

BlackRock Asset Management North Asia Limited

27 November 2019

This is a passive 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:	2823 HKD counter	82823 RMB counter
Trading lot size:	100 units	
Manager/QFII license holder:	BlackRock Asset Management North Asia Limited 貝萊德資產管理北亞有限公司	
RQFII license holders:	BlackRock Asset Management North Asia Limited & BlackRock (Singapore) Limited	
Trustee:	HSBC Institutional Trust Services (Asia) Limited	
Custodian:	The Hongkong and Shanghai Banking Corporation Limited	
QFII Custodian:	Citibank (China) Co., Limited	
RQFII Custodian:	HSBC Bank (China) Company Limited	
Ongoing charges over a year [#] :	0.99%	Underlying Index: FTSE China A50 Index
Tracking difference of the last calendar year ^{##} :	-0.74%	Base currency: RMB
Financial year end of this fund:	31 December	
Distribution policy:	Annually, at Manager's discretion (December each year). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. All units will receive distributions in the base currency (RMB) only. Please refer to the risk factor "Distributions payable out of capital or effectively out of capital risk" on page 5 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 and is a sub-fund of the iShares Asia Trust. The units of iShares FTSE A50 China Index ETF (the "A50 China ETF") are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). These units are traded on SEHK like listed stocks. The A50 China ETF is a passively managed index tracking exchange traded fund falling under Chapter 8.6 and Appendix I of the Code on Unit Trusts and Mutual Funds.

[#] The ongoing charges figure is based on expenses for the year ended 31 December 2018 (calculated in HKD). This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the A50 China ETF expressed as a percentage of the average Net Asset Value.

^{##} This is the actual tracking difference of the calendar year ended 31 December 2018 (calculated in RMB). Investors should refer to the website of the A50 China ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy

Objective

The A50 China ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE China A50 Index (the “**Underlying Index**”).

Investment Strategy

The A50 China ETF uses a representative sampling investment strategy to achieve its investment objective. The A50 China ETF invests primarily in A Shares included in the Underlying Index, via (i) the QFII Quota granted to the Manager for use by the A50 China ETF; (ii) the RQFII Quota granted to the Manager and allocated by the Manager for use by the A50 China ETF; (iii) the RQFII Quota granted to BSL and allocated by BSL for use by the A50 China ETF from time to time and (iv) the “Stock Connect”, a securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong. The A50 China ETF may also invest in Physical A Share ETFs (for cash management and contingency purposes only).

The A50 China ETF invests in a representative portfolio of securities that may consist of A Shares that are constituents of the Underlying Index and/or A Shares that are not constituents of the Underlying Index but that assist the A50 China ETF to achieve its investment objective.

The A50 China ETF may invest in one or more Physical A Share ETFs for cash management and contingency purposes only and if it considers that investing in them is in the best interests of the unitholders taking into account various factors including but not limited to returns to investors, fees, and market conditions. The A50 China ETF may invest up to 10% of its Net Asset Value (“**NAV**”) in one or more underlying Physical A Share ETFs which are non-eligible schemes or not authorised by the SFC and up to 30% of its NAV in each Physical A Share ETF which are eligible schemes or authorised by the SFC, including those which are managed by the Manager or its Connected Persons or other third parties. The Manager intends to treat such underlying ETFs as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code. The A50 China ETF will seek to invest in A Shares and Physical A Shares ETFs so that such investments in aggregate comprise 90% or more of the NAV of the A50 China ETF.

The A50 China ETF may also invest in other investments including (i) China A-Share access products (“**CAAPs**”) for cash management and contingency purposes and (ii) futures contracts, index futures contracts*, options on futures contracts and options related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents for both hedging and non-hedging purposes, which the Manager believes will help the A50 China ETF achieve its investment objective. The A50 China ETF’s investment in financial derivative instruments for non-hedging purposes will not exceed 10% of its NAV.

* *Investments in index futures contracts in the PRC (including CSI 300 index futures) will be for hedging purposes only.*

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

The A50 China ETF currently does not intend to engage in any securities financing transactions or other similar over-the-counter transactions. Prior approval from the SFC will be sought in the event the Manager intends to engage in such transactions and at least one month’s prior notice will be given to Unitholders. The investment strategy of the A50 China ETF is subject to the investment and borrowing restrictions set out in Schedule 1 of the Prospectus.

Underlying Index

The Underlying Index is a net total return which means that the dividends of the Securities of the Underlying Index net of withholding tax are reinvested. It is a free float-adjusted market capitalisation-weighted index. It was launched on 13 December 2003 and is denominated in Renminbi (RMB). The base date of the Underlying Index is 21 July 2003. The Underlying Index compiled and published by FTSE International Limited and comprises the top 50 A Share companies by market capitalisation.

As at 20 November 2019, the Underlying Index had a total market capitalisation of RMB5,712.81 billion and was comprised of 50 constituent companies.

The Manager and its connected persons are independent of the index provider of the Underlying Index.

For details (including the last closing index level, constituents of the Index and their respective weightings, and other important news), please refer to the Underlying Index website at www.ftserussell.com.

Use of derivatives / investment in derivatives

The A50 China ETF's net derivative exposure may be up to 50% of the A50 China ETF's NAV.

What are the key risks?

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

1. General investment risk

The A50 China ETF's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the A50 China ETF may suffer losses. There is no guarantee of the repayment of principal.

2. Equity market risk

The A50 China ETF's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

3. China market risk

Generally, investments in or linked to emerging markets, such as the market for A Shares, may involve increased risks such as liquidity risks, currency risks/control, political and economic uncertainties, legal, regulatory and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. The A Share market may be more volatile and unstable (e.g. due to suspension of particular stocks or government intervention) than those in the more developed markets. All these may have a negative impact on the A50 China ETF.

What are the key risks? (Cont'd)**4. PRC tax risks**

- The A50 China ETF currently does not provision for withholding income tax on capital gains ("CGT") arising from its investments in the PRC.
- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realized via the A50 China ETF's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the A50 China ETF may adversely affect the A50 China ETF's value. The Manager will keep its provisioning policy for CGT liability under review, and may, in its discretion from time to time (in consultation with the Trustee), make provision for potential tax liabilities, if in their opinion such provision is warranted. Any provision would have the effect of reducing the Net Asset Value per Unit by the pro rata amount of estimated tax liability.

5. QFII and RQFII regime risks

- When utilising the QFII Quota and/or the RQFII Quota, the A50 China ETF is subject to restrictions and requirements applicable to QFII and/or RQFII investment, as well as the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The capacity of the A50 China ETF to make investments in A Shares depends on several factors including the QFII and/or RQFII Quota allocated for use by the A50 China ETF. The A50 China ETF may be unable to utilise the QFII Quota and/or the RQFII Quota including if the approval of the QFII and/or RQFII is revoked/terminated or otherwise invalidated as the A50 China ETF may be prohibited from trading of relevant securities and repatriation of the A50 China ETF's monies, or if any of the key operators (including the QFII Custodian, RQFII Custodian and PRC broker) is bankrupt or in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

6. Risks associated with the Stock Connect

The A50 China ETF may invest via the Stock Connect. The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the A50 China ETF's ability to invest in A Shares or access the PRC market through the programme will be adversely affected.

7. Foreign Exchange risk and RMB currency and conversion risks

- The Base Currency of the A50 China ETF (i.e. RMB) may be different than the trading counters available for Units of the A50 China ETF meaning investors trading in the secondary market may be subject to additional costs or losses associated with foreign currency fluctuations when trading in Units of the A50 China ETF.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange. Any depreciation of RMB could adversely affect the value of the investor's investment in the A50 China ETF.

8. Passive investment risk

The A50 China ETF is not actively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the A50 China ETF. Therefore when there is a decline in the Underlying Index, the A50 China ETF will also decrease in value. Investors may suffer significant losses accordingly.

What are the key risks? (Cont'd)**9. Tracking error risks**

The A50 China ETF may be subject to tracking error risk, which is the risk that its performance may not track that of the Underlying Index exactly. This tracking error may result from factors such as the investment strategy used, fees, costs and expenses, liquidity of the index constituents, as well as changes to the Underlying Index. The Manager will monitor and seek to manage such risk in minimizing the tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

10. Dual Counter risk

If there is a suspension of the inter-counter transfer of units between the HKD and RMB counters and/or any limitation on the level of services by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter only, which may inhibit or delay an investor dealing. The market price of units traded in either counter may deviate significantly. As such, investors may pay more or receive less when buying or selling units traded in one counter on the SEHK than in respect of units traded in the other counter.

11. Distributions payable out of capital or effectively out of capital risk

Payment of distributions 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 distributions out of or effectively out of the A50 China ETF's capital may result in an immediate reduction of the NAV per Unit of the A50 China ETF.

12. Other currencies distribution risk

All units will receive dividend distributions in the base currency (RMB) only. In the event that a Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from RMB to HKD or any other currency. The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions.

13. Trading risks

- Generally, retail investors can only buy or sell units on the SEHK, and the units may trade at a substantial premium/discount to the A50 China ETF's NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units on the SEHK, investors may pay more than the NAV per unit when buying unit on the SEHK, and may receive less than the NAV per unit when selling units on the SEHK.

14. Trading difference risk

- As the stock exchanges in the PRC market may be open when units in the A50 China ETF are not priced, the value of the securities in the A50 China ETF's portfolio may change on days when investors will not be able to purchase or sell units.
- Differences in trading hours between the stock exchanges in the PRC market and the SEHK may also increase the level of premium or discount of the unit price to its NAV.
- A Shares are subject to trading bands which restrict increase and decrease in the trading price. Units listed on the SEHK are not. This difference may also increase the level of premium or discount of the unit price to its NAV.

15. Termination risk

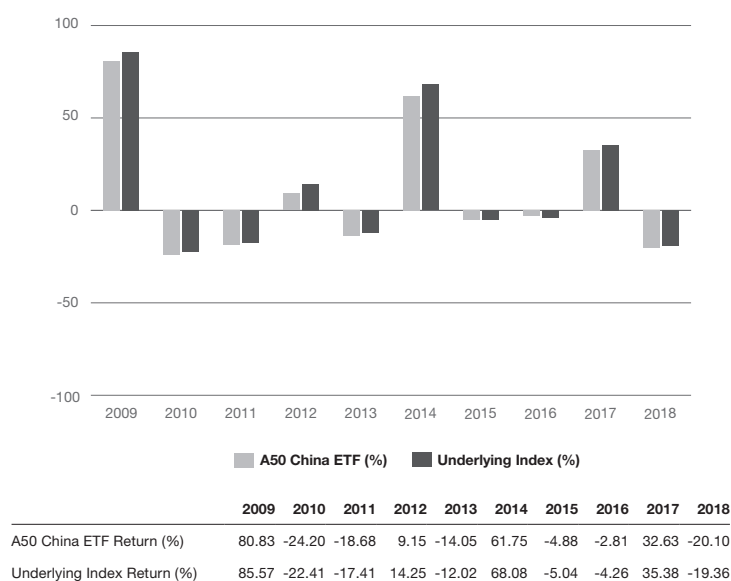
The A50 China ETF may be terminated early under certain circumstances, for example, where the Underlying Index is no longer available for benchmarking or if the size of the A50 China ETF falls below a pre-determined NAV threshold as set out in the Trust Deed and the Prospectus. Investors may not be able to recover their investments and suffer a loss when the A50 China ETF is terminated.

What are the key risks? (Cont'd)

16. Reliance on Market Maker risks

Although the Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the units traded in each counter and that at least one Market Maker to each counter gives not less than 3 months' notice prior to terminating market making arrangements, the liquidity in the market for the units may be adversely affected if there is no or only one Market Maker for the units on any counter. There is also no guarantee that any market making activity will be effective. There may be less interest by potential Market Makers making a market in units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for the units.

How has the fund performed?



Note: The base currency changed from HKD to RMB on 1 January 2018. The above information is reflected in RMB. Investors should be aware of the display reference currency when using information from other sources. Please refer to www.blackrock.com/hk for the latest performance information for the A50 China ETF displayed in the base currency (i.e. RMB).

- 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 A50 China ETF increased or decreased in value during the calendar year shown. Performance is calculated in RMB, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Underlying Index: FTSE China A50 Index.
- Launch date of A50 China ETF: 15 November 2004.

Is there any guarantee?

The A50 China 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 A50 China ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% ¹
Trading fee	0.005% ²
Stamp duty	Nil
Inter-counter transfer fee	HK\$5 per instruction

Ongoing fees payable by the A50 China ETF

The following expenses will be paid out of the A50 China ETF. They affect you because they reduce the NAV of the A50 China 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
Trustee fee	Included in the management fee
Custodian fee	Included in the management fee
QFII Custodian fee	Included in the management fee
RQFII 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 applicable to investing in the A50 China ETF. You may have to pay other fees when dealing in the units of the A50 China 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 A50 China ETF at www.blackrock.com/hk.

- The A50 China ETF's Prospectus and this statement (as revised from time to time)
- Latest annual audited financial reports and interim half yearly unaudited financial reports;
- Last NAV (in the Base Currency only i.e. RMB) and the last NAV per unit (in each of the trading currencies, i.e. HKD and RMB);
- Near real time indicative NAV per Unit throughout each dealing day (in each of the trading currencies, i.e. HKD and RMB);
- The A50 China ETF's holdings (updated on a daily basis);
- The past performance of the A50 China ETF;
- Public notices and announcements made by the A50 China ETF;
- Latest list of participating dealers and Market Makers;
- The tracking difference and tracking error of the A50 China ETF; and
- Composition of any distributions paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

Please note that the near real time indicative NAV per unit (in each of the trading currencies i.e. HKD and RMB) and the last NAV per unit in HKD are for reference only. The near real time indicative NAV per unit in HKD uses a real time exchange rate between the base currency (i.e. RMB) and the HKD trading currency. It is calculated using the indicative NAV per unit in RMB multiplied by the real time exchange rate provided by ICE Data Services for HKD. The last NAV per unit in HKD is calculated using the last NAV per unit in the base currency (i.e. RMB) multiplied by the WM Reuters 4:00p.m (London time)* rate for HKD respectively for that dealing day.

All of the information outlined above can be found on the product webpage of the A50 China ETF. The product webpage of the A50 China ETF can be located by using the search function and inserting the stock code of the A50 China ETF (i.e. 2823 or 82823) 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.

* Please note 4:00p.m (London time) (i) during British Summer Time is equivalent to 11:00p.m Hong Kong Time and (ii) otherwise is equivalent to 12:00a.m. Hong Kong Time.