Product Key Facts
iShares China Government Bond ETF

BlackRock Asset Management North Asia Limited **28 April 2023**

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:	09829 USD counter 02829 HKD counter 82829 RMB counter
Trading lot size:	10 units (for USD, HKD and RMB counters)
Manager:	BlackRock Asset Management North Asia Limited
Sub-Managers:	BlackRock (Singapore) Limited (internal delegation, Singapore) BlackRock Investment Management (UK) Limited (internal delegation, United Kingdom) BlackRock Japan Co., Ltd. (internal delegation, Japan)
Trustee, Registrar and Custodian:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year#:	0.18%
Tracking difference of the last calendar year##:	-0.05%
Underlying Index:	FTSE Chinese Government Bond Index
Base currency:	Renminbi (RMB)
Trading currency:	USD, HKD, RMB
Financial year end of this fund:	31 December
Distribution policy:	Semi-annually, at the Manager's discretion (usually in May/June and November/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. **All units will receive distributions in the Base Currency (RMB) only**. Please refer to "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)

The ongoing charges figure for the CGB ETF (as defined below) is based on expenses for year ended 31 December 2022. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the CGB ETF expressed as a percentage of the average net asset value ("NAV").

This is the actual tracking difference of the calendar year ended 31 December 2022. Investors should refer to the website of the CGB ETF for more up-to-date information on actual tracking difference.

What is this product?

This is a fund constituted in the form of a unit trust established under Hong Kong law and is a sub-fund of the iShares Asia Trust. The units of the iShares China Government Bond ETF (the "**CGB ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks. The CGB ETF is a passively managed index tracking ETF falling under Chapter 8.6 of the Code on Unit Trust and Mutual Funds.

Objective and Investment Strategy

Objective

The CGB ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Chinese Government Bond Index (the "**Underlying Index**").

Investment Strategy

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

The CGB ETF will invest primarily in China government bonds ("**CGBs**") issued by the Ministry of Finance of the PRC (the "**MOF**"), denominated and settled in RMB and issued and distributed within mainland China, which are included as constituents of the Underlying Index. The CGB ETF may from time to time hold CGBs that are not included in the Underlying Index, as well as other onshore and offshore RMB-denominated bonds and other securities, when the Manager believes that it will help the CGB ETF achieve its investment objective. Up to 100% of the NAV will be invested in CGBs. As the Underlying Index comprises of CGBs only, there is no credit rating requirement for inclusion in the Underlying Index. The credit rating of the PRC government as the issuer of CGBs is A+ by Standard & Poor's and A1 by Moody's.

Exposure to CGBs and other onshore Chinese bonds will be gained primarily via investing in the PRC inter-bank bond market through the "Bond Connect" for up to 100% of the NAV. The CGB ETF may also utilise the "Foreign Access Regime", which allows foreign institutional investors to invest in the PRC inter-bank bond market, and/or other means as may be permitted by the relevant regulations from time to time. Investment via the Foreign Access Regime will be less than 30% of the NAV. Not more than 30% of the NAV may be invested in Government and other Public Securities (as defined in the Prospectus) of the same issue; and the CGB ETF may invest all of its assets in Government and other Public Securities in at least 6 different issues.

The CGB ETF may also invest in other investments including, futures contracts, index futures contracts, options on futures contracts and options related to the Underlying Index, local currency and forward currency exchange contracts, swaps and cash and cash equivalents (including money market instruments) for both non-hedging purposes and hedging purposes, which the Manager believes will help the CGB ETF achieve its investment objective. The CGB ETF may invest in onshore and offshore financial derivative instruments ("**FDIs**"). In respect of onshore FDIs, only onshore foreign exchange forward contracts are accessible through Bond Connect and will be used for hedging purposes only as of the date of this document. In addition, it may invest in one or more ETFs for cash management and contingency purposes only and if the Manager considers that investing in them is in the best interests of the Unitholders. It may invest up to 10% of its NAV in one or more ETFs, which may be eligible schemes or non-eligible schemes and may or may not be authorised by the SFC, including those which are managed by the Manager, any of the Sub-Managers or their Connected Persons or other third parties. The Manager intends to treat such 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 CGB ETF currently does not intend to (i) invest in urban investment bonds (城投債), or (ii) engage in any securities financing transactions or other similar over-the-counter transactions. The Manager may switch between the representative sampling and the full replication investment strategies without notice to investors and in its absolute discretion.

Underlying Index

The Underlying Index is a market capitalisation-weighted index and comprises RMB-denominated fixed-rate government bonds issued in mainland China. The composition of the Underlying Index excludes zero-coupon bonds, saving bonds, special government bonds, bonds with maturity greater than 30 years from issuance, and bonds issued prior to 1 January 2005.

The Underlying Index is a total return index, meaning that the performance of the index is calculated on the basis that dividends are reinvested It was launched on 23 March 2011. The base date of the Underlying Index is 28 February 2009. The Underlying Index is compiled and managed by FTSE International Limited. The Underlying Index is denominated and quoted in RMB. The Manager and its connected persons are independent of the index provider of the Underlying Index. As of 31 March 2023, it had a total market capitalisation of RMB14,580.17 billion and 67 constituents.

For details (including the last closing index level, constituents of the Underlying Index and their respective weightings, and other important news), please refer to the website of the index provider at www.ftserussell.com. The Underlying Index's Bloomberg ticker is CFIICNL.

Use of derivatives / investment in derivatives

The CGB ETF's net derivative exposure may be up to 50% of its 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 CGB ETF's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the CGB ETF may suffer losses. There is no guarantee of the repayment of principal. There is no assurance that the CGB ETF will achieve its investment objective.

2. Risks associated with PRC inter-bank bond market and Bond Connect and Foreign Access Regime

- Investing in the PRC inter-bank bond market via Bond Connect and/or Foreign Access Regime is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations are subject to change which may have potential retrospective effect. If a counterparty defaults in delivering securities, the trade may be cancelled which may adversely affect the value of the CGB ETF.
- In the event that the relevant PRC authorities suspend trading through Bond Connect or account opening or trading on the PRC inter-bank bond market, the CGB ETF's ability to invest in the PRC inter-bank bond market will be adversely affected. Where a suspension in the trading through Bond Connect is effected, the CGB ETF will have to increase its reliance on the Foreign Access Regime, and its ability to achieve its investment objective could be negatively affected.

3. Risks associated with debt securities

- *Credit / Counterparty risk:* The CGB ETF is exposed to the credit/default risk of issuers of the debt securities that the CGB ETF may invest in.
- *Interest rate risk:* Investment in the CGB ETF is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Volatility and liquidity risk*: The debt securities in Chinese markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject

to fluctuations. The bid and offer spreads of the price of such securities may be large and the CGB ETF may incur significant trading costs.

- *Downgrading risk:* The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the CGB ETF may be adversely affected. There is no assurance that the CGBs invested by the CGB ETF or the issuer of the CGB will continue to have an investment grade rating or continue to be rated.
- *Sovereign debt risk*: The CGB ETF's investment in securities issued by the MOF may be exposed to political, social and economic risks. In adverse situations, the sovereign issuer may not be able or willing to repay the principal and/or interest when due or may request the CGB ETF to participate in restructuring such debts. The CGB ETF may suffer significant losses when there is a default of sovereign debt issuer.
- *Valuation risk:* Valuation of the CGB ETF's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the CGB ETF.
- *Credit rating risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

4. Geographical concentration risk and China investment risks

- The Underlying Index tracks the performance of a single geographical region, namely the PRC and is concentrated in bonds of a single issuer. The NAV of the CGB ETF is therefore likely to be more volatile than a more broad-based fund, such as a global bond fund, as the Underlying Index is more susceptible to fluctuations in value resulting from adverse changes in the financial condition of the PRC government and changes in economic or political conditions which affect the PRC.
- Investments in the PRC may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

5. Foreign exchange risk and RMB currency and conversion risk

- The CGB ETF's base currency is in RMB but has units traded in HKD and USD (in addition to RMB). Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the base currency and the trading currencies when trading units in the secondary market.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the CGB ETF.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

6. PRC tax risk

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect investments in the PRC via Bond Connect or Foreign Access Regime. Any increased tax liabilities on the CGB ETF may adversely affect its value.
- Based on professional and independent tax advice, the CGB ETF will not make any PRC withholding income tax and value added tax provisions on (i) gross realised and unrealised capital gains derived from its disposal of debt instruments issued by the PRC issuers; (ii) interest derived from its investment in PRC government bonds and local government bonds; and (iii) interest derived during the period from 7 November 2018 to 6 November 2021 from its investment in PRC non-government bonds.

7. Risks associated with investment in FDIs

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the CGB ETF. Exposure to FDI may lead to a high risk of significant loss by the CGB ETF.

8. Passive investment risk

The CGB ETF is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the CGB ETF. Falls in the Underlying Index are expected to result in corresponding falls in the value of the CGB ETF.

9. Tracking error risk

The CGB 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 the investment strategy used, fees and expenses, liquidity of the index constituents and changes to the Underlying Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

10. Trading differences risks

As the PRC inter-bank bond market may be open when units in the CGB ETF are not priced, the value of the securities in the CGB ETF's portfolio may change on days when investors will not be able to purchase or sell the units. Differences in trading hours between the PRC inter-bank bond market and the SEHK may also increase the level of premium or discount of the unit price to its NAV.

11. Trading risks

- The trading price of the units on the SEHK is driven by market factors such as the demand and supply of the units. Therefore, the units may trade at a substantial premium or discount to the CGB 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 units on the SEHK, and may receive less than the NAV per unit when selling units on the SEHK.

12. Multi-counter risks

If there is a suspension of the inter-counter transfer of units between the 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 each 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 another counter.

13. 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 termination of the market making arrangement, 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.

14. Distributions may not be paid risk

There is no assurance that the CGB ETF will declare to pay dividends or distributions. Investors may not receive any distributions.

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

The Manager may at its discretion pay distributions out of capital, or effectively out of capital, of the CGB ETF. 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 such distributions may result in an immediate reduction of the NAV per unit.

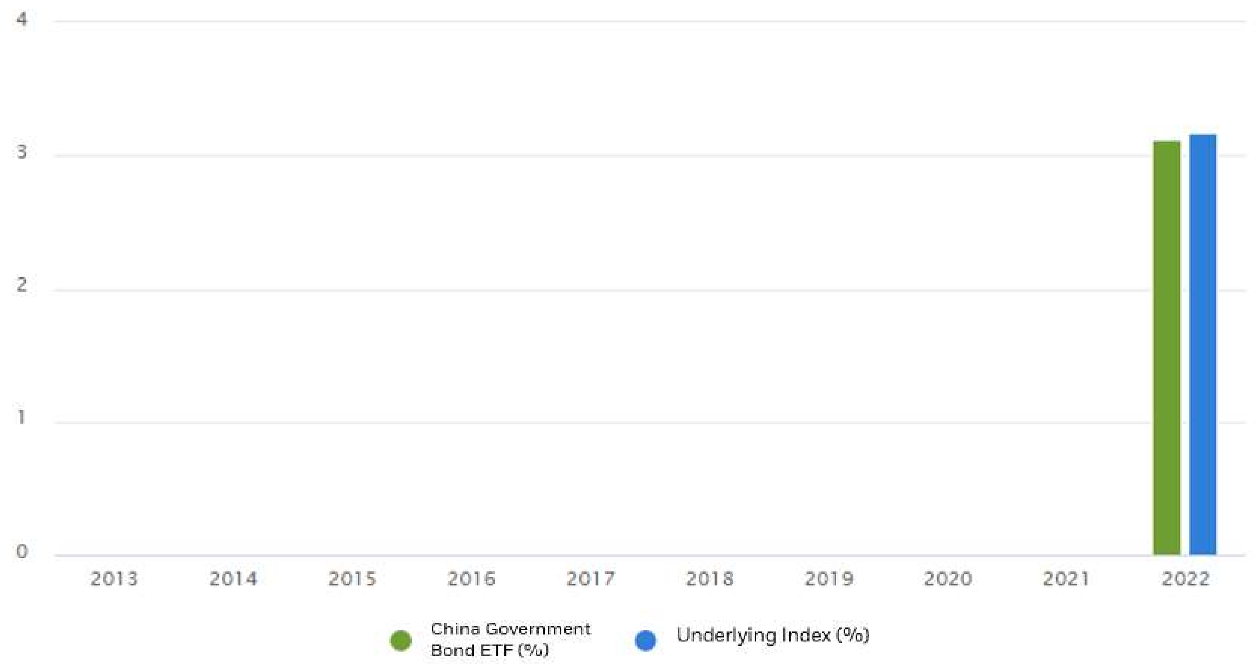
16. Other currencies distributions risk

All units will receive 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, USD 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.

17. Termination risk

The CGB 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 CGB ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. Investors may not be able to recover their investments and suffer a loss when the CGB ETF is terminated.

How has the fund performed?



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
China Government Bond ETF Return (%)										3.12
Underlying Index Return (%)										3.17

- 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 CGB ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the CGB ETF, including ongoing charges and excluding your trading costs on SEHK.
- Underlying Index: FTSE Chinese Government Bond Index.
- Launch date of CGB ETF: 21 October 2021.

Is there any guarantee?

The CGB 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 CGB ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027%[1] of the trading price
Accounting and Financial Reporting Council transaction levy	0.00015%[2] of the trading price
Trading fee	0.00565%[3] of the trading price
Stamp duty	Nil
Inter-counter transfer fee	HKD5 per instruction

Ongoing fees payable by the CGB ETF

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

	Annual rate (as a % of the fund's value)
Management fee	0.18% p.a. of NAV calculated daily
Sub-Managers fee	Included in the management fee
Trustee fee	Included in the management fee
Administration fee	Included in the management fee

Other Fees

You may have to pay other fees when dealing in the units of the CGB ETF. Please refer to the Prospectus for fees and expenses applicable to investing in the CGB ETF.

1 Transaction levy of 0.0027% of the price of the units, payable by the buyer and the seller.
2 Accounting and Financial Reporting Council transaction levy of 0.00015% of the price of the units, payable by the buyer and the seller.
3 Trading fee of 0.00565% of the price of the units, payable by the buyer and the seller.

Additional information

You can find the following information of the CGB ETF at www.blackrock.com/hk:

- The CGB 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 last NAV per unit (in each of the trading currencies i.e. USD, HKD and RMB);
- Near real time indicative NAV per unit updated every 15 seconds during trading hours on each dealing day (in each of the trading currencies i.e. USD, HKD and RMB);
- The CGB ETF's holdings (updated on a daily basis);
- The past performance of the CGB ETF;
- Public notices and announcements made by the CGB ETF;
- Latest list of participating dealers and market makers;
- The tracking difference and tracking error of the CGB ETF; and
- Composition of any distributions paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) or for the last 12 months (whichever is the shorter period).

Please note that the near real time indicative NAV per unit (in each of the trading currencies i.e. USD, HKD and RMB) and the last NAV per unit in HKD and USD are for reference only. The near real time indicative NAV per unit in HKD and USD does not use a real time exchange rate between the base currency (i.e. RMB) and each of the trading currencies of HKD and USD. It is calculated using the indicative NAV per unit in RMB multiplied by the WM Reuters 4:00p.m (London time)* rate for HKD and USD respectively for the previous dealing day. The last NAV per unit in HKD and USD 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 and USD for that dealing day.

All of the information outlined above can be found on the product webpage of the CGB ETF. The product webpage of the CGB ETF can be located by using the search function and inserting the ticker number of the CGB ETF (i.e. 09829, 02829 or 82829) 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.

**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*

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.