanent establishment in the PRC. A double tax agreement (if any) between the PRC and the country in which the QFII is a tax resident may further reduce the 10% withholding tax rate depending on the QFII's ability to meet the relevant conditions under the relevant tax treaty.

The Index Funds obtain economic exposure to A Shares through the Manager acquiring or disposing the CAAPs, as if these were the relevant A Shares. The CAAP Issuers may implement hedge arrangements on the CAAPs through QFIIs, which would acquire or dispose of the underlying A Share to which the CAAPs are linked. As the QFIIs are the legal owners of the A Shares under PRC law with respect to such CAAPs, any PRC taxes arising from the QFIIs' investments in such securities would be legally borne by the QFII directly. Given that any PRC tax liabilities accruing to the QFII in respect of the securities to which the CAAPs are linked arise because of the trading activities of the Index Funds, such tax liabilities may ultimately be recharged to and borne by the Index Funds and would likely have an economic effect on the value of the Index Funds.

Unrealised gains on CAAPs – With respect to its investments in CAAPs prior to 17 November 2014, the Index Funds provisioned for potential CGT at 10% on unrealised gains on CAAPs that are linked to A Shares. This provision did not take into account any possible tax treaty benefits. As a result of the temporary exemption announced in Circular 79 on 14 November 2014, the Manager made the decision to reverse this unrealised gain provision of the Index Funds, with the NAV of the Index Funds positively impacted as of that same day as a consequence of the reversal.

Realised Gains on CAAPs – Since listing of the Index Funds, certain CAAP Issuers have been allowed to withhold, and currently all CAAP Issuers are withholding, up to 10% on any gain on CAAPs realised prior to 17 November 2014, as agreed between the Manager and the CAAP Issuers. As such withholding practices for CAAPs commenced at different dates for different CAAP Issuers, there is currently an amount of realised capital gains for which tax withholding has not been made by CAAP Issuers. In light of the release of Circular 79, and based on independent advice, the Manager has provisioned for the CGT shortfall on realised gains for the period from inception of the Index Funds, up to and including 14 November 2014. To the extent that there is withholding by CAAP Issuers, such withheld amounts, representing the CGT that would, prior to Circular 79, be payable on an actual sale of the underlying A Shares linked to the CAAPs issued to the Index Funds. The amounts withheld are retained for a period of up to five years by the CAAP Issuers, pending further clarification of the tax rules and tax collection measures adopted by the PRC authorities. Accrued interest is payable on the amounts withheld and is payable to the Index Funds on a periodic basis. In the event that, at the end of the five year anniversary from the date of withholding, such CGT has not been enforced against the CAAP Issuer (or its affiliate), or the amount withheld is greater than the actual capital gains tax liability, the amount withheld (or the excess withholding) will be returned to the Index Funds; the Index Funds will nonetheless continue to remain liable for any relevant and attributable tax if so imposed against the CAAP Issuer (or its affiliate). As such, any amounts of potential CGT withheld that was subsequently returned to the Index Funds by all CAAP Issuers would continue to be provisioned by the Index Funds and would not further impact the Net Asset Value of the Index Funds until such a time as the Manager in consultation with the Trustee is satisfied that such tax provision (or any part thereof) is no longer required. Any amounts provisioned for in respect of the Index Funds' investment in CAAPs but not ultimately determined to be due would revert to the Index Funds. As a result of the announcement of Circular 79, the Manager has requested that CAAP Issuers cease to withhold any CGT realised on gains post 17 November 2014, as well as cease to return any CGT realised and retained after 5 years.

The Manager will keep the provisioning policy for CGT liability outlined above under review, and may, in its discretion from time to time (in consultation with the Trustee), and in respect of its investments prior to 17 November 2014, make further provision for potential tax liabilities in addition to the CGT already provisioned for or reduce the provision made, if in their opinion such adjustment in provision is warranted, particularly as and when the respective PRC taxes pursuant to Circular 79 are settled. The Manager is currently liaising with each of the Index Funds' CAAP Issuers in this respect and resulting adjustments, if any, to the Net Asset Value of each Index Fund will vary both directionally and in materiality depending on whether its realized gain provision is greater or less than the amount of respective CGT settled in accordance with Circular 79. Any further provision would have the effect of reducing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. Alternatively, any reduction in provision would have the effect of increasing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. In the event that an Index Fund is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value per Unit may decrease substantially, without notice, by the pro rata amount of the tax exposure not provisioned.

Investors should note that any tax provision, in respect of investments prior to 17 November 2014, may be more than or less than the Index Funds' actual tax liabilities. In the event that the Manager in consultation with the Trustee is satisfied that all or part of the tax provisions are not required, such provisions will be released back into the Index Funds. By the same token, if the Manager in consultation with the Trustee deems that further provision is warranted or is appropriate, then further provision may be made at its discretion.

Investors should note that any retrospective enforcement to the CAAPs in which the Index Funds invest may result in a further and possible substantial loss to the Index Funds, if or to the extent that such liabilities are not already provisioned for, or withheld upon as described above by the Manager and CAAP Issuers. Similarly, any amounts provisioned for in respect of the Index Funds's investment in CAAPs but not ultimately determined to be due will revert to the Index Funds. Investors should refer to the latest financial report of the Index Funds for details.

Business Tax and stamp duty: Caishui [2005] 155 states that gains derived by QFIIs from the trading of PRC marketable securities (including A-Shares and other PRC listed securities) are exempt from PRC Business Tax ("BT"). The new PRC BT law which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Prospectus. Dividend income or profit distributions on equity investment derived from the PRC are not included in the taxable scope of BT.

From 19 September 2008 onwards, only the seller is taxable to stamp duty at the rate of 0.1% on the sale of PRC listed shares and the buyer is not liable to any stamp duty.

The Unitholders

Individual Income Tax ("IIT"): Non-PRC national individual Unitholders should not be subject to IIT as a result of their investment in the Trust. There should be no PRC withholding taxes applicable to investment distributions from or gains realised on disposal of units in the Trust as such distributions and gains should not be considered to be PRC-sourced (because it is expected that the Trust will not be a tax resident enterprise of the PRC).

Individual Unitholders who are domiciled in the PRC or non-PRC national individual Unitholders who have resided in the PRC for five consecutive full years will be subject to IIT on investment distributions derived from the Trust on a receipts basis.

CIT: Corporate Unitholders who are considered to be non-tax resident enterprises without an establishment or place of business in the PRC should not be subject to CIT as a result of their investment in the Trust. There should also be no PRC withholding taxes applicable to investment distributions from the Trust to such Unitholders as such distributions would not be considered to be PRC-sourced (because it is expected that the Trust will not be a tax resident enterprise of the PRC).

Corporate Unitholders who are considered to be: (i) tax resident enterprises of the PRC; or (ii) non-PRC tax resident enterprises who have an establishment or place of business in the PRC (and where such establishment holds the Units in the Trust as part of its business) would likely be subject to CIT on investment distributions derived from the Trust on an accrual basis.

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 2019 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 ("NPFFIs"), 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 2019. Payments of foreign source FDAP income may ultimately be subject to withholding; however, this would be no earlier than 1 January 2019 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 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 will to register as "Sponsored FFIs" within the time prescribed by FATCA. The Manager has been registered as a Sponsoring FFI for the Trust and the Index Funds and has obtained its global intermediary identification number.
Impact to the Index Fund 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.

"A Shares" means shares denominated in RMB, issued by companies incorporated in the PRC and listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange in the PRC.

"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.

"CAAP" means a US dollar denominated China A Share Access Product being a derivative instrument (such as a warrant, note or participation certificate) linked to (a) an A Share that is linked or not linked to the Underlying Index; or (b) the Underlying Index with the characteristics described in this Prospectus.

"CAAP Commission" means the commission payable by an Index Fund as commission for purchasing or unwinding a CAAP.

"CAAP Issuer" means a substantial financial institution which has agreed to issue and repurchase CAAPs to and from the Index Funds.

"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).

"Collateral Agent" means The Bank of New York Mellon.

"Collateral Provider" means the CAAP Issuer or its affiliate that may provide collateral to an Index Fund in circumstances as described under the subsection "Full Collateralization of Counterparty Exposures" under the section "Risk Management Model".

"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.

"CSI" means China Securities Index Co., Ltd, a company established by the Shenzhen and Shanghai stock exchanges to provide services relating to securities indices.

"CSI Indices" means (i) CSI 300 Energy Index; (ii) CSI 300 Materials Index; (iii) CSI 300 Financials Index; (iv) CSI 300 Infrastructure Index; (v) CSI 300 Consumer Discretionary Index; and (vi) CSI 300 Consumer Staples Index.

"CSI Sector Indices" means (i) CSI 300 Energy Index; (ii) CSI 300 Materials Index; (iii) CSI 300 Industrials Index; (iv) CSI 300 Consumer Discretionary Index; (v) CSI 300 Consumer Staples Index; (vi) CSI 300 Health Care Index; (vii) CSI 300 Financials Index; (viii) CSI 300 Information Technology Index; (ix) CSI 300 Telecommunication Services Index; and (x) CSI 300 Utilities Index.

"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 Operating Guidelines.

"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 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 and where the context requires, only the Index Fund to which this Prospectus relates. The Index Funds to which this Prospectus relates 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.

“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 of the People’s Republic of China and the Macau Special Administrative Region of the People’s Republic of China.

“QFII” means a qualified foreign institutional investor approved pursuant to the relevant PRC regulations as amended from time to time.

“QFII Quota” means the foreign exchange quota(s) granted by the SAFE to a QFII to remit foreign freely convertible currencies into the PRC and convert into RMB for the purpose of investing in the PRC’s securities market.

“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 Proceeds” means, in respect of an Index Fund, the proceeds payable to a Participating Dealer submitting a cash Redemption Application for Units, being the Redemption Value for such Units less the Transaction Fee and Duties and Charges (including such costs associated with the early redemption or repurchase of the underlying CAAPs).

“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.

“RMB” or “Renminbi” means Renminbi Yuan, the lawful currency for the time being and from time to time of the PRC.

“SAFE” means the State Administration of Foreign Exchange of the PRC or its successors.

“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.

“SFC Collateral Conditions” means the conditions or requirements on collateral stipulated by the SFC from time to time. This includes, as at the date of this Prospectus, the requirement for collateral to represent at least 100% of an Index Fund’s gross total counterparty risk exposure. In addition, the requirement to adopt a prudent haircut policy with due care and skill for non-equity collateral as well as the requirement for the market value of all equity collateral to represent at least 120% of the related gross counterparty risk exposure and the collateral requirements under Chapter 8.8 (e) of the Code. Lastly, the Manager as a fiduciary is also required to dynamically manage the collateral with due care and skill, and in the interest of the Unitholders, having due regard to the market circumstances 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 (both 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 (directly or indirectly) in A Shares trading on more than one Market, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager and the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

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) Collateral held by an Index Fund must represent at least 100% of the Index Fund's gross total counterparty risk exposure and be maintained, marked to market on a daily basis with a view to ensuring that there is no uncollateralized counterparty risk exposure. Where collateral is taken in the nature of equity securities, such collateral shall be subject to an additional requirement such that the market value of such equity collateral represents at least 120% of the related gross counterparty risk exposure. Where collateral is taken in the form of non-equity securities, the Manager, as a fiduciary and with due care and skill, shall adopt a prudent haircut policy taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held. Further, such collateral shall comply with the requirements of Chapter 8.8(e) of the Code as well as such other guidance of the SFC from time to time. The Manager as a fiduciary shall dynamically manage the collateral with due care and skill, and in the interest of the Unitholders, having due regard to the market circumstances from time to time.

(b) An Index Fund may (directly or indirectly) overweight holdings of Securities relative to the respective weightings in the Underlying Index (taking into account any representative sampling investment strategy) on condition that the maximum extra weighting in any Security will not exceed 2%. The Manager shall report to the SFC on a timely basis if there is any non compliance with this limit by an Index Fund. The annual and semi-annual reports of the Index Funds shall also disclose whether or not such limit has been complied with during such period.

(c) By adopting a representative sampling investment strategy the Manager may invest (directly or indirectly) 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.

(d) 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.

For the purposes of stamp duty relief, the Index Funds will not invest in any Hong Kong stock.

In this respect, "Hong Kong stock" should have the same meaning as that under Section 2 of the Stamp Duty Ordinance (Cap.117).

Stock Lending

Except for the purpose of provision of collateral where securities and lending arrangement may be used (please refer to the subsection "Full Collateralization of Counterparty Exposures" under the section "Risk Management Model" for further information in this regard), the Manager will not enter into any repurchase agreements or stock lending transactions or such similar OTC transactions on behalf of any Index Fund.

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; or

- for any other proper purpose as may be agreed by the Manager and the Trustee.

SCHEDULE 2

Information about CAAPs

CAAP Issuer

The role of the CAAP Issuer is to issue the CAAPs to be held by the Index Fund. The CAAP Issuer must be (a) an institution with a minimum paid up capital of the equivalent of HK$150,000,000; (b) a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) at the time of appointment as a CAAP Issuer to the Index Fund and in any event remains rated investment grade (i.e. BBB- or higher by Standard & Poors and equivalent by Moody's and Fitch); (c) independent of the Manager; and (d) a member company of a group including a bank prudentially supervised in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the CAAP Issuer's obligations to the Index Fund is guaranteed by a guarantor (the "Guarantor"), then the Guarantor (but not the CAAP Issuer) must fulfill these requirements.

The CAAP Issuer will inform the Manager as soon as possible if, for whatever reason, it fails to fulfill any of the above conditions. In addition, the Manager shall monitor a CAAP Issuer's ongoing compliance with the above credit rating requirement of being rated at investment grade (i.e. BBB- or higher by Standard & Poors and equivalent by Moody's and Fitch) and should the CAAP Issuer cease to comply the Manager shall immediately notify the SFC.

The Manager will notify Unitholders and the SFC if the Manager considers that any downgrade has a material impact on the Index Fund and/or that there is a need to adopt any of the contingency measures as a result of the downgrade as set out in this Schedule 2 of the Prospectus.

Contingency Measures

The Manager may, acting in the best interests of Unitholders, adopt such measures as outlined below to minimize counterparty risks to an Index Fund.

The list of measures below does not purport to be exhaustive and may change depending on market conditions and the availability of other measures to the Manager in the circumstances to minimize credit risks with less negative impact to the Index Fund. Further there are certain circumstances that the Manager may not take any of the actions outlined below or take a combination of these actions depending on the magnitude of the credit risk or the lack thereof reflected by the credit downgrade. However, in all circumstances, the Manager will take into account the best interest of investors in deciding the most appropriate action to take. However, there can be no assurance that any action by the Manager will avert any negative impact or loss to the Index Fund.

1. **Suspend creation from the CAAP Issuers at risk.** Where deemed appropriate, the Manager may suspend creation from Participating Dealers affiliated with the CAAP Issuers at risk until such time as it considers appropriate to allow exposure to such CAAP Issuers to increase.

2. **Request the provision of additional collateral.** The Manager may request the provision of collateral in addition to what is required by the SFC Collateral Conditions to minimize credit risks.

3. **Request redemption by the Participating Dealer affiliated with the CAAP Issuer at risk.** The Manager may request the Participating Dealer affiliated with the CAAP Issuer at risk to redeem from the Index Fund. By redeeming from the Index Fund, the Manager would liquidate the affected CAAPs to meet the redemption request. This would reduce the exposure to the affected CAAP issuers and increase exposure to the other unaffected CAAP Issuers.

4. **Liquidation of some or all affected CAAPs.** Depending on the severity of the credit concern, the Manager may liquidate some or all of the CAAPs issued by the affected CAAP Issuers in an orderly fashion or where deemed appropriate, immediately, depending on the circumstances. In these circumstances, the Manager would seek to minimize market impact, taking into account the scale of affected CAAPs and market conditions. The Manager may elect not to reduce the exposure to zero, depending on the magnitude of the credit risk and relative credit quality of the other CAAP Issuers.

5. **Suspend Dealing.** In the event of significant credit events, the Manager could decide to suspend dealing in both primary and secondary market in order to determine appropriate action to take including steps to determine fair value.

6. **Unwinding of the Index Fund.** In the event of imminent and serious concerns of multiple issuer downgrades or defaults and extreme market conditions, and that the Manager is unable to implement its investment strategy, the Manager may, in consultation with the SFC and the HKEX, take steps to unwind the Index Fund. This action would only be taken in extreme circumstances and only if it is considered to be in the best interests of the Unitholders.

An Index Fund may incur additional fees, charges and expenses as a result of any measures the Manager may take to minimize credit risks to the Index Fund. Such fees, charges and expenses, to the extent that they are borne by the Index Fund, may diminish the Index Fund's ability to track the relevant Underlying Index closely. Further, some of these measures entail the liquidation of CAAPs or collateral and this may result in the Index Fund holding a large amount of cash and thereby contributing to an increased tracking error. Lastly, there can be no assurance that any of these measures are effective in managing the credit risks or are efficient in the circumstances.

A list of CAAP Issuers together with the relative exposure to each CAAP Issuer and any collateral is available at www.blackrock.com/hk. Please refer to the section "Information Available on the Internet" for details on where this information can be found. As at 3 November 2016, the CAAP Issuers and their guarantors (where relevant) of each Index Fund are:-

iShares CSI A-Share Energy Index ETF* (* This is a synthetic ETF)

CAAP Issuer	Place of incorporation of CAAP Issuer or Guarantor (where relevant)	Standard & Poors' credit rating of CAAP Issuer or Guarantor (where relevant) as at 3 November 2016
HSBC Bank Plc	United Kingdom	AA-

iShares CSI A-Share Materials Index ETF* (* This is a synthetic ETF)

CAAP Issuer	Place of incorporation of CAAP Issuer or Guarantor (where relevant)	Standard & Poors' credit rating of CAAP Issuer or Guarantor (where relevant) as at 3 November 2016
Citigroup Global Markets Holdings Inc.	United States of America	BBB+
Credit Suisse AG, Nassau Branch	Switzerland	A
HSBC Bank Plc	United Kingdom	AA-

iShares CSI A-Share Financials Index ETF* (* This is a synthetic ETF)

CAAP Issuer	Place of incorporation of CAAP Issuer or Guarantor (where relevant)	Standard & Poors' credit rating of CAAP Issuer or Guarantor (where relevant) as at 3 November 2016
Citigroup Global Markets Holdings Inc.	United States of America	BBB+
Credit Suisse AG, Nassau Branch	Switzerland	A

iShares CSI A-Share Infrastructure Index ETF * (* This is a synthetic ETF)

CAAP Issuer	Place of incorporation of CAAP Issuer or Guarantor (where relevant)	Standard & Poors' credit rating of CAAP Issuer or Guarantor (where relevant) as at 3 November 2016
HSBC Bank Plc	United Kingdom	AA-
Credit Suisse AG, Nassau Branch	Switzerland	A

iShares CSI A-Share Consumer Discretionary Index ETF* (* This is a synthetic ETF)

CAAP Issuer	Place of incorporation of CAAP Issuer or Guarantor (where relevant)	Standard & Poors' credit rating of CAAP Issuer or Guarantor (where relevant) as at 3 November 2016
HSBC Bank Plc	United Kingdom	AA-

iShares CSI A-Share Consumer Staples Index ETF* (* This is a synthetic ETF)

CAAP Issuer	Place of incorporation of CAAP Issuer or Guarantor (where relevant)	Standard & Poors' credit rating of CAAP Issuer or Guarantor (where relevant) as at 3 November 2016
HSBC Bank Plc	United Kingdom	AA-
Credit Suisse AG, Nassau Branch	Switzerland	A

No Uncollateralized Counterparty Exposure to CAAP Issuers

The Manager seeks to fully collateralize an Index Fund's gross exposure to all CAAP Issuers with a view to ensuring that there is no uncollateralized counterparty risk exposure. Where full collateralization is not achievable, the Manager may from time to time, in consultation with the Trustee, seek to implement measures to reduce the exposure to a CAAP Issuer as the Manager considers appropriate.

Investors should note that such measures may involve risks of their own. This includes risks of not being able to invest the proceeds from the unwinding of the CAAPs in other CAAPs and thereby causing a tracking error in the Index Fund. Notwithstanding any measures taken, the Index Fund will continue to be subject to counterparty risk in certain instances where the value of the collateral is less than the value of the CAAPs provided by a CAAP Issuer for reasons beyond the control of the Manager. This includes market volatility or operational issues. The Index Fund may incur additional fees, charges and expenses as a result of the employment of such measures.

CAAP Programmes

CAAPs are issued under security issuance programmes established by each of the CAAP Issuers. These programmes are established, and periodically updated and/or supplemented, independently of, and without the involvement of, the Manager or the Index Funds. The CAAP Issuers are able to offer CAAPs (and where relevant other products) under these issuance programmes to investors generally and are not limited to offering them exclusively to the Index Funds.

Each issuance of CAAPs issued from a programme by a CAAP Issuer will be subject to a set of master terms and conditions that are set out in the programme and which are the same for all CAAP issuances issued under the same version of the programme regardless of the A Share, basket of A Shares or Index referenced in each CAAP and regardless of whether the CAAPs are purchased by the Index Funds or another investor.

Issuance

So long as the CAAP Issuers honour their obligations under the CAAPs held by the Index Fund, the commercial terms of the CAAPs should deliver substantially the same economic performance to the Index Fund as holding the relevant underlying A Share or Index, before deduction of costs, taxes and expenses charged by the relevant CAAP Issuer. Actual performance may vary, in practice, because the valuation of each CAAP will be determined by a calculation agent appointed by the CAAP Issuer. There can be no guarantee that one calculation agent, valuing a CAAP issued by a particular CAAP Issuer, will arrive at the same valuation as another calculation agent valuing a CAAP issued by a different CAAP Issuer notwithstanding that both CAAPs are referenced against the same underlying A Share.

Although some of the CAAPs are listed on a Recognised Stock Exchange, investors should note that there may be no liquid trading market for the CAAPs.

The CAAPs are cleared and settled through Euroclear and Clearstream and payable in US dollars.

Each CAAP Issuer or any of its Connected Person(s) may, but is not obliged, to hedge its exposure arising from CAAPs it has issued. Where a CAAP is hedged the Index Fund has no control, proprietary or security interest over any assets underlying such hedge and the cost of unwinding the hedge is charged to the Index Fund or in the case of redemption, to the redeeming Participating Dealer. Where there is market volatility and depending on market conditions, the cost of unwinding may be substantial and therefore causing a loss to investors.

Duration

The duration of each of the CAAPs is agreed with the CAAP Issuer. The issuers of the CAAPs have agreed to use their best efforts to extend the duration of the CAAPs for an additional term.

Notwithstanding the above, the obligations of a CAAP Issuer to sell CAAPs or to extend the duration of the CAAPs or to issue further CAAPs from time to time are subject to certain qualifications, including (i) normal market conditions; (ii) limits imposed on QFIIs in relation to the holding of A Shares; (iii) any limit imposed by the Manager on the issue of CAAPs by the CAAP Issuer; (iv) any material changes to PRC laws and regulations relating to investment in PRC securities such that the CAAP Issuer is unable or unwilling to offer or issue further CAAPs; (v) it ceases to be economically viable for the relevant CAAP Issuer to issue CAAPs or to offer CAAPs; or (vi) the relevant CAAP Issuer will incur materially increased costs in order to perform its obligations.

If as a consequence the Manager is unable to implement its investment strategy or implement any other feasible strategy, the Manager may terminate the Index Fund.

Valuation

The CAAPs will usually be valued by a Connected Person of the relevant CAAP Issuer or the CAAP Issuer itself. The calculation agent is appointed under the terms governing the CAAPs. Under the terms of each CAAP, the calculation agent determines the cash settlement amount of the CAAP. The calculation agent will determine the value of the CAAP in US dollars (no later than 5:00 p.m.) at the end of each Business Day provided normal market conditions exist.

Indicative prices for the CAAPs are quoted continuously by the calculation agent during the PRC market hours on a designated Bloomberg page provided normal market conditions exist. These prices allow a holder of a CAAP to determine an indicative price in US dollars of that CAAP and the Index Fund to publish a near real-time estimated Net Asset Value throughout each Dealing Day.

The issue and settlement price of each CAAP is calculated by reference to the RMB price of the relevant underlying A Share or basket of A Shares (converted to US dollars) plus fees. The value of each CAAP represents the US dollar equivalent of the official closing price of the relevant A Shares or Index, adjusted for taxes, transactions costs, expenses and the CAAP Commission. A US dollar amount equal to any cash dividend paid on the underlying shares will be paid to the Index Fund as the holder of the relevant CAAPs. In the event of a stock dividend on the underlying A Shares, either additional CAAPs will be distributed to the Index Fund for zero consideration or a cash value will be paid. In the event of a rights issue on the underlying A Shares, the Index Fund may be required to pay the equivalent of the subscription price and will receive additional CAAPs or in certain circumstances a cash payment.

The Index Fund is generally required to bear all taxes and expenses including depositary charges, transaction or exercise charges which may be or would be (i) incurred in connection with the exercise, repurchase or redemption of the CAAPs and/or any payment and/or delivery in respect thereof, (ii) incurred by the CAAP Issuer or its affiliate had such entity established, unwound or varied any underlying related hedging arrangements in respect of the CAAP; (iii) withheld by the PRC (or any political subdivision of taxing authority thereof or therein); or (iv) payable in the PRC by or on behalf of a foreign investor or its agent. Any such amounts are ordinarily built into the price of the CAAPs.

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

Settlement
CAAPs provide for automatic settlement upon expiry or redemption and certain CAAPs provide for their settlement at any time before their expiry or redemption date. Settlement may presently only be made in cash although certain CAAPs provide for the possibility of physical settlement (in addition to cash settlement) in the event that the PRC restrictions on foreigners owning A Shares are changed to permit this. The amount payable by the CAAP Issuer at settlement is usually determined on the valuation date or in certain circumstances during the valuation period. In relation to certain CAAPs, a notional exercise price per CAAP is payable by the holder when exercised.

In addition to redemption described above, each Participating Dealer and/or CAAP Issuer has agreed, under normal market conditions to repurchase CAAPs at the request of the Manager from time to time.

Prospective investors' attention is drawn to "Specific Risk Factors Relating to the Index Fund" on pages 63 to 70.

Early Redemption or Repurchase
There is no active secondary market for CAAPs. In circumstances where CAAPs are redeemed or repurchased prior to their maturity, (for example, in order to effect a cash Redemption Application), the Redemption Proceeds or return of the CAAPs may potentially be significantly less than the Redemption Value or the value of the underlying A Shares represented by the CAAPs due to the prevailing market conditions. Prospective investors' attention is drawn to "Early CAAP Redemption or Repurchase Risk" on page 66.

SCHEDULE 3

Index Provider Disclaimer

The CSI Indices are compiled and calculated by China Securities Index Co. Ltd ("CSI"). CSI will apply all necessary means to ensure the accuracy of the CSI300 Indices. However, neither CSI nor the Shanghai Stock Exchange nor the Shenzhen Stock Exchange shall be liable (whether in negligence or otherwise) to any person for any error in the CSI Indices and neither CSI nor the Shanghai Stock Exchange nor the Shenzhen Stock Exchange shall be under any obligation to advise any person of any error therein. All copyright in the index values and constituent list vests in CSI.

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