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 the iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF. An investment in the iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF 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 Core Hang Seng Index ETF (HKD Counter Stock Code: 03115)
(RMB Counter Stock Code: 83115) (USD Counter Stock Code: 09115)
iShares Hang Seng TECH ETF (HKD Counter Stock Code: 03067) (USD Counter Stock Code: 09067)

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

4 December 2023

IMPORTANT INFORMATION

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

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

The iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF are funds falling within Chapter 8.6 of the Code. The Trust, the iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF 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 iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF, or for the correctness of any statements made or opinions expressed in this Prospectus. Authorisation by the SFC is not a recommendation or endorsement of the Trust, the iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF nor does it guarantee the commercial merits of the iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF or their performance. It does not mean the iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Applicants for Units shall undertake to the Manager and the Trustee that, to the best of their knowledge, the monies used to invest in Units in the iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF are not sourced from mainland China.

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

Dealings in the Units in the iShares Core Hang Seng Index ETF and iShares Hang Seng TECH ETF on the SEHK commenced on 23 November 2016 and 17 September 2020 respectively. Units in the iShares Core Hang Seng Index ETF and iShares Hang Seng TECH ETF have been accepted as eligible securities by the Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS") with effect from 23 November 2016 and 17 September 2020 respectively.

Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS 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. 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 iShares Core Hang Seng Index ETF or the iShares Hang Seng TECH ETF 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 financial report of the iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF (where existing) and, if later, its most recent interim financial report, which form a part of this Prospectus.

In particular:

(a) Units in the iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF have not been registered under the United States Securities Act of 1933 (as amended) and 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 iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF have not been and will not be registered under the United States Investment Company Act of 1940, as amended. Accordingly, Units may not be acquired by a person who is deemed to be a US Person under the 1940 Act and regulations;

(c) Units may not 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;

(d) Units may not be directly or indirectly acquired or owned by a person who is deemed to be a US Person as defined under the United States Executive Order titled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (as amended); and

(e) Units may not be acquired by any person or investor which may be prohibited to invest in the relevant Index Fund by its relevant regulator, government or other statutory authority.

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 MARY BOA
SUSAN WAI-LAN CHAN
RACHEL LORD
SARAH ROMBOM
JAMES RABY

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HSBC INSTITUTIONAL TRUST SERVICES
(ASIA) LIMITED
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HONG KONG

SERVICE AGENT

HK CONVERSION AGENCY SERVICES
LIMITED
8/F, TWO EXCHANGE SQUARE
8 CONNAUGHT PLACE
CENTRAL
HONG KONG

AUDITORS

PRICEWATERHOUSECOOPERS
22ND FLOOR
PRINCE'S BUILDING
CENTRAL
HONG KONG

LISTING AGENT

BLACKROCK ASSET MANAGEMNT NORTH
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3 GARDEN ROAD
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LEGAL ADVISER TO THE MANAGER

SIMMONS & SIMMONS
30TH FLOOR, ONE TAIKOO PLACE
979 KING'S ROAD
HONG KONG

TABLE OF CONTENTS

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 iShares Core Hang Seng Index ETF and/or the iShares Hang Seng TECH ETF. It contains important facts about the Trust as a whole, the iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF 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 Core Hang Seng Index ETF; and
2. iShares Hang Seng TECH ETF.

ETFs are funds that are designed to track an index. The Units of the Index Funds to which this Prospectus relates are listed on the SEHK and trade like any other equity security listed on the SEHK. Only Participating Dealers may create or redeem Units directly from the Index Funds at Net Asset Value who are under no obligation to accept instructions to create or redeem Units on behalf of retail investors. All other investors may only purchase and sell Units in the Index Funds on the SEHK.

PRICES FOR EACH 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.

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 its connected persons) and determines the relative weightings of the Securities in the index and publishes information regarding the market value of the index.

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 in accordance with the provisions of the Trust Deed.

Investment Strategy

The Manager uses a passive or indexing approach to try to achieve each Index Fund's investment objective. The investment objective of an Index Fund 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. An Index Fund will invest, either directly or indirectly, in Securities included in the Underlying Index. An Index Fund 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 for both non-hedging purposes and hedging purposes, which the Manager believes will help the Index Fund achieve its investment objective. An Index Fund may invest in FDIs for non-hedging purposes subject to the limit that the Index Fund's net derivative exposure does not exceed 50% of the Index Fund's total Net Asset Value. The investment strategy of each 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 full replication investment strategy as described below.

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

For each Index Fund, the Manager intends to adopt a representative sampling investment strategy by investing in a portfolio of Securities featuring high correlation with the Underlying Index, such that as far as possible and practicable the portfolio will consist of the component Securities of the Underlying Index. An Index Fund may from time to time hold Securities that are not included in the Underlying Index in circumstances which are independent of the Manager, including where trading in a constituent Security has been suspended, such holding results from a corporate action of a constituent Security, or the portfolio is being rebalanced in anticipation or response to a rebalance of the Underlying Index.

Full Replication Investment Strategy

Full "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 full replication investment strategy. The consequences of "tracking error" are described in more detail in "Risk Factors".

Leverage

The net derivative exposure of each Index Fund may be up to 50% of its respective Net Asset Value.

Investment and Borrowing Restrictions

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

Cross-trades

Cross-trades between an Index Fund 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 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.

DESCRIPTION OF THE ISHARES CORE HANG SENG INDEX ETF

Key Information

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

Underlying Index	Index: Hang Seng Index (net total return version) Launch Date: 25 February 2009 Number of constituents: 76 stocks (as at 31 March 2023) Total Market Capitalisation (Free Float): HKD 23,115.371 billion (as at 31 March 2023) Base Currency: HK dollars (HKD)
Type of Underlying Index	The Underlying Index is a net total return index, meaning that the performance of the index is calculated on the basis that dividends net of tax are reinvested. The Underlying Index is denominated in HKD.
Listing Date (SEHK)	23 November 2016
Exchange Listing	SEHK – Main Board
Stock Code	09115 – USD counter 03115 – HKD counter 83115 – RMB counter
Stock Short Names	ISHARESHSI-U – USD counter ISHARESHSI – HKD counter ISHARESHSI-R – RMB counter
ISIN Numbers	HK0000313442 – USD counter HK0000313426 – HKD counter HK0000313434 – RMB counter
Trading Board Lot Size	100 Units (for each counter)
Base Currency	Hong Kong dollars (HKD)
Trading Currencies	US dollars (USD) – USD counter Hong Kong dollars (HKD) – HKD counter Renminbi (RMB) – RMB counter
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 (HKD) only.*
Application Unit size (only Participating Dealers)	Minimum 50,000 Units (or multiples thereof)
Creation/Redemption Deadline	For cash creations/redemptions (in HKD only), 2:00 p.m. (Hong Kong time). For in-specie creations/redemptions:

	(i) 4:00 p.m. (Hong Kong time) if it is a full trading day on the SEHK or if the SEHK is opens for normal trading in the afternoon of the relevant Dealing Day; or (ii) 12:15p.m. (Hong Kong time) if the SEHK opens for normal trading only in the morning of the relevant Dealing Day.
Management Fee	0.09% p.a. of Net Asset Value calculated daily
Investment strategy	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

* Unitholders of the iShares Core Hang Seng Index ETF should note that all Units will receive distributions in the Base Currency (HKD) only. As such, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from HKD to USD, RMB or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions.

Investment Objective

The investment objective of the iShares Core Hang Seng Index ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of its Underlying Index, Hang Seng Index. There can be no assurance that the iShares Core Hang Seng Index ETF will achieve its investment objective.

Investment Strategy

The iShares Core Hang Seng Index ETF is a passively managed fund. To achieve its investment objective, the investment strategy of the iShares Core Hang Seng Index ETF is to use a representative sampling investment strategy and invest in a portfolio of Securities featuring high correlation with the Underlying Index, such that as far as possible and practicable the portfolio will consist of the component Securities of the Underlying Index.

The iShares Core Hang Seng Index ETF will invest primarily in Securities included in the Underlying Index. The iShares Core Hang Seng Index ETF may from time to time hold Securities that are not included in the Underlying Index in circumstances which are independent of the Manager, including where trading in a constituent Security has been suspended, such holding results from a corporate action of a constituent Security, or the portfolio is being rebalanced in anticipation or response to a rebalance of the Underlying Index. The iShares Core Hang Seng Index 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 for both non-hedging purposes and hedging purposes, which the Manager believes will help the iShares Core Hang Seng Index ETF achieve its investment objective. The iShares Core Hang Seng Index ETF's may invest in FDIs for non-hedging purposes subject to the limit that the iShares Core Hang Seng Index ETF's net derivative exposure does not exceed 50% of the iShares Core Hang Seng Index ETF's NAV. The investment strategy of the iShares Core Hang Seng Index ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

As the iShares Core Hang Seng Index ETF employs a representative sampling investment strategy, it may overweight holdings of Securities relative to the respective weightings of the constituents in the Underlying Index, provided that the maximum extra weighting in any Security relative to the respective constituent in the Underlying Index will not exceed 3%. 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 iShares Core Hang Seng Index ETF. The annual and semi-annual reports of the iShares Core Hang Seng Index ETF shall also disclose whether or not such limit has been complied with during such period.

Securities financing transactions

The iShares Core Hang Seng Index ETF currently does not intend to engage in any securities financing transactions or other similar over the counter transactions. One month's prior notice will be given to Unitholders in the event the Manager intends to engage in such transactions.

Investment and borrowing restrictions

The iShares Core Hang Seng Index ETF must comply with the investment and borrowing restrictions set out in Schedule 1 of this Prospectus (which includes a summary of the investment restrictions set out in the Trust Deed).

Underlying Index

The Underlying Index is a net total return index, meaning that the performance of the index is calculated on the basis that dividends net of tax are reinvested. It was launched on 25 February 2009. The base date is 1 August 2008. The Underlying Index is compiled and managed by Hang Seng Indexes Company Limited ("HSIL"), a wholly-owned subsidiary of Hang Seng Bank Limited. The Manager and its connected persons are independent of the index provider of the Underlying Index.

The Underlying Index measures the performance of the largest and most liquid companies listed on the main board of the SEHK. It comprises a representative sample of stocks quoted on the SEHK.

The Underlying Index adopts a free float adjusted market capitalisation weighted methodology with a weight cap on individual securities. The universe of securities of the Underlying Index includes Hang Seng Composite LargeCap & MidCap Index constituents as of the index review data cut-off date and excludes secondary-listed Foreign Companies, stapled securities, biotech companies with stock names end with marker "B" and specialist technology companies with stock names end with marker "PC".

The last closing index level, constituents of the Underlying Index together with their respective weightings and other important news can be accessed on https://www.hsi.com.hk/eng/indexes/all-indexes/hsi (this website has not been reviewed by the SFC).

The Underlying Index's Bloomberg ticker is HSINH and Reuters ticker is .HSIDVN.

Index Methodology

Constituent stocks of the Underlying Index are selected by a rigorous process of detailed analysis.

Compilation Methodology

The compilation of the Underlying Index is based on a free float-adjusted market capitalisation weighted formula with a specified cap-level on individual stock weightings. Details are as follows:

(a) Free float adjustment: A Free float – Adjusted Factor ("FAF") is assigned to each constituent in index calculation.

(b) Capping: Individual constituent weighting of foreign companies constituents are capped at 4% and the other constituents are capped at 8%. Foreign companies constituents are further subject to an aggregate constituent weighting cap at 10%. "Foreign companies" are companies which are incorporated outside Greater China (i.e. Hong Kong, Mainland PRC, Macau and Taiwan) and have the majority of their business presence outside Greater China.

(c) Re-capping frequency: A re-capping exercise will normally be conducted at quarterly intervals to coincide with the regular update of the FAF.

Shares that carry multiple voting rights will be considered as non-free float shares. For secondary-listed Greater China companies, a company's market capitalisation will be based solely on the Hong Kong registered portion of its shares ("HK Shares"). Any of the HK Shares held by a depositary or its custodian as underlying for overseas depositary receipts will be considered as non-free float shares.

The Underlying Index is reported in the Daily Index Bulletin and the monthly updated Factsheet, both of which are published by HSIL.

Constituent Eligibility

The Universe of the Underlying Index includes Hang Seng Composite LargeCap & MidCap Index constituents as of the index review data cut-off date and excludes secondary-listed Foreign Companies, stapled securities, biotech companies with stock names end with market "B" and specialist technology companies with stock names end with marker "PC".

A security is eligible for constituent selection if it fulfils the following eligibility criteria:

- the security must be a Hang Seng Composite LargeCap & MidCap Index constituent;
- the security must pass the Velocity Test for Tradable Indexes (minimum velocity of 0.1% on monthly basis); and
- the security must have been listed for at least 3 months on the SEHK (counting up to the index review meeting date).

Constituent Selection

Eligible securities will be assigned to an industry group according to their industry classification of the Hang Seng Industry Classification System (please refer to the index methodology of the Underlying Index for more information on the relevant industry groups).

The number of constituents in each industry group will be decided by the below principles:

a) target to cover at least 50%, in terms of market capitalisation, for each industry group;

b) characteristics of the industry group which include the distribution of the listed companies in terms of their size and number; and

c) the industry group weighting in the Underlying Index compared to the market.

The Underlying Index will also maintain 20 constituents that are classified as "Hong Kong" companies (this number to be reviewed at least every two years). A Hong Kong company is defined as a Hong Kong-listed security with at least 50% of sales revenue derived outside mainland China. Profit or assets will also be taken into consideration where these better reflect the company's business.

In general, eligible securities will be evaluated within each industry group according to the following considerations:

1. representativeness;

2. Market capitalisation;

3. turnover; and

4. financial performance.

The final constituent selection will be decided by the HSI Advisory Committee after taking the above into consideration.

Index Reviews

HSIL undertakes regular quarterly reviews of the index constituents with data cut-off dates of end of March, June, September and December each year. In each review, there may or may not be constituent additions or deletions.

Index Rebalancing

Regular rebalancing is usually implemented after market close on the first Friday in March, June, September and December, and comes into effect on the next trading day.

Ad hoc rebalancing will be conducted if a constituent’s issued shares and/or FAF is substantially different from the production data. The Underlying Index will also be recapped in the event of constituent changes if the newly added component has a weighting that is higher than the index cap level. A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalance.

Please refer to the Index Operation Guide (available on the website of HSIL) for further details about corporate actions adjustments and index rebalancing.

Additional Information

Real-time update of the Underlying Index can be obtained through Thomson Reuters, Bloomberg, ET-Net and Infocast. As for other important news of the Underlying Index, HSIL will make announcement through press release and at website www.hsi.com.hk.

Index Disclaimer

The Hang Seng Index is published and compiled by HSIL pursuant to a licence from Hang Seng Data Services Limited (“HSDS”). The mark and name “Hang Seng Index” is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and reference to, the Hang Seng Index by the Manager and the Trustee and their respective duly appointed agents in connection with iShares Core Hang Seng Index ETF, BUT NEITHER HSIL NOR HSDS WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE ISHARES CORE HANG SENG INDEX ETF OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE HANG SENG INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE HANG SENG INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE HANG SENG INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE HANG SENG INDEX IS GIVEN OR MAY BE IMPLIED. The process and basis of computation and compilation of the Hang Seng Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HSIL OR HSDS (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE HANG SENG INDEX BY THE MANAGER IN CONNECTION WITH ISHARES CORE HANG SENG INDEX ETF; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HSIL IN THE COMPUTATION OF THE HANG SENG INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE HANG SENG INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE ISHARES CORE HANG SENG INDEX ETF OR ANY OTHER PERSON DEALING WITH ISHARES CORE HANG SENG INDEX ETF AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HSIL AND/OR HSDS in connection with iShares Core Hang Seng Index ETF in any manner whatsoever by any broker, holder or any other person dealing with iShares Core Hang Seng Index ETF. Any broker, holder or other person dealing with iShares Core Hang Seng Index ETF does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSIL and HSDS. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and HSIL and/or HSDS and must not be construed to have created such relationship.

Index Licence

The initial term of the licence of the Underlying Index commenced on 4 November 2016 and will continue until terminated by either party with at least three months' prior written notice to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Distribution Policy

Income net of withholding tax earned by the iShares Core Hang Seng Index ETF will, at the discretion of the Manager, be distributed by way of semi-annual cash distribution usually in May/June and November/December (if any) and details of the distribution declaration dates, distribution amounts and ex-distribution 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 distributions 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. All Units in the iShares Core Hang Seng Index ETF will receive distributions in the Base Currency (HKD) regardless of whether such Units are traded in Units of a different currency counter.

Further Information

Further information in relation to the iShares Core Hang Seng Index ETF (including details of its Net Asset Value) 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.

DESCRIPTION OF THE ISHARES HANG SENG TECH ETF

Key Information

The following table is a summary of key information in respect of the iShares Hang Seng TECH ETF, and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: Hang Seng TECH Index (net total return version) Launch Date: 27 July 2020 Number of constituents: 30 stocks (as at 31 March 2023) Total Market Capitalisation (Free Float): HKD 9,990.93 billion (as at 31 March 2023) Base Currency: HK dollars (HKD)
Type of Underlying Index	The Underlying Index is a net total return index, meaning that the performance of the index is calculated on the basis that dividends net of tax are reinvested. The Underlying Index is denominated in HKD.
Listing Date (SEHK)	17 September 2020
Exchange Listing	SEHK – Main Board
Stock Codes	09067 – USD counter 03067 – HKD counter
Stock Short Names	ISHARESHSTECH-U – USD counter ISHARESHSTECH – HKD counter
ISIN Numbers	HK0000651221 – USD counter HK0000651213 – HKD counter
Trading Board Lot Size	100 Units (for each counter)
Base Currency	Hong Kong dollars (HKD)
Trading Currencies	US dollars (USD) – USD counter Hong Kong dollars (HKD) – HKD counter
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 (HKD) only.*
Application Unit size (only Participating Dealers)	Minimum 150,000 Units (or multiples thereof)
Creation/Redemption Deadline	For cash creations/redemptions (in HKD only), 2:00 p.m. (Hong Kong time). For in-specie creations/redemptions: (i) 4:00 p.m. (Hong Kong time) if it is a full trading day on the SEHK or if the SEHK is opens for normal trading in the afternoon of the relevant Dealing Day; or (ii) 12:15 p.m. (Hong Kong time) if the SEHK opens for normal trading only in the morning of the relevant Dealing Day.

Management Fee	0.25% p.a. of Net Asset Value calculated daily
Investment strategy	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

* Unitholders of the iShares Hang Seng TECH ETF should note that all Units will receive distributions in the Base Currency (HKD) only. As such, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from HKD to USD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions.

Investment Objective

The investment objective of the iShares Hang Seng TECH ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of its Underlying Index, Hang Seng TECH Index. There can be no assurance that the iShares Hang Seng TECH ETF will achieve its investment objective.

Investment Strategy

The iShares Hang Seng TECH ETF is a passively managed fund. To achieve its investment objective, the investment strategy of the iShares Hang Seng TECH ETF is to primarily use a representative sampling investment strategy and invest in a portfolio of Securities featuring high correlation with the Underlying Index, such that as far as possible and practicable the portfolio will consist of the component Securities of the Underlying Index.

The iShares Hang Seng TECH ETF will invest primarily in Securities included in the Underlying Index. The iShares Hang Seng TECH ETF may from time to time hold Securities that are not included in the Underlying Index in circumstances which are independent of the Manager, including where trading in a constituent Security has been suspended, such holding results from a corporate action of a constituent Security, or the portfolio is being rebalanced in anticipation or response to a rebalance of the Underlying Index. The iShares Hang Seng TECH 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 for both non-hedging purposes and hedging purposes, which the Manager believes will help the iShares Hang Seng TECH ETF achieve its investment objective. The iShares Hang Seng TECH ETF's may invest in FDIs for non-hedging purposes subject to the limit that the iShares Hang Seng TECH ETF's net derivative exposure does not exceed 50% of the iShares Hang Seng TECH ETF's NAV. The investment strategy of the iShares Hang Seng TECH ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

As the iShares Hang Seng TECH ETF employs a representative sampling investment strategy, it may overweight holdings of Securities relative to the respective weightings of the constituents in the Underlying Index, provided that the maximum extra weighting in any Security relative to the respective constituent in the Underlying Index will not exceed 3%. 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 iShares Hang Seng TECH ETF. The annual and semi-annual reports of the iShares Hang Seng TECH ETF shall also disclose whether or not such limit has been complied with during such period.

Securities financing transactions

The iShares Hang Seng TECH ETF currently does not intend to engage in any securities financing transactions or other similar over the counter transactions. One month's prior notice will be given to Unitholders in the event the Manager intends to engage in such transactions.

Investment and borrowing restrictions

The iShares Hang Seng TECH ETF must comply with the investment and borrowing restrictions set out in Schedule 1 of this Prospectus (which includes a summary of the investment restrictions set out in the Trust Deed).

Underlying Index

The Underlying Index is a net total return index, meaning that the performance of the index is calculated on the basis that dividends net of tax are reinvested. It was launched on 27 July 2020. The base date is 31 December 2014. The Underlying Index is compiled and managed by Hang Seng Indexes Company Limited ("HSIL"), a wholly-owned subsidiary of Hang Seng Bank Limited. The Manager and its connected persons are independent of the Index Provider of the Underlying Index.

The Underlying Index is a free float adjusted market capitalisation weighted index the objective of which is to represent the 30 largest technology companies listed in Hong Kong which have high business exposure to selected technology themes, including internet (including mobile), fintech, cloud, e-commerce, or digital activities. The technology companies selected have to be companies that are listed on the main board of the SEHK (excluding secondary-listed Foreign Companies and Investment Companies listed under Chapter 21 of SEHK's Listing Rules). "Foreign Companies" are companies which are incorporated outside Greater China (i.e. Hong Kong, Mainland PRC, Macau and Taiwan) and have the majority of their business presence outside Greater China.

The Underlying Index adopts a free float adjusted market capitalisation weighted methodology, with a 4% cap on Foreign Companies constituent weightings and a 8% cap on other individual constituent weightings applied on the date of rebalancing. As such, the weighting of a constituent may exceed 4% and 8% respectively between rebalancings. Foreign Companies constituents are further subject to an aggregate constituent weighting cap at 10%. The review of the Underlying Index is conducted quarterly.

The last closing index level, constituents of the Underlying Index together with their respective weightings and other important news can be accessed on https://www.hsi.com.hk/eng/indexes/all-indexes/hstech (this website has not been reviewed by the SFC).

The Underlying Index's Bloomberg ticker is HSTECHN. The Underlying Index is calculated on a 2-second basis during trading hours of the SEHK.

Index Methodology

Constituent stocks of the Underlying Index are selected by a rigorous process of detailed analysis, supported by extensive external consultation.

<u>Constituent Eligibility</u>

The universe of stocks (the "Universe") for the Underlying Index includes securities of companies that are listed on the main board of the SEHK (excluding secondary-listed Foreign Companies and Investment Companies listed under Chapter 21 of SEHK's Listing Rules).

A security is eligible for constituent selection if it fulfils the following eligibility criteria:

(A) Turnover requirements – Velocity Test for Tradable Indexes

A security is regarded as passing the monthly turnover test if it attains a minimum velocity of 0.1% in that month.

For each security, its turnover velocity in each of the past 12 months is calculated using the following formula:

$$\text{Velocity} = \frac{\text{Median of Daily Traded Shares in Specific Calendar Month}}{\text{Freefloat - adjusted Issued Shares at Month- end}}$$

For the denominator used in velocity calculation, free float-adjusted issued shares at the end of each month is used.

(1) For new constituents, a security should fulfil the following criteria:

- velocity is a minimum of 0.1% for at least 10 out of the past 12 months, and
- velocity is a minimum of 0.1% in for the latest three months.

(2) For existing constituents, a security should fulfil the following criteria:

(a) velocity is a minimum of 0.1% for at least 10 out of the past 12 months

(b) if a constituent fails to meet the turnover requirement as mentioned in (a), a supplementary turnover test will be applied for those months in which its velocity was less than 0.1%:

(i) calculate the monthly aggregate turnover of the constituent;

(ii) if the monthly aggregate turnover is among the top 90th percentile of the total market*, the constituent passes the monthly turnover test for that month.

(c) the constituent will be regarded as meeting the turnover requirement if (a) is fulfilled after applying (b) as a supplementary test.

* Total market includes securities in the universe of the Hang Seng Composite Index.

(3) For a security with a trading history of less than 12 months, or a security which has been suspended for any complete month(s), or a security that has transferred from the Growth Enterprise Market (GEM) of the SEHK to the main board of the SEHK in the past 12 months before the review data cut-off date, the following requirements replace those in sections (1) and (2):

<u>Trading Record</u> <u>Measurements^</u>

< 6 months	attain a minimum velocity of 0.1% for all trading months
≥ 6 months	1) no more than one month in which security has failed to attain a velocity of at least 0.1% AND 2) attained 0.1% for the latest three months if it is not an existing constituent

^ For existing constituents, the supplementary turnover test as described in section (2)(b) also applies

(B) Sector Requirements

The constituent should be classified in one of the following industries in the Hang Seng Industry Classification System: Industrials, Consumer Discretionary, Healthcare, Financials, Information Technology.

(C) Theme Requirements

The constituent should have high business exposure to at least one of the below Tech Themes: Internet (including Mobile), FinTech, Cloud, E-commerce, or Digital.

(D) Innovation Screening

The constituent should meet at least one of the below criteria:

- Technology-enabled business (e.g. via internet/ mobile platform); or
- Research & Development Expense to Revenue Ratio >=5%; or
- YoY Revenue Growth >=10%

The requirements under (B) to (D) are reviewed at least annually.

<u>Constituent Selection</u>

Selection Criteria: The top 30 securities with the highest MV Rank (as described below) will be selected as constituents.

The market value ("MV") of eligible securities will be used for ranking. It does not include other listed share classes of the same company. For example, MV of an H-shares security is calculated only based on the H-shares.

The MV of a security refers to the average market value of the past 12 month-ends of any review period. For securities with a listing history of less than 12 months, the MV refers to the average of the past month-ends since the securities listed.

The MV will be sorted in descending order to get the MV Rank.

Buffer Zone: Existing constituents ranked lower than 36th will be removed from the Underlying Index, while non-constituents ranked 24th or above will be included;

Securities will be added or excluded according to their MV Rank to maintain the number of constituents at 30.

Compilation Methodology

The formula of net total return indexes ("TRIs") is set out below:

$$Today's\ TRI = \frac{Today's\ Price\ Index\ Market\ Capitalisation}{Yesterday's\ Price\ Index\ Market\ Capitalisation - Cash\ Dividend\ Payment} \times Yesterday's\ TRI$$

The Cash Dividend Payment refers to after-tax net dividends for the calculation of the net total return indexes.

Index Reviews

HSIL undertakes regular quarterly reviews of the Underlying Index constituents with data cut-off dates of end of March, June, September and December each year.

A newly listed security will be added to Index if its full market capitalisation ranks within the top 10 of the existing constituents on its first trading day. For ad-hoc removal, the outgoing constituent will be replaced by the highest ranked candidate from last regular review.

Additional Information

Real-time update of the Underlying Index can be obtained through Bloomberg. As for other important news of the Underlying Index, HSIL will make announcement through press release and at website www.hsi.com.hk.

Index Disclaimer

The Hang Seng TECH Index is published and compiled by HSIL pursuant to a licence from Hang Seng Data Services Limited ("HSDS"). The mark and name "Hang Seng TECH Index" is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and reference to, the Hang Seng TECH Index by the Manager and the Trustee and their respective duly appointed agents in connection with iShares Hang Seng TECH ETF, BUT NEITHER HSIL NOR HSDS WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE ISHARES HANG SENG TECH ETF OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE HANG SENG TECH INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE HANG SENG TECH INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE HANG SENG TECH INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE HANG SENG TECH INDEX IS GIVEN OR MAY BE IMPLIED. The process and basis of computation and compilation of the Hang Seng TECH Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HSIL OR HSDS (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE HANG SENG TECH INDEX BY THE MANAGER IN CONNECTION WITH ISHARES HANG SENG TECH ETF; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HSIL IN THE COMPUTATION OF THE HANG SENG TECH INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE HANG SENG TECH INDEX WHICH IS SUPPLIED BY ANY OTHER

PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE ISHARES HANG SENG TECH ETF OR ANY OTHER PERSON DEALING WITH ISHARES HANG SENG TECH ETF AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HSIL AND/OR HSDS in connection with iShares Hang Seng TECH ETF in any manner whatsoever by any broker, holder or any other person dealing with iShares Hang Seng TECH ETF. Any broker, holder or other person dealing with iShares Hang Seng TECH ETF does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSIL and HSDS. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and HSIL and/or HSDS and must not be construed to have created such relationship.

Index Licence

The initial term of the licence of the Underlying Index commenced on 11 September 2020 and will continue until terminated by either party with at least three months' prior written notice to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Distribution Policy

Income net of withholding tax earned by the iShares Hang Seng TECH ETF will, at the discretion of the Manager, be distributed by way of semi-annual cash distribution usually in May/June and November/December (if any) and details of the distribution declaration dates, distribution amounts and ex-distribution 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 distributions 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. All Units in the iShares Hang Seng TECH ETF will receive distributions in the Base Currency (HKD) regardless of whether such Units are traded in Units of a different currency counter.

Specific Risks

In addition to the general risks identified in the "Risk Factors" section of this Prospectus, the iShares Hang Seng TECH ETF is subject to the following additional specific risks:

- **New Index Risk.** The Underlying Index is new and has minimal operating history by which investors can evaluate its previous performance. There can be no assurance as to the performance of the Underlying Index. The iShares Hang Seng TECH ETF may be riskier than other exchange traded funds tracking more established indices with longer operating history.

- **Sector Concentration Risk.** Due to the concentration of the Underlying Index in the companies with selected technology themes, which is characterised by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Underlying Index may be more volatile when compared to other broad-based stock indices.

- **Geographical Concentration Risk.** The Underlying Index is subject to concentration risk as a result of tracking the performance of companies incorporated in, or with the majority of revenue derived from, or with a principal place of business in, the Greater China region. The Net Asset Value of the iShares Hang Seng TECH ETF is therefore likely to be more volatile than a more broad-based fund, such as a global or regional fund, as the Underlying Index is more susceptible to fluctuations in value resulting from adverse conditions in a single region and with technology themes.

- **Technology Theme Risks.** Constituents of the Underlying Index have high exposure to at least one of these themes: internet (including mobile), fintech, cloud, e-commerce and digital. Many of the companies with a high business exposure to these technology themes have a relatively short operating history. Rapid changes could render obsolete the products and services offered by the companies in which the iShares Hang Seng TECH ETF invests and cause severe or complete declines in the prices of the securities of those companies. Additionally, companies in these sectors may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel. If the iShares Hang Seng TECH ETF invests in any of these companies, its investment may be adversely affected.

  There may be substantial government intervention in the technology industry, including restrictions on investment in internet and technology companies if such companies are deemed sensitive to relevant national interests. Some governments in the world have sought, and may in the future seek, to censor content available through internet, restrict access to products and services offered by companies that the iShares Hang Seng TECH ETF invests in from their country entirely or impose other restrictions that may affect the accessibility of such products and services for an extended period of time or indefinitely. In the event that access to the internet products and services is restricted, in whole or in part, in one or more countries, the ability of such companies to retain or increase their user base and user engagement may be adversely affected, and their operating results may be harmed. This may in turn affect the value of investment of the iShares Hang Seng TECH ETF.

  The technology business is subject to complex laws and regulations including privacy, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection and taxation. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or advertisement engagement, or otherwise harm the technology business. They may also delay or impede the development of new products and services. Compliance with these existing and new laws and regulations can be costly and may require significant time and attention of management and technical personnel. These companies are also subject to the risks of loss or impairment of intellectual property rights or licences, cyber security risks resulting in undesirable legal, financial, operational and reputational consequences. All these may have impact on the business and/or profitability of the technology companies in which the iShares Hang Seng TECH ETF invests and this may in turn adversely affect the value of investment of the iShares Hang Seng TECH ETF.

- **Risks Related to Companies with Weighted Voting Rights.** The iShares Hang Seng TECH ETF may invest in “new economy” companies including companies with a weighted voting rights (WVR) structure. These are typically emerging and innovative companies, such as pre-revenue biotech startups or technology companies. The WVR structure deviates from the "one share, one vote" principle. This concentrated control limits shareholders' ability to influence corporate matters and, as a result, the company may take actions that shareholders do not view as beneficial. There may be a risk of greater misalignment between the interests of the company’s controlling shareholder and those of the rest of the company’s shareholders as a whole. This may weaken shareholders’ rights and in turn corporate governance in these companies. Performance of these companies could be adversely affected. This may have a negative impact on the iShares Hang Seng TECH ETF where it invests in the ordinary shares of such companies.

- **Industrial Sector Risk.** Industrial companies are affected by supply and demand both for their specific product or service and for industrial sector products in general. Government regulation, world events, exchange rates and economic conditions, technological developments and liabilities for environmental damage and other liabilities will likewise affect the performance of these companies. Performance of these companies may be cyclical with occasional sharp price movements which may result from changes in the economy, fuel prices, labour agreements and insurance costs. This may have a negative impact on the business and/or profitability of the companies in which the iShares Hang Seng TECH ETF invests and therefore may adversely affect the value of investments of the iShares Hang Seng TECH ETF.

- **Consumer Discretionary Sector Risk.** The performance of companies in the consumer discretionary sector are correlated to the growth rate of the consumer market, individual income levels and their impact on levels of domestic consumer spending, which in turn depend on the worldwide economic conditions, which have seen significant deterioration in the past. 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. Any future slowdowns or declines in the economy or consumer spending in the relevant market may materially and adversely affect the business of the companies in the consumer discretionary sector. This may adversely affect the value of investments of the iShares Hang Seng TECH ETF.

- **Healthcare Sector Risk.** The economic prospects of the health care sector are generally subject to greater influences from governmental policies and regulations than those of many other industries. Certain health care companies may allocate greater than usual financial resources to research and product development and experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, certain health care companies may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence. In addition, the internet healthcare sector is relatively new and evolving. Interpretation and enforcement of laws and regulations involve significant uncertainty. Under certain circumstances, it may be difficult to determine if certain actions may be deemed in violation of applicable laws and regulations. Internet healthcare companies also process and store a large amount of data, and any improper use or disclosure of such data could have a material adverse impact on their business. Internet healthcare companies may be subject to medical liability claims. These factors may adversely affect the value of investments of the iShares Hang Seng TECH ETF.

- **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. This may adversely affect the value of investments of the iShares Hang Seng TECH ETF.

Further Information

Further information in relation to the iShares Hang Seng TECH ETF (including details of its Net Asset Value) 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.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in an Index Fund

There are two types of investors 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 an Index Fund. Only a Participating Dealer can create and redeem Units directly with the Index Fund. A Participating Dealer may create and redeem Units on their own account or for the account of their clients.

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

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

Creation by Participating Dealers

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

The Application Unit size for an Index Fund is set out under “Description of the iShares Core Hang Seng Index ETF” and “Description of the iShares Hang Seng TECH ETF”. 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.

Creation Applications may be made in specie or in cash. 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 a transfer of Securities or cash or a combination of Securities and cash 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.

Notwithstanding a Multi-Counter being adopted, all cash Creation Applications must be made in the Base Currency of an Index Fund.

The Manager shall instruct the Trustee to effect, for the account of the Trust, the creation of Units in an Index Fund in Application Unit size in accordance with any of (a), (b) or (c) below (or a combination of any or all of the same) as determined by the Manager in its discretion (note that any payments in cash must be made in the Base Currency):

(a) in exchange for a transfer, by the Participating Dealer, to or for the account of the Trustee of Securities constituting an application basket for the relevant Units, a cash amount equivalent to any Duties and Charges payable plus, if the cash component is a positive value, a cash payment equivalent to the amount of the cash component. If the cash component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the cash component (expressed as a positive figure) to the Participating Dealer. In the event that the Index Fund has insufficient cash required to pay any cash component payable by the Index Fund, the Manager may effect sales of the deposited property of the Index Fund, or may borrow moneys in accordance with the Trust Deed, to provide the cash required;

(b) if permitted by the Manager, in exchange for a cash payment by the Participating Dealer equivalent to the relevant application basket value (which shall be accounted for as deposited property) plus an amount equivalent to any cash component, which the Manager shall use to purchase the Securities comprised in the application basket, provided that the Manager shall be entitled in its discretion to (a) charge (for the account of the Index Fund) to the applicant of any Units for which cash is paid in lieu of delivering any Securities such additional sum as represents the appropriate provision for Duties and Charges and (b) cause to be paid to the Participating Dealer such amount as is determined by the Manager for the purpose of compensating the Participating Dealer up to an amount equal to the positive difference (if any) between the prices used when valuing the Securities of the Index Fund for the purpose of such creation and the purchase prices actually paid or to be paid out of the deposited property in relation to the Index Fund in acquiring such Securities for the Index Fund (after the addition to the relevant purchase prices of any Duties and Charges in respect of such acquisition of Securities); or

(c) in exchange for a cash payment by the Participating Dealer equivalent to the Issue Price of the relevant Units plus such sum as the Manager in its discretion considers appropriate for the Duties and Charges,

provided that 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 Index Fund; (ii) the Manager reasonably believes that the acceptance of any Security would be unlawful; (iii) the acceptance of any Security would otherwise, in the opinion of the Manager, have an adverse effect on the Index Fund; (iv) circumstances outside control of the Manager make it for all practicable purposes impossible to process the Creation Application; (v) the Manager has suspended the rights of Participating Dealers to redeem Units; or (vi) an insolvency event occurs in respect of the Participating Dealer.

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.

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 of an Index Fund are denominated in the Base Currency of the Index Fund and no fractions of a Unit shall be created or issued by the Trustee.

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

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

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

The Manager may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee it charges (but not as between different Participating Dealers in respect of the same Index Fund). The Manager may, at its discretion, waive the charging of Transaction Fee and any Duties and Charges in respect of certain Creation Applications on any dividend ex-date, where such Creation Applications directly facilitate the partial or full payment of the pending dividend distribution to Unitholders at that time in accordance with the distribution policy. Such waiver will be offered in respect of Creation Applications on a “first come, first served” basis. The Transaction Fee (if any) shall be paid by or on behalf of the Participating Dealer applying for such Units for the benefit of the Trustee and/or the Service Agent. See the section on “Fees and Expenses” for further details.

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

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

Evidence of Unitholding

Units will be deposited, cleared and settled by 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 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 Index Fund being adversely affected which the Trust or the Index Fund might not otherwise have suffered; or

- in the circumstances which, in the Manager's opinion, may result in the Trust or the Index Fund incurring any withholding or any tax liability or suffering any other pecuniary disadvantage which the Trust or the Index Fund might not otherwise have incurred or suffered.

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

Cancellation of Units

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

Upon the cancellation of any Units as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in certain circumstances contemplated in the Trust Deed, any Securities and/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 Index Fund in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, plus any charges, expenses and losses incurred by the Index Fund as a result of such cancellation;

- the Trustee and/or the Service Agent shall be entitled to the Transaction Fee payable in respect of a Redemption Application; see the section on "Fees and Expenses" for further details; and

- no previous valuations of the Index 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 multiples thereof. Participating Dealer may redeem Units on any Dealing Day in accordance with the Operating Guidelines, by submitting a Redemption Application to the Trustee. The Manager may charge a Transaction Fee in respect of Redemption Applications. The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee and/or the Service Agent. See the section on “Fees and Expenses” for further details.

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

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

On a redemption, a Participating Dealer shall have transferred to it Securities or cash or a combination of Securities and cash in accordance with the Operating Guidelines.

The Manager shall, on receipt of an effective Redemption Application for an Index Fund from a Participating Dealer, effect the redemption of the relevant Units in Application Unit size in accordance with any of (a), (b) or (c) below (or a combination of any or all of the same) as determined by the Manager in its discretion (note that any payments in cash will be made in the Base Currency):–

(a) require the Trustee to transfer to the Participating Dealer, in accordance with the Operating Guidelines, Securities constituting an application basket for the relevant Units plus, if the cash component is a positive value, a cash payment equivalent to the amount of the cash component. If the cash component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the cash component (expressed as a positive figure) to the Trustee. The Participating Dealer shall be required to make a cash payment (if any) in respect of any Redemption Application in accordance with the Operating Guidelines;

(b) require the Trustee to pay to the Participating Dealer, (i) a cash amount equivalent to the relevant application basket value plus (ii) an amount determined by the Manager for the purpose of compensating the Participating Dealer up to the amount by which the prices used when valuing the Securities of the Index Fund for the purpose of such Redemption Application are less than the sale prices actually received or to be received in selling the Securities for the

Index Fund (after the deduction from the relevant sale prices of any Duties and Charges in respect of such disposal of Securities); or

(c) require the Trustee to pay to the Participating Dealer a cash amount equivalent to the Redemption Value of the relevant Units minus such sum as the Manager in its discretion considers appropriate for the Duties and Charges.

In the event that the Index Fund has insufficient cash to pay any cash amount payable, the Manager may effect sales of the Deposited Property of the Index Fund, or borrow moneys in accordance with the Trust Deed, to provide the cash required.

To be effective, a Redemption Application must:

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

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

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

The Manager may deduct from the redemption proceeds such sum (if any) as the Manager may consider represents an appropriate provision for Duties and Charges and/or the Transaction Fee. To the extent that the cash amount is insufficient to pay such Duties and Charges and/or the Transaction Fee payable on such redemption, the Participating Dealer shall promptly pay the shortfall in the Base Currency of the 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 Securities or cash or a combination of Securities and cash (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 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 Index 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 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;

- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the 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 Index Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Notwithstanding a Multi-Counter being adopted, any cash proceeds received by a Participating Dealer in a Redemption Application shall be paid only in the Base Currency of the Index Fund.

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 unless the Market(s) in which a substantial portion of investments of the Index Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable. In such case, subject to all applicable legal or regulatory requirements, payments may be delayed but the extended time frame for the payment of the redemption proceeds shall reflect the additional time needed in light of the specific circumstances in the relevant Market(s).

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 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.

Redemption Gate

The Manager may, in consultation with the Trustee, limit the total number of Units of an Index Fund which Participating Dealers may redeem on any Dealing Day to 10% of the total number of Units then in issue of the Index Fund (disregarding any Units which have been agreed to be issued), such limitation to be applied pro rata to all Participating Dealers who have validly made Redemption Applications for Units on such Dealing Day. Any Units which, by virtue of the powers conferred by the Trust Deed, are not redeemed shall be redeemed (subject to any further application of the provisions of the Trust Deed) on the next succeeding Dealing Day provided that if on such next succeeding Dealing Day the total number of Units to be redeemed, including those carried forward from any earlier Dealing Day, exceeds such limit, the Manager shall be entitled to further carry forward the Redemptions of Units until such time as the total number of Units to be redeemed on a Dealing Day falls within such limit and provided further that any Units which have been carried over as aforesaid shall on any such succeeding Dealing Day be redeemed in priority to any new Units due to be redeemed on that Dealing Day. If redemptions of Units are carried forward as aforesaid, the Manager shall, within 7 Business Days of such carrying forward, give notice to the Participating Dealers affected thereby that such Units have not been redeemed and that (subject as aforesaid) they shall be redeemed on the next succeeding Dealing Day.

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 consultation with the Trustee (and where practicable, after consultation with Participating Dealers), having regard to the best interests of the Unitholders, 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 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 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 Index Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Index Fund; or

- any period when the Underlying Index for the 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 consultation with the Trustee, having regard to the best interests of the Unitholders, 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.

The Manager will not be liable for any losses, costs or expenses incurred by Unitholders as a result of a suspension of Creation Application or Redemption Application and/or a delay of payment of any monies or transfer of Securities in circumstances set out above.

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.

An applicant 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 the 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 Index Fund. 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.

Multi-Counter

Units of the iShares Core Hang Seng Index ETF created and issued pursuant to a Creation Application may be deposited in CCASS as HKD traded Units, RMB traded Units or USD traded Units initially. Similarly, Units of the iShares Core Hang Seng Index ETF redeemed pursuant to a Redemption Application may be withdrawn from any trading counter (i.e. USD, HKD or RMB trading counter).

Units of the iShares Hang Seng TECH ETF created and issued pursuant to a Creation Application may be deposited in CCASS as HKD traded Units or USD traded Units initially. Similarly, Units of the iShares Hang Seng TECH ETF redeemed pursuant to a Redemption Application may be withdrawn from any trading counter (i.e. USD or HKD trading counter).

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

Dealings in the Units of the iShares Core Hang Seng Index ETF and iShares Hang Seng TECH ETF have commenced.

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

Units of the iShares Core Hang Seng Index ETF are trade on the SEHK in board lots of 100 Units and Units of the iShares Hang Seng TECH ETF are traded on the SEHK in board lots of 100 Units.

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

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

It is the Manager's expectation that at least one Market Maker will maintain a market for the Units of each Index Fund. 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. 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 Underlying Index. Market makers may retain any profits made by them for their own benefit and they are not liable to account to the Index Fund 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 of the iShares Core Hang Seng Index ETF and iShares Hang Seng TECH ETF have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS.

Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS 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 of an Index Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

Multi-Counter

The Manager has arranged for the Units of each Index Fund to be available for trading on the secondary market on the SEHK under a Multi-Counter arrangement. Units are denominated in the Base Currency of the Index Fund as stated in the "Key Information" section. The creation of new Units and redemption of Units in the primary market are settled in the Base Currency of the Index Fund. The iShares Core Hang Seng Index ETF offers 3 trading counters on the SEHK (i.e. USD counter, RMB counter and HKD counter) to investors for secondary trading purposes. The iShares Hang Seng TECH ETF offers 2 trading counters on the SEHK (i.e. USD counter and HKD counter) to investors for secondary trading purposes. Units traded in USD counter will be settled in USD; Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in different counters may be different as each counter is a distinct and separate market.

Units traded on all counters are of the same class and all Unitholders of all these counters are treated equally. Each counter will have a different stock code, stock short name and ISIN number, as stated in the "Key Information" section.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide USD, HKD and/or RMB trading services (as applicable) at the same time and offer inter-counter transfer services to support Multi-Counter trading. Inter-counter buy and sell is permissible even if the trades take place within the same trading day. However, investors should note that the trading price of Units traded in different counters may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Multi-Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor entitled "Multi-Counter Risks".

Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the iShares Core Hang Seng Index ETF is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the iShares Core Hang Seng Index ETF by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on HKEx's website http://www.hkex.com.hk/eng/market/sec_tradinfra/TSF/TSF.htm.

DETERMINATION OF NET ASSET VALUE

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

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

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if the Net Asset Value is unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available Net Asset Value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the average of the latest available bid and offer prices for the share or unit, unless the Manager considers the latest available bid price is more appropriate;

(c) futures contracts will be valued based on the formulae set out in the Trust Deed;

(d) except as provided for in paragraph (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the 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 in consultation with 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 or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager (following consultation with the Trustee) 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 consultation with the Trustee, declare a suspension of the determination of the Net Asset Value of an 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 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 Index Fund or the Net Asset Value per Unit of the Index Fund, or when for any other reason the value of any Security or other asset in the 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 the Index Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of the 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 the Index Fund or the subscription or realisation of Units of the 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 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 Index Fund divided by the total number of Units of the Index Fund in issue rounded to the nearest 4 decimal places.

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

The Issue Price and the Redemption Value for the Units (or the last 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.

FEES AND EXPENSES

There are 3 levels of fees and expenses applicable to investing in iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF 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**	
	iShares Core Hang Seng Index ETF	**iShares Hang Seng TECH ETF**
Transaction Fee	HK$4,000 and HK$1,000 per Application[1]	HK$4,000 and HK$1,000 per Application[2]
Application Cancellation Fee	HK$10,000[3] per Application	
Extension Fee	HK$10,000[4] per Application	
Partial Delivery Request Fee	HK$10,000[5] 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%[6] of the trading price
AFRC transaction levy	0.00015%[7] of the trading price
Trading fee	0.00565%[8] of the trading price
Stamp Duty	Nil
Inter-counter transfer fee	HK$5 per instruction[9]

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.

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1 *HK$1,000 per book-entry deposit and book-entry withdrawal is payable to the Service Agent.*

2 *HK$1,000 per book-entry deposit and book-entry withdrawal is payable to the Service Agent.*

3 *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.*

4 *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.*

5 *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.*

6 *Transaction levy of 0.0027% of the price of the Units, payable by the buyer and the seller.*

7 *AFRC transaction levy of 0.00015% of the price of the Units, payable by the buyer and the seller.*

8 *Trading fee of 0.00565% of the price of the Units, payable by the buyer and the seller.*

9 *HKSCC will charge each CCASS participant a fee of HK$5 per instruction for effecting an inter-counter transfer of Units from one counter to another counter. Investors should check with their brokers regarding any additional fees.*

Fees and expenses payable by the iShares Core Hang Seng Index ETF (see further disclosure below)	Amount
Management Fee[10]	0.09% p.a. of Net Asset Value calculated daily
Fees and expenses payable by the iShares Hang Seng TECH ETF (see further disclosure below)	**Amount**
Management Fee[10]	0.25% p.a. of Net Asset Value calculated daily

Fees and Expenses Payable by an Index Fund

Each Index Fund employs a single management fee structure, with the 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, the Sub-Manager's fees, Trustee's fees (which includes fees for registrar and custody and administration transaction handling fees), fees and expenses of the auditor, fees of service agents, ordinary legal and out-of-pocket expenses incurred by the Trustee, the Manager and the Sub-Managers, and the costs and expenses of licensing indices used in connection with the Index Fund. The Manager reserves the right in its discretion to share part of the Management Fee (that the Manager is entitled to receive as its own fee) with any distributor or sub-distributor of an Index Fund. A distributor may re-allocate an amount of any distribution fee to the sub-distributors.

The Management Fee does not include brokerage and transaction costs (including but not limited to fees, charges, commissions or spreads relating to the acquisition or disposal of portfolio assets), stamp duty, taxes and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

In addition, the Manager reserves the right in its sole discretion to pay a fee to investors and market participants who commit to invest a minimum amount of investment capital, and to hold a minimum investment amount, for an agreed time period, to grow an Index Fund if the Manager considers this to be in the best interest of Unitholders. Any fees paid by the Manager will be paid out of the Management Fee and will not be charged to the relevant Index Fund as an extra cost. The Manager believes that putting in place such an arrangement to grow Index Funds will give rise to benefits for other investors in such Index Funds.

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

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[10] *Accrued daily and payable monthly in arrears.*

An Index Fund 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 Fund will not be paid (either in whole or in part) out of the Index Fund.

Establishment Costs

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

Increase in fees

The fees payable to the Manager and the Trustee (which are included in the calculation of the Management Fee) may be increased on 3 months' notice to Unitholders, subject to (i) a maximum of 2% per annum of the Net Asset Value in case of the fees payable to the Manager and (ii) a maximum of 1% per annum of the Net Asset Value in case of the fees payable to the Trustee.

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 an Index Fund in the context of their overall financial circumstances, knowledge and experience as an investor.

Investment Risk

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 an Index Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. An Index Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, an 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 an Index Fund, the returns from the types of Securities in which the Index Fund invests may underperform or outperform returns from other Securities markets or from investment in other assets. Different types of securities tend to go through cycles of outperformance and underperformance when compared with other general Securities markets.

Derivatives Risk. An Index Fund may invest in stock index future contracts, swaps and other FDIs. Investing in a FDI is not the same as investing directly in an underlying constituent Security which is part of the Underlying Index.

A FDI is a form of contract. Under the terms of a derivative contract an 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 FDI depends on, or is derived from, or determined by reference to, the value of an underlying asset such as a Security or an index. Certain FDIs may give rise to a form of leverage and may expose an Index Fund to greater risk and increase its costs. FDIs may be more sensitive to factors which affect the value of investments. Accordingly FDIs 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 FDI may result in immediate and substantial loss (or gain) to the Index Fund. An Index Fund's losses may be greater and potentially equal to the full value of the FDIs, if it invests in FDIs than if it invests only in conventional Securities.

In addition, many FDIs are not traded on exchanges. This means that it may be difficult for an Index Fund to sell its investments in FDIs in order to raise cash and/or to realise a gain or loss or value such FDIs accurately. The sale and purchase of FDIs, which are not traded on an exchange, are privately negotiated and are generally not subject to central clearing agency guarantees, daily marking-to-market, settlement, and segregation, minimum capital requirements applicable to intermediaries, or 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 FDIs.

Derivatives Counterparty Risk. As explained in the section on Derivatives Risk, a FDI is a form of contract. Payments to be made under many derivatives contracts are not made through or guaranteed by a central clearing agency. Accordingly an Index Fund which invests in FDIs 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 FDI is involved in any insolvency event, the value of that FDI may drop substantially or be worth nothing and the Index Fund may experience significant delays in obtaining any recovery. This is because investing in a FDI is not the same as investing directly in an underlying asset which is part of the Underlying Index.

Futures Trading Risk. Futures are highly leveraged which means that a relatively small movement in the price of a futures contract may result in a profit or loss which is high in proportion to the amount of funds actually placed as margin and may result in unquantifiable further loss exceeding any margin deposited. Trading in many futures contracts is subject to daily price fluctuation restrictions which prohibit the execution of futures trades on any given day outside a prescribed price range based on the previous day's closing prices. This may create liquidity risk, as it may be costly or impossible for the Manager to liquidate a futures position against which the market is moving.

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

Management Risk. Because there can be no guarantee that an Index Fund will fully replicate its Underlying Index and may hold non-index stocks, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities comprising an 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 an Index Fund.

Reliance on the Sub-Managers Risk. The Manager may delegate all or part of the investment discretion of each Index Fund to the Sub-Managers and will rely on the Sub-Managers' expertise and systems for the Index Fund's investments. Any disruption in the communication with or assistance from a Sub-Manager or a loss of service of a Sub-Manager or any of its key personnel may adversely affect the operations of an Index Fund.

Tracking Error Risk. The Net Asset Value of an Index Fund may not have exactly the same net asset value of its Underlying Index. Factors such as the fees and expenses of the Index Fund, the investments of the Index Fund not matching exactly the Securities which make up the Underlying Index (e.g. where it uses representative sampling), an inability to rebalance the Index Fund's holdings of Securities in response to changes in the constituents of the Underlying Index, the Index Fund holding uninvested cash, differences in timing of the accrual of dividends or interest, tax (including gains or losses and / or withholding), rounding of Security prices, changes to the Underlying Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index. This may cause the Index Fund's returns to deviate from its 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.

BlackRock's Index Inclusion Surveillance Program. The Manager may apply its surveillance program ("Surveillance Program") to the Index Funds and the Underlying Index. The Surveillance Program involves conducting analysis and screening securities for outlier high risk behavior (such as rapid or unusual price growth, significant short interest or lending activity, suspended trading or liquidity issues), making recommendations on whether to restrict such securities from fund portfolios and alerting index providers as to any identified issues. If the Index Provider includes a security in the Underlying Index that has been restricted from an Index Fund's portfolio, the relevant Index Fund will be subject to increased tracking error due to the divergence in the securities included in the Underlying Index and the relevant Index Fund. The application of the Surveillance Program to the Index Funds and the Underlying Index is in the sole discretion of the Manager and its affiliates, and the Manager and its affiliates in no way guarantee that application of the Surveillance Program will result in the exclusion of any or all high risk securities from the Underlying Index or the Index Funds.

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

Investments Associated with the PRC Risk. An Index Fund tracks the Underlying Index and its investments include shares of companies which have substantial business exposure to growth opportunities in the PRC and listed on the SEHK (including H-shares and red chips shares). However, investors should be aware that the economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries. By investing in H-shares and red chips shares, an Index Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and foreign exchange control; less publicly available information about issuers; the imposition of taxes; 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.

RMB Currency Risk. Under the Multi-Counter model, Units of the iShares Core Hang Seng Index ETF are traded in RMB (in addition to USD and HKD). RMB is currently not freely convertible and is subject to exchange controls and restrictions. Investors in the secondary market who buy and sell Units traded in RMB are also exposed to foreign exchange currency risk arising from the fluctuations between the iShares Core Hang Seng Index ETF's Base Currency and RMB.

The Units in the RMB counter are RMB denominated securities traded on the SEHK and settled in CCASS. Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units. The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded Units.

Taxation in the PRC Risk. The PRC Government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not 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. Please refer to the section "Taxes – PRC" for further information about PRC taxation.

Asia Regional Economic Risks. Adverse economic developments in Hong Kong or elsewhere in the Asia region, and in particular, the PRC (given the economic inter-dependence between the PRC and Hong Kong and the inclusion of H-share constituents within the Underlying Index), could have a material adverse effect on the financial conditions and results of operations of the constituent companies of the Underlying Index. From the latter half of 1997 to the first half of 1998, many Asian countries experienced significant adverse changes in economic conditions. Hong Kong also suffered adverse economic developments during this period. The outbreak of the Severe Acute Respiratory Syndrome (SARS) in 2003 also had a marked adverse impact on the economy of Hong Kong. The market turmoil triggered by the U.S. housing crisis in 2007 and 2008 caused a material contraction of the economy of Hong Kong and other countries. The performance of the constituent companies of the Underlying Index may have been and may continue to be adversely affected by these events.

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). The Manager and an Index Fund's service providers may experience disruptions or operating errors that could negatively impact the Index Fund. While service providers are required to have appropriate operational risk management policies and procedures, their methods of operational risk management may differ from the Index Fund's in the setting of priorities, the personnel and resources available or the effectiveness of relevant controls. The Manager, through its monitoring and oversight of service providers, seeks to ensure that service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. However, it is not possible for the Manager or the other service providers to identify all of the operational risks that may affect the Index Fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

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 distributions declared and paid in respect of the Securities of the Underlying Index. Distribution 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 distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay distributions or distributions.

Distributions Payable Out of Capital or Effectively Out of Capital Risk. The Manager may at its discretion pay distributions out of the capital of an Index Fund. The Manager may also, at its discretion, pay distribution out of gross income while all or part of the fees and expenses of the Index Fund are charged to/paid out of the capital of the Index Fund, resulting in an increase in distributable income for the payment of distributions by the Index Fund and therefore, the Index Fund may effectively pay distribution out of capital. 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 an Index Fund's capital may result in an immediate reduction of the Net Asset Value per Unit.

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

No Trading Market in the Units. Although the Units are listed on the SEHK and one or more Market Makers have been appointed in respect of each counter, investors should be aware that there may be no liquid trading market for the Units or that such Market Maker(s) may cease to fulfil that role.

Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Underlying Index.

Counterparty to the Executing Broker Risk. Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the Trustee in relation to the sale and purchase of assets or Securities. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of the Trust or an Index Fund. The Manager intends to attempt to limit each Index Fund's 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, an Index Fund. Furthermore, the Manager is permitted to borrow for the account of an 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 Fund that are pledged to counterparties as collateral.

Counterparty to the Custodian Risk. Each 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. Where the custodial and/ or settlement systems in a market the Index Fund invests in are not fully developed, the assets of the Index Fund may be exposed to custodial risk. In the event of the liquidation, bankruptcy or insolvency of the custodian or other depositaries, the Index Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Index Fund may even be unable to recover all of its assets. The costs borne by the Index Fund in investing and holding investments in such market, if applicable, will be generally higher than in organised securities markets. Further, in the event of the insolvency the custodian or other depositaries, an Index Fund will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the Index Fund. An 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.

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, fraud, 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 an Index Fund or the Trust and the value of the Units.

Operating Cost Risk. There is no assurance that the performance of an Index Fund will achieve their investment objective. The level of fees and expenses payable by an Index Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of an 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 an Index Fund or the actual level of its expenses.

Epidemic and Pandemic Risks. The impact of epidemics, pandemics or outbreaks of contagious diseases (such as the avian flu, swine flu, African swine fever, Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), Ebola virus disease and COVID-19) could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. The impact could include wide spread and severe interruption of economic activities, national holidays being extended and personnel being placed in quarantine and/or leave of absence, the closure of transport links for affected regions, and the implementation and enforcement of quarantine and lockdowns of affected regions. An effective vaccine may not be discovered in time to protect against such epidemic or pandemic, or to mitigate the impact of the contagious disease.

Such health crisis may exacerbate other pre-existing political, social and economic risks in certain countries. It is possible that the impact of any such outbreak of a disease will affect certain countries or regions in a more severe manner, relative to other parts of the world.

Market Trading Risks Associated with each Index Fund

Dependence upon Trading Market for Index Shares. The existence of a liquid trading market for an Index Fund's investments will depend on whether there is supply of, and demand for, such investments. There can be no assurance that there will be active trading in any of the Index Fund's investments (including for example where there is a suspension of trading of the Index Fund's investments). The price at which the Index Fund's investments 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 Index Fund's investments are limited or absent.

Absence of Active Market and Liquidity Risks. Although Units of an 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 the 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. Liquidity risk exists when particular investments are difficult to purchase or sell. Any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To help address this risk, one or more Market Makers have been appointed.

In addition, to the extent an Index Fund invests in illiquid Securities or Securities that become less liquid, such investments may have a negative effect on the returns of the Index Fund because the Index Fund may be unable to sell the illiquid Securities at an advantageous time or price. Liquid investments may become illiquid or less liquid after purchase by an Index Fund, particularly during periods of market turmoil or economic uncertainty. Illiquid and relatively less liquid investments may be harder to value, especially in changing markets. If the Index Fund is forced to sell underlying Securities at reduced prices or under unfavorable conditions to meet redemption requests or for other cash needs, the Index Fund may suffer a loss.

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 any of the counters. It is the Manager's intention that there will always be at least one Market Maker in respect of the Units traded in each counter and the Manager use its best endeavours to put in place arrangements so that at least one Market Maker for the Units traded in each counter (where there is a Multi-Counter) gives not less than 3 months notice prior to termination of the market making arrangement. There may be less interest by potential Market Makers in making a market in Units denominated or traded in currencies other than HKD. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for RMB traded Units of the iShares Core Hang Seng Index ETF. It is possible that there is only one Market Maker to a counter of an Index Fund and therefore it may not be practical for the Index Fund to remove the only Market Maker to a counter even if the Market Maker fails to discharge its duties as the sole Market Maker.

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 create or redeem Units if some other event occurs that impedes the calculation of the NAV of the Index Fund or disposal of the Index Fund's Securities cannot be effected. Where a Participating Dealer appoints an agent (who is a CCASS participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent, or if the agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

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

Investors Buying at a Premium and Early Termination 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 less than the capital invested by the Unitholder. In that event, a Unitholder may suffer a loss. 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.

Trading in Secondary Market during Primary Market Trading Suspension Risk. Units of an Index Fund may trade on the SEHK even when the Index Fund does not accept orders to create or redeem Units (for example, where the Manager in accordance with the Trust Deed has determined that primary market creations and redemptions should be suspended). 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.

Cost of Trading Units Risk. Buying or selling Units on the SEHK 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). Accordingly, 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. 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.

Multi-Counter Risks. The Multi-Counter arrangement for exchange traded funds listed on the SEHK is relatively new. The novelty may bring additional risks for investment in such ETF for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last batch settlement run on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Units between different counters for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that inter-counter transfers may not always be available.

There is a risk that the market price on the SEHK of Units traded in one counter may deviate significantly from the market price on the SEHK of Units traded in another counter due to different factors such as market liquidity, supply or demand in each counter and exchange rate fluctuations. The trading price of Units in each counter is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units or buying Units traded in one counter, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Units took place on another counter. There can be no assurance that the price of Units in each counter will be equivalent. Investors without RMB or USD accounts (as applicable) may not be able to buy or sell RMB or USD traded Units (as applicable).

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in different counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly investors may only be able to trade their Units in one currency, investors are recommended to check the readiness of their brokers in respect of the Multi-Counter trading and inter-counter transfer and should fully understand the services which the relevant broker is able to provide (as well as any associated fees).

Exchange Rates Movement between the Base Currency and Other Currencies Risk. Investors whose assets and liabilities are predominantly in currencies other than the Base Currency of an Index Fund should take into account the potential risk of loss arising from fluctuations in value between the Base Currency of the Index Fund and the currency of the Units traded. There is no guarantee that the Base Currency will appreciate in value against any other currency, or that the strength of the Base Currency may not weaken. Accordingly, it is possible for an investor may enjoy a gain in terms of the Base Currency but suffer a loss when converting funds from the Base Currency back into any other currency.

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. However, there can be no guarantee that the Index Fund will, at any given time, accurately reflect the composition of the Underlying Index (refer to "Tracking Error Risk").

Licence to Use Underlying Index may be Terminated Risk. The Manager is granted a licence by each Index Provider to use the relevant Underlying Index to create each Index Fund based on the Underlying Index and to use certain trade marks and any copyright in the Underlying Index. An Index Fund may not be able to fulfil its objective and may be terminated if the relevant licence agreement is terminated. An Index Fund may also be terminated if the 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 Underlying Index. The Index Provider and the Manager (and its Connected Persons) are independent of one another.

Underlying Index Related Risk. As prescribed by this Prospectus, in order to meet its investment objective, an Index Fund seeks to achieve a return which corresponds generally to the 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 Underlying Index accurately, or that the 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 Underlying Index will be in line with its described index methodology. The Manager's mandate as described in this Prospectus is to manage an 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 Index Fund and its Unitholders. For example, during a period where the Underlying Index contains incorrect constituents, the 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 Index Fund and its Unitholders. Unitholders should understand that any gains from Index Provider errors will be kept by the Index Fund and its Unitholders and any losses resulting from Index Provider errors will be borne by the Index Fund and its Unitholders.

Apart from scheduled rebalances, the Index Provider may carry out additional ad hoc rebalances to the Underlying Index in order, for example, to correct an error in the selection of index constituents. Where an Underlying Index is rebalanced and the Index Fund in turn rebalances its portfolio to bring it in line with its Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the Index Fund and its Unitholders. Unscheduled rebalances to the Underlying Index may also expose the 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 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 an Index Fund or to any other person or entity, as to results to be obtained by the 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.

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 an Index Fund nor does it guarantee the commercial merits of the Index Fund or its performance. It does not mean the Index Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of an 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 the Index Fund, the Index Fund will be terminated.

Units May be Delisted from the SEHK Risk. The SEHK imposes certain requirements for the continued listing of Securities, including the Units, on the SEHK. Investors cannot be assured that an Index Fund 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 Index Fund. Where the Index Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager.

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

Sanctions Risk. The governments or the regulators from various countries may impose economic sanctions which may impact an Index Fund's ability to invest in companies from a certain country, sector and/or industry. Such sanctions may be introduced suddenly and may be subject to change. To the extent that any such change in regulations, rules or policies adversely impact an Index Fund and/or affect its ability to achieve its investment objective, investors may suffer accordingly. Further, the inability of an Index Fund to invest in constituent securities that are subject to sanctions may also result in a greater tracking error.

In particular, the United States government issued an Executive Order on 12 November 2020 titled "Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies" (the "Executive Order") which imposes sanctions targeting certain Chinese companies deemed to be affiliated with or supporting the Chinese military (each a "sanctioned entity") and prohibits any transaction by any United States person in publicly traded securities, or any securities that are derivative of, or are designed to provide investment exposure to such securities, of sanctioned entities. The Underlying Index of an Index Fund may contain securities of entities that are identified by the United States government as sanctioned entities under the Executive Order.

Investors should note that the Manager has absolute discretion to manage each Index Fund in a manner in which it believes is appropriate to comply with any applicable sanctions regulations. The Manager will assess the impact and applicability of the relevant regulations and may take certain actions, including without limitation, ceasing any new investments in any sanctioned entity, selling its holding of any sanctioned entity, continuing investments in sanctioned entities (if the Manager considers that the relevant sanctions regulations is not applicable to the Index Fund) and/or imposing restrictions to ensure that the Index Fund is not held by any persons which would result in such holding being a breach of the law or requirements of any country or governmental authority in circumstances which, in the Manager's opinion, might result in the Index Fund being adversely affected, or which may result in the Index Fund suffering any pecuniary disadvantages, which the Index Fund might not otherwise have suffered. Investors should consider whether an Index Fund is an appropriate investment, in particular based on their interpretation and applicability of the Executive Order. If in doubt, please seek professional advice.

Changes in Tax Legislation. Tax legislation, the tax status of an Index Fund, the taxation of investors and any tax relief, and the consequences of such tax status and tax relief, may change from time to time. Any change in the taxation legislation in any jurisdiction where an Index Fund is registered, cross-listed, marketed or invested could affect the tax status of the Index Fund, the value of the Index Fund's investments in the affected jurisdiction, and/or the Index Fund's ability to achieve its investment objective, and/or alter the post tax returns to Unitholders.

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 tax, no assurance can be given that the Trust or an Index Fund will be able to achieve this and/or satisfy such FATCA obligations. If an 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 67) as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material loss. Any withholding will be conducted by the Manager acting in good faith and on reasonable grounds, as permitted by applicable laws and regulations.

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

Termination of the Trust or an Index Fund. Under the terms of the Trust Deed and as summarised under the section headed "Statutory and General Information – Termination" of this Prospectus, the Manager or Trustee may terminate the Trust (or in the case of the Manager, an Index Fund in addition to the Trust). All Index Funds will terminate upon the termination of the Trust. Notice of any termination of an Index Fund or the Trust 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 or the Trust and the alternatives available to them, and any other information required by the Code. Upon the Trust or 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 Trust or the Index Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be less than the capital invested by the Unitholder. In that event, a Unitholder may suffer a loss.

MANAGEMENT OF THE TRUST

The Manager

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

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

Under the Trust Deed, the monies forming part of each Index Fund are invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of each Index Fund. The Manager is also the Listing Agent for 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 Manager has sufficient human and technical resources and capability plus adequate infrastructure systems, operating processes, controls and procedures in place for the management of the Index Funds, including cross border money flow, creation and redemptions, general operations, cash management, procedures for handling corporate/ other special events, portfolio composition file generation and checking, reference underlying portfolio value or indicative NAV checking and monitoring and tracking error management.

The Directors of the Manager

Belinda Mary Boa, Managing Director, is Head of Active Investments for Asia Pacific and Chief Investment Officer of Emerging Markets, Fundamental Active Equity, 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 in the region. 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 Asia Pacific 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, Senior Managing Director, is the Deputy Head of Asia Pacific, Head of Greater China and Head of Trading, Liquidity and Lending Asia Pacific at BlackRock. As a member of BlackRock's Global Executive Committee, Ms. Chan also serves on the firm's Asia Pacific Executive and Steering Committee. Ms. Chan is responsible for the development of the firm's onshore China businesses and the regional Sustainability and Trading, Liquidity and Lending groups. She has oversight of the full range of our capabilities across investments and products in China and oversees our onshore-to-offshore China initiatives as well as the broader business in China, Hong Kong and Taiwan. She is the Executive Sponsor of APAC Social Impact, focusing on delivering BlackRock's purpose and helping communities build better financial futures in the region. Ms. Chan joined BlackRock in July 2013 as Head of iShares Capital Markets and Products Asia Pacific and later became Head of ETFs and Index Investing APAC until October 2021. Prior to joining BlackRock, she was a Managing Director at Deutsche Bank AG, Hong Kong where she was Head of Equity Structuring, Strategic Equity Transactions and DBx Asia Pacific. Before Deutsche Bank, she was Managing Director at Barclays Capital Asia Limited where she held various leadership positions in equity derivatives with the most recent being Head of Equity and Funds Structured, Asia Pacific. Ms. Chan is a graduate of Boston University, Boston, MA.

Rachel Lord, Senior Managing Director, is the Manager's Chair and Head of Asia Pacific, as well as a member of BlackRock's Global Executive Committee. She also chairs BlackRock's APAC Steering and Executive Committees. Ms. Lord oversees all business activities in the region, which includes Australasia, Greater China, India, Japan, Southeast Asia and South Korea. Before assuming her current role, Ms. Lord served as BlackRock's Head of Europe, Middle East & Africa (EMEA) from September 2017. She led the EMEA business to serve clients across individual markets by bringing to bear a wealth of local expertise and insight. Ms. Lord was previously EMEA Head of iShares and Head of Global Clients, ETF and Index Investments. Ms. Lord joined BlackRock in November 2013 from Citigroup where she was Global Head of Corporate Equity Derivatives. She joined Citigroup in 2009 after 13 years at Morgan Stanley, where she played a variety of senior roles in the equities and capital markets businesses in EMEA and Asia. Ms. Lord qualified as a Chartered Accountant in 1990, following which she worked in structured finance for five years before moving into equity derivatives. Ms. Lord graduated from the University of Leeds with a BA (Hons) First Class in International History & Politics.

Sarah Rombom, Managing Director, is the Chief Operating Officer of the Asia-Pacific region for BlackRock. In her role as the APAC COO, she oversees business management of the region and coordinates strategic initiatives to accelerate growth. This includes partnering with regional and functional management to promote operational efficiency and respond to market and regulatory changes. Ms. Rombom's service at BlackRock dates back to 2004. Prior to her current role, Ms. Rombom held several leadership roles in the Aladdin Product Group, including Chief Operating Officer and Head of Aladdin Product Management. During her career at BlackRock, she is a member of BlackRock's Global Operating Committee and Human Capital Committee. Ms. Rombom earned a BS degree in Applied Economics and Management from Cornell University.

James Raby, Managing Director, is the Head of Wealth for Asia Pacific. Mr. Raby is responsible for delivering the breadth of BlackRock capabilities to wealth clients across the region. He oversees business strategy and sales activities across Greater China, Southeast Asia, North Asia & Australasia. This includes business development focusing on the distribution of mutual funds, ETFs and liquid & illiquid alternative investments, as well as client partnership activities in product development, digital transformation and bespoke solutions. Mr. Raby's service with the firm dates back to 2005, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. During his time at Barclays and BlackRock, Mr. Raby played a number of roles within the Strategy, Finance and Audit departments, including Global Head of Financial Planning and Analysis, Global Head of Internal Audit and, most recently, Asia Pacific Chief Financial Officer. Before joining BlackRock in 2005, Mr. Raby worked as a management consultant at Booz & Co (formerly Booz Allen Hamilton), advising financial institutions in the US, UK and Australia. Mr. Raby earned a Bachelor of Engineering and a Bachelor of Economics from the University of Melbourne in 1996 and an MBA from Columbia Business School in 2002.

The Sub-Managers

The Manager may delegate all or part of its investment management functions in respect of the Index Funds to BlackRock Investment Management (UK) Limited (“**BIMUK**”), BlackRock (Singapore) Limited (“**BSL**”) and BlackRock Japan Co., Ltd. (“**BLKJ**”).

BIMUK is a principal operating subsidiary of the BlackRock Group outside the US. It is regulated by the Financial Conduct Authority. BIMUK is an indirect operating subsidiary of BlackRock, Inc., the ultimate holding company of the BlackRock Group.

BSL was incorporated in Singapore with limited liability on 2 December 2000 with its registered office at #18-01, Twenty Anson, 20 Anson Road, Singapore 079912. BSL holds a capital markets services licence in respect of fund management and dealing in securities, trading in futures contracts and leveraged foreign exchange trading under the Securities and Futures Act, Chapter 289 of Singapore. BSL was established to provide fund management and advisory services for clients in the South East Asia region and has managed collective investment schemes and/or discretionary funds since 2001.

BLKJ is regulated by the Japanese Financial Services Agency with its registered office at 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217, Japan. BLKJ is an indirect operating subsidiary of Blackrock, Inc., the ultimate holding company of the BlackRock Group.

The Manager shall continue to have ongoing supervision and regular monitoring of the compliance of the Sub-Managers to ensure that its accountability to Unitholders is not diminished. Although the investment management functions of the Manager may be delegated to a Sub-Manager, its responsibilities and obligations may not be delegated.

Trustee and Registrar

The Trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance (Cap.29 of the Laws of Hong Kong) and approved by the Mandatory Provident Fund Schemes Authority as trustee of registered mandatory provident fund schemes under the Mandatory Provident Fund Schemes Ordinance (Cap.485 of the Laws of Hong Kong). The Trustee is an indirectly wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

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, delegate, custodian, joint custodian, co-custodian or sub-custodian, all of any investments, cash, 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, delegate, 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 ongoing monitoring of such Correspondents and, during the term of their appointment, must satisfy itself that such Correspondents remains suitably qualified and competent on an ongoing basis to provide the relevant services to the Trust or any Index Fund, 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 (except those appointed in respect of markets which the Trustee may determine and notify to the Manager from time to time as being emerging markets unless such Correspondents are Connected Persons of the Trustee) in the same manner as if such acts or omissions were those of the Trustee. 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”.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Trust or the Index Funds, which is the sole responsibility of the Manager.

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control (the “OFAC”) of the US Department of the Treasury.

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or the Index Funds and provided that the Trustee has taken reasonable care (to the extent as required by the Trust Deed, and any applicable law and regulation, including the Code) to ensure that the investment and borrowing limitations set out in the Trust Deed and the conditions under which the Trust and the Index Funds were authorised are complied with, the Trustee (including its delegate) is not responsible or has no liability for any investment decision made by the Manager, or for monitoring the investment performance (with respect to investment decisions) of the Manager or any delegate or agent appointed by the Manager. Except as provided in the Trust Deed or expressly stated in this Prospectus and/ or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or the Index Funds. Neither the Trustee nor its delegate is responsible for the preparation or issue of this Prospectus and therefore they accept no responsibility for any information contained in this Prospectus other than information relating to themselves and the HSBC Group under this section headed “Trustee and Registrar”.

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, an 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, fraud, default or breach of duty or trust.

Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee (also acting in its capacity as the Registrar), the Participating Dealers, (where relevant) the Participating Dealers’ agents, the Service Agent and

HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Index Funds by Participating Dealers.

Auditor

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

Conflicts of Interest

The Manager, the Sub-Managers and other BlackRock Group companies undertake business for other clients. BlackRock Group companies, their employees and their other clients face conflicts with the interests of the Manager, the Sub-Managers and their clients. BlackRock maintains a Conflicts of Interest Policy. It is not always possible for the risk of detriment to a client's interests to be entirely mitigated such that, on every transaction when acting for clients, a risk of detriment to their interests does not remain.

The types of conflict scenario giving rise to risks which BlackRock considers it cannot with reasonable confidence mitigate are disclosed below. This document, and the disclosable conflict scenarios, may be updated from time to time.

Conflicts of interest from relationships within the BlackRock Group

Personal Accounts Dealing

BlackRock Group employees may be exposed to clients' investment information while also being able to trade through personal accounts. There is a risk that, if an employee could place a trade of sufficient size, this would affect the value of a client's transaction. BlackRock Group has implemented a Personal Trading Policy designed to ensure that employee trading is pre-approved.

Employee Relationships

BlackRock Group employees may have relationships with the employees of BlackRock's clients or with other individuals whose interests conflict with those of a client. Such an employee's relationship could influence the employee's decision-making at the expense of clients' interests. BlackRock Group has a Conflicts of Interest Policy under which employees must declare all potential conflicts.

Conflicts of interest of the Manager and the Sub-Managers

Provider Aladdin

BlackRock Group uses Aladdin software as a single technology platform across its investment management business. Custodial and fund administration service providers may use Provider Aladdin, a form of Aladdin software, to access data used by the BlackRock Group. Each service provider remunerates BlackRock Group for the use of Provider Aladdin. A potential conflict arises whereby an agreement by a service provider to use Provider Aladdin incentivises the BlackRock Group to appoint or renew appointment of such service provider. To mitigate the risk, such contracts are entered on an 'arm's length' basis.

Distribution Relationships

The Manager and/or the Sub-Managers may pay third parties for distribution and related services. Such payments could incentivise third parties to promote the Trust and the Index Funds to investors against that client's best interests. BlackRock Group companies comply with all legal and regulatory requirements in the jurisdictions in which such payments are made.

Commissions & Research

The Manager and the Sub-Managers (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 and the Sub-Managers (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer. Notwithstanding this, where permitted by applicable regulation, certain BlackRock Group companies acting as investment manager to certain funds may use commissions generated when trading equities with certain brokers in certain jurisdictions to pay for external research. Such arrangements may benefit one fund over another because research can be used for a broader range of clients than just those whose trading funded it. BlackRock Group has a Use of Commissions Policy designed to ensure compliance with applicable regulation and market practice in each region.

Timing of Competing Orders

When handling multiple orders for the same security in the same direction raised at or about the same time, the Manager and/or the Sub-Managers seek to achieve the best overall result for each order equitably on a consistent basis taking into account the characteristics of the orders, regulatory constraints or prevailing market conditions. Typically, this is achieved through the aggregation of competing orders. Conflicts of interest may appear if a trader does not aggregate competing orders that meet eligibility requirements, or does aggregate orders that do not meet eligibility requirements; it may appear as if one order received preferential execution over another. For a specific trade instruction of the Index Fund, there may be a risk that better execution terms will be achieved for a different client. For example, if the order was not included in an aggregation. BlackRock Group has Order Handling Procedures and an Investment and Trading Allocation Policy which govern sequencing and the aggregation of orders.

Concurrent Long and Short Positions

The Manager and/or the Sub-Managers may establish, hold or unwind opposite positions (i.e. long and short) in the same security at the same time for different clients. This may prejudice the interests of the Manager and/or the Sub-Managers' clients on one side or the other. Additionally, investment management teams across the BlackRock Group may have long only mandates and long-short mandates; they may short a security in some portfolios that are held long in other portfolios. Investment decisions to take short positions in one account may also impact the price, liquidity or valuation of long positions in another client account, or vice versa. BlackRock Group operates a Long Short (side by side) Policy with a view to treating accounts fairly.

MNPI

BlackRock Group companies receive Material Non-Public Information (MNPI) in relation to listed securities in which BlackRock Group companies invest on behalf of clients. To prevent wrongful trading, BlackRock Group erects information barriers and restricts trading by one or more investment team(s) concerned in the security concerned. Such restrictions may negatively impact the investment performance of client accounts. BlackRock has implemented a Material Non-Public Information Barrier Policy.

BlackRock's Investment Constraints or Limitations and its Related Parties

The Trust may be restricted in its investment activities due to ownership threshold limits and reporting obligations in certain jurisdictions applying in aggregate to the accounts of clients of the BlackRock

Group. Such restrictions may adversely impact clients through missed investment opportunities. BlackRock Group manages the conflict by following an Investment and Trading Allocation Policy, designed to allocate limited investment opportunities among affected accounts fairly and equitably over time.

Investment in Related Party Products

While providing investment management services for a client, the Manager and/or the Sub-Managers may invest in products serviced by BlackRock Group companies on behalf of other clients. BlackRock may also recommend services provided by BlackRock or its affiliates. Such activities could increase BlackRock's revenue. In managing this conflict, BlackRock seeks to follow investment guidelines and has a Code of Business Conduct and Ethics. In addition, where an Index Fund invests in any ETF managed by the Manager, the Sub-Managers or their affiliates, neither such Index Fund nor its Unitholders will suffer any increase in the overall total of initial charges, management fee, or any other costs and charges payable to the Manager, the Sub-Managers and/or their affiliates as a result of the investment in such ETF.

Investment Allocation and Order Priority

When executing a transaction in a security on behalf of a client, it can be aggregated and the aggregated transaction fulfilled with multiple trades. Trades executed with other client orders result in the need to allocate those trades. The ease with which the Manager and/or the Sub-Managers can allocate trades to a certain client's account can be limited by the sizes and prices of those trades relative to the sizes of the clients' instructed transactions. A process of allocation can result in a client not receiving the whole benefit of the best priced trade. The Manager and the Sub-Managers manage this conflict by following an Investment and Trading Allocation Policy, which is designed to ensure the fair treatment of all clients' accounts over time.

Side-by-Side Management: Performance fee

The Manager and the Sub-Managers manage multiple client accounts with differing fee structures. There is a risk that such differences lead to inconsistent performances levels across client accounts with similar mandates by incentivising employees to favour accounts delivering performance fees over flat or non-fee accounts. BlackRock Group companies manage this risk through a commitment to a Code of Business Conduct and Ethics Policy.

General

The Manager, the Sub-Managers 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 the Index Funds.

In addition:-

- the Manager, the Sub-Managers, their delegate or any Connected Persons may enter into investments for the Trust and may, with the consent of the Trustee and deal with the Trust as principal provided that such transactions are executed at arm's length and in the best interests of the Unitholders, are executed on the best available terms;

- the Trustee, the Manager, the Sub-Managers, 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, the Sub-Managers, 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 Sub-Managers, 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, the Sub-Managers, 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 an 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 Sub-Managers, 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 an 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 the Sub-Managers or any Connected Person of the Manager or the Sub-Managers.

Soft Dollars

The Manager, the Sub-Managers and any investment delegate (as well as any of their 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, the Sub-Managers and any investment delegate (as well as any of their 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 the Index Funds is 31 December every year. Audited financial reports are to be prepared according to International Financial Reporting Standards and half-yearly unaudited financial 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 the 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 each Index Fund have been complied with). The reports shall also provide a comparison of each 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 financial reports 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 financial 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, regulatory 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 involving any material changes 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

Subject to all applicable laws/regulations and to the extent legally permissible, 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. 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 to the extent the Trustee or the Manager is legally required to do so.

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 1 year 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.

Upon the Manager giving notice to the Trustee to terminate the Trust or an Index Fund pursuant to the Trust Deed, where the assets of the relevant Index Fund include Securities that cannot be traded on exchange or otherwise be disposed of, the Manager may, upon consultation with the Trustee, compulsorily redeem at NAV of all the Units then in issue of the relevant Index Fund, following which the relevant Index Fund may be terminated in accordance with the provisions of the Trust Deed.

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.

Any unclaimed proceeds or other monies held by the Trustee under the provisions of the Trust Deed may at the expiration of twelve Months from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

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 an 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.

Liquidity Risk Management

At the level of an Index Fund and primary market trading in the relevant Units, liquidity risk is the risk that (i) a particular position cannot be easily unwound or offset due to insufficient market depth or market disruption; or (ii) the Index Fund's financial obligations arising from investment activity (such as margin calls) or investor redemptions will not be able to be met. An inability to sell a particular underlying security or portion of the Index Fund's assets may have a negative impact to the value of the Index Fund and may have negative implications for investors being able to redeem, on the primary market, in a timely fashion. Additionally, investors who remain invested in an Index Fund may also be adversely affected.

The Manager has established a Liquidity Risk Management Policy (the "**LRM Policy**") which enables it to identify, monitor and manage certain liquidity risks associated with each Index Fund. The LRM Policy, combined with the liquidity management tools available and an oversight committee comprising senior representatives of the Manager, seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders against the redemption behaviour of other investors from a liquidity perspective.

Tools to Manage Liquidity Risk

Under the LRM Policy, tools available to an Index Fund to manage liquidity risk include some or all of the following:

- In respect of any Redemption Application, 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.

- The Index Fund may borrow up to 10% of its total Net Asset Value.

- The Manager may, in consultation with the Trustee, limit the total number of Units of the Index Fund which Participating Dealers may redeem on any Dealing Day to 10% of the total number of Units then in issue of the Index Fund.

- In respect of the Index Fund, the Manager shall, on receipt of an effective Redemption Application from a Participating Dealer, effect the redemption of the relevant Units in Application Unit size in cash or in-specie (or a combination of both) as determined by the Manager at its discretion.

- The Manager, with the approval of the Trustee, may at its discretion extend the settlement period beyond the Settlement Day, such extension to be on such terms and conditions as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application unless the Market(s) in which a substantial portion of investments of the Index Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable.

- The Manager may, at its discretion, at any time after consultation with the Trustee (and where practicable, after consultation with Participating Dealers) suspend the right of Unitholders to redeem Units of the Index Fund and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application in certain circumstances. Please refer to the section “Suspension of Creations and Redemptions” under “Creations and Redemptions (Primary Market)” for further details.

- The Manager may, after consultation with the Trustee, declare a suspension of the determination of Net Asset Value of the Index Fund in certain circumstances. No Units will be issued or redeemed during any period of suspension of the Net Asset Value. Please refer to the section “Suspension of Net Asset Value” under “Determination of Net Asset Value” for further details.

- The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate the Index Fund in certain circumstances, including where after 1 year from the date of creation of the Index Fund, the Net Asset Value of the Index Fund is less than HK$150 million.

- The Manager may adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager (following consultation with the Trustee) considers that such adjustment is required to fairly reflect the value of the investment.

Investors should note that there is a risk that the tools available may be ineffective to manage liquidity and redemption risk.

Takeovers Code

Unitholders are advised that any shareholding resulting from redemption of Units will normally be subject to the Takeovers Code. If a Unitholder receives shares of a constituent company of the Underlying Index from redemption of Units and the relevant company is under the application of the Takeovers Code at the relevant time (such as during an offer period), the Takeovers Code may be applicable to such Unitholder. In these circumstances, the Unitholder should consult a solicitor or financial adviser to ensure compliance with the Takeovers Code.

Change of Underlying Index

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

(a) the Underlying Index ceasing to exist;

(b) the licence to use the Underlying Index being terminated;

(c) a new index becoming available that supersedes the existing Underlying Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Underlying Index;

(e) investing in the Securities comprised within the Underlying Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Underlying Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Underlying Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

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

Information Available on the Internet

The Manager will publish important news and information with respect to each Index Fund, 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 annual audited financial report and interim half yearly unaudited financial report;
- Last Net Asset Value (in the Index Fund's Base Currency only) and last NAV per unit (in each of the Index Fund's trading currencies i.e. USD, HKD and RMB for the iShares Core Hang Seng Index ETF; USD and HKD for the iShares Hang Seng TECH ETF);
- Near real time indicative Net Asset Value per unit updated every 15 seconds during trading hours on each dealing day (in each of the Index Fund's trading currencies i.e. USD, HKD and RMB for the iShares Core Hang Seng Index ETF; USD and HKD for the iShares Hang Seng TECH ETF);
- The Index Fund's holdings (updated on a daily basis);
- Public notices and announcements made by the Index Fund;
- Latest list of Participating Dealers and Market Makers;
- The past performance of the Index Fund;
- The tracking difference and tracking error of the Index Fund; and
- Composition of any distributions paid by the Index Fund (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

For the iShares Core Hang Seng Index ETF, 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 USD and RMB are for reference only. The near real time indicative NAV per Unit in USD and RMB does not use a real time exchange rate between the Base Currency (i.e. HKD) and each of the trading currencies (i.e. USD and RMB). It is calculated using the indicative NAV per Unit in HKD multiplied by the WM Reuters 4:00p.m (London time)* rate for USD and RMB (CNH) respectively for the previous Dealing Day. The last NAV per Unit in USD and RMB is calculated using the last NAV per Unit in the Base Currency (i.e. HKD) multiplied by the WM Reuters 4:00p.m (London time)* rate for USD and RMB (CNH) respectively for that Dealing Day.

For the iShares Hang Seng TECH ETF, please note that the near real time indicative NAV per Unit (in each of the trading currencies i.e. USD and HKD) and the last NAV per Unit in USD are for reference only. The near real time indicative NAV per Unit in USD does not use a real time exchange rate between the Base Currency (i.e. HKD) and USD. It is calculated using the indicative NAV per Unit in HKD multiplied by the WM Reuters 4:00p.m (London time)* rate for USD for the previous Dealing Day. The last NAV per Unit in USD is calculated using the last NAV per Unit in the Base Currency (i.e. HKD) multiplied by the WM Reuters 4:00p.m (London time)* rate for USD for that Dealing Day.

**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*

All of the information outlined above can be found on the product webpage of each Index Fund. The product webpage of an Index Fund can be located by using the search function and inserting the stock codes of the iShares Core Hang Seng Index ETF (i.e. 03115, 83115 or 09115) and the iShares Hang Seng TECH ETF (i.e. 03067 or 09067) at www.blackrock.com/hk. This website has not been reviewed by the SFC. Each 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	**Trustee**
BlackRock Asset Management North Asia Limited 16/F Champion Tower 3 Garden Road Central Hong Kong	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 the Index Funds or to file a complaint. If a query or complaint is received by phone, the Manager will respond orally. If a query or complaint is received in writing, the Manager will respond in writing. Under normal circumstances the Manager will respond to any query or complaint as soon as practicable and in any event within 21 days.

TAXES

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

Hong Kong

The Index Funds

Profits Tax: As each Index Fund has been authorised as a collective investment scheme by the SFC pursuant to section 104 of the Securities and Futures Ordinance, profits of each Index Fund arising from the sale or disposal of securities, net investment income received by or accruing to each Index Fund and other profits of each 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 an 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 an Index Fund to an investor upon redemption of Units will also be remitted or refunded.

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

The sale and purchase of Hong Kong stocks by an Index Fund will be subject to stamp duty in Hong Kong at the current rate of 0.26% of the price of the shares being sold and purchased. Each Index Fund will be liable to one half of such Hong Kong stamp duty.

The Unitholders

Profits Tax: Hong Kong profits tax will not be payable by the Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units and on any distributions made by an 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: Pursuant to the Stamp Duty (Amendment) Ordinance 2015, with effect from 13 February 2015, no stamp duty is payable on the transfer (purchase or sale) of units of all exchange traded funds on the SEHK. No stamp duty is therefore payable on the transfer of Units of an Index Fund.

PRC

The Index Funds	Corporate Income Tax: Under the general taxing provision of the PRC Corporate Income Tax Law ("CIT"), which became effective on 1 January 2008, a PRC non-resident enterprise is subject to 10% withholding tax on passive income (including dividends, interest, capital gains on disposals of PRC equity interests, etc.) derived from the PRC, provided that such non-resident enterprise is not considered to be a tax resident in the PRC by virtue of central management and control or by having a PRC tax establishment. Although it is intended that each Index Fund will be managed and operated such that it would not be considered a tax resident in the PRC or to have a PRC tax establishment, an Index Fund's investing in PRC securities, e.g., H shares, may give rise to PRC taxes to the Index Fund in the form of withholding on dividends, interest, capital gains, and/ or other business, stamp, and indirect taxes, the tax extent of which will depend on a number of factors, including but not limited to the specific investment type, legislative clarifications provided to-date by the PRC tax authorities pertaining to the specific investment, and current tax practice in the PRC. H shares: H shares are PRC securities listed on the Hong Kong Stock Exchange. It is intended that with respect to an Index Fund's direct investment in H shares, dividends to be distributed by the PRC resident enterprise will be subject to withholding tax at 10% according to Circular Guoshuihan [2008] No 897. To-date, there is uncertainty as to whether and how capital gains on H shares will be taxed, and there has been no official clarification from the PRC tax authorities in this regard, nor has the PRC tax authorities actively enforced taxation on capital gains arising from sales of H shares by PRC non-resident enterprises. Stamp Tax: Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in the PRC of certain documents, including contracts for the sale of PRC shares traded on the PRC stock exchanges. From 19 September 2008 onwards, only the seller, not the buyer of PRC listed shares is taxable for stamp duty at the rate of 0.1% on the sale.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions ("**FIs**") in Hong Kong to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the Hong Kong Inland Revenue Department ("**IRD**") for the purpose of AEOI exchange. Generally, the information will be reported and automatically exchanged in respect of account holders that are tax residents in an AEOI partner jurisdiction(s) with which Hong Kong has a Competent Authority Agreement ("**CAA**") in force; however, each Index Fund and/or its agents may further collect information relating to residents of other jurisdictions.

Each Index Fund is required to comply with the requirements of the Ordinance, which means that an Index Fund and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong requires each Index Fund to, amongst other things: (i) register the Index Fund as a "Reporting Financial Institution" with the IRD (when there are reportable accounts); (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a jurisdiction with which Hong Kong has a CAA in force; and (ii) certain entities controlled by individuals who are tax residents in such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, place of birth, address, tax residence, tax identification number (if any), account number, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in an Index Fund and/or continuing to invest in an Index Fund, Unitholders acknowledge that they may be required to provide additional information to the Index Fund, the Manager and/or the Index Fund's agents in order for the Index Fund to comply with the Ordinance. The Unitholder's information (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in an Index Fund.

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 which became effective on 1 July 2014. 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.

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

If an IGA is in place between the US and the country where the FFI is domiciled, then the terms of the IGA replace FATCA, meaning that all FFIs in the IGA country will generally be able to apply simpler, less burdensome due diligence and tax information sharing requirements, with generally no FATCA tax withholding. The United States Department of the Treasury and Hong Kong has on 13 November 2014 entered into an IGA based on the Model 2 type (“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 each Index Fund are classified as “Qualifying Institutions” under the Model 2 IGA. As such they are a non-reporting Hong Kong Financial Institutions and are certified deemed compliant. No registration is required with the IRS.

Impact to the Index Funds and the Unitholders

In the event that an Index Fund holds US securities and is not FATCA compliant, the Index Funds 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 and prospective holders to seek the advice of an experienced tax adviser to determine what actions Unitholders may need to take and on FATCA.

Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Index Fund (a) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Index Fund receives payments and/or (b) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction, (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including any law, rule and requirement relating to AEOI) and reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Authorities	Subject to applicable laws and regulations in Hong Kong, the Manager, the Trustee or any of their authorised person (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable an Index Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any law, rule, requirement, regulation or agreement relating to AEOI and FATCA).

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.

“AFRC” means the Accounting and Financial Reporting Council or its successors.

“Application Unit” means, in relation to an Index Fund, such number of Units of a class or whole multiples thereof as specified in this Prospectus for the 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.

“Base Currency” means the specified base currency for an Index Fund which the Manager may determine from time to time in its discretion.

“BlackRock Group” means the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.

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

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

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

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

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

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

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

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in the "Description of the iShares Core Hang Seng Index ETF" and "Description of the iShares Hang Seng TECH ETF" sections of this Prospectus.

"Duties and Charges" in relation to an Index Fund means, for any of its particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the deposited property (as that term is defined in the Trust Deed) or 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 Index Fund for the difference between (a) the prices used when valuing the Securities of the Index Fund 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 Index Fund with the amount of cash received by the Index Fund 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 Index Fund in order to realise the amount of cash required to be paid out of the Index Fund upon such redemption of Units.

"entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

"FDI" means financial derivative instrument.

"Government and other Public Securities" has the meaning as set out in the Code.

"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 iShares Core Hang Seng Index ETF and the iShares Hang Seng TECH ETF. The relevant Index Fund to which this Prospectus relates are listed in the section headed "Introduction".

"Index Provider" means the person responsible for compiling the Underlying Index against which an Index Fund benchmarks its investments and who holds the right to licence the use of such Underlying Index to the Index Fund.

"Issue Price" means the price at which Units in an Index Fund may be issued, determined in accordance with the Trust Deed.

"Listing Date" means the date specified in the "Description of the iShares Core Hang Seng Index ETF" and "Description of the iShares Hang Seng TECH ETF" sections of this Prospectus.

"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.

“Multi-Counter” means the facility by which the Units traded in USD, HKD and/or RMB (as the case may be) are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (USD or RMB or HKD) as described in this Prospectus.

“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 Index Fund applicable at the time of the relevant Application.

“Participating Dealer” means 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, for the purposes of interpretation of this Prospectus only, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

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

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

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

“reverse repurchase transactions” has the meaning as set out in the Code. “sale and repurchase transactions” has the meaning as set out in the Code. “securities financing transactions” has the meaning as set out in the Code. “securities lending transactions” has the meaning as set out in the Code.

“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 number of Business Days after the relevant Dealing Day specified for an Index Fund 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 the Index Fund.

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

"substantial financial institution" has the meaning as set out in the Code.

"Takeovers Code" means The Code on Takeovers and Mergers issued by the SFC (as amended, or replaced, from time to time).

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

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

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

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

SCHEDULE 1

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 due account of 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.

PART A – INVESTMENT AND BORROWING RESTRICTIONS APPLICABLE TO EACH INDEX FUND

1. Investment Restrictions

The investment restrictions applicable to each Index Fund that are included in the Trust Deed are summarised below (as may be modified by any applicable waivers or exemptions granted by the SFC):-

(a) the aggregate value of an Index Fund's investments in, or exposure to, any single entity (other than Government and other Public Securities) through the following may not exceed 10% of the Net Asset Value of such Index Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:

   (1) investments in Securities issued by such entity;

   (2) exposure to such entity through underlying assets of FDIs; and

   (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of an Index Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of the Index Fund:

   (1) investments in Securities issued by such entities;

   (2) exposure to such entities through underlying assets of FDIs; and

   (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the SFC, the value of an Index Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the Net Asset Value of the Index Fund, unless:

   (1) the cash is held before the launch of the Index Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or

   (2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Index Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

for the purposes of this paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by the Index Fund and not referable to provision of property or services;

(d) ordinary shares issued by any single entity (other than Government and other Public Securities) held for the account of an Index Fund, when aggregated with other ordinary shares of the same entity held for the account of all other Index Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;

(e) not more than 15% of the Net Asset Value of an Index Fund may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e), where direct investment by an Index Fund in a market is not in the best interests of investors, an Index Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case, the underlying investments of the subsidiary, together with the direct investments made by the Index Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(g) notwithstanding (a), (b) and (d), not more than 30% of the Net Asset Value of an Index Fund may be invested in Government and other Public Securities of the same issue;

(h) subject to (g), an Index Fund may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, an Index Fund which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in Government and other Public Securities in any number of different issues;

(i) unless otherwise approved by the SFC, an Index Fund may not invest in physical commodities;

(j) for the authorised of doubt, exchange traded funds that are:

(1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or

(2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by an Index Fund should be consistently applied and clearly disclosed in this Prospectus. The Manager intends to treat such underlying exchange traded funds 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;

(k) where an Index Fund invests in shares or units of other collective investment schemes ("underlying schemes"),

(1) the value of such Index Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the Net Asset Value of an Index Fund; and

(2) such Index Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of an Index Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the Net Asset Value of the Index Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in this Prospectus,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, an Index Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (i) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the Manager, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(3) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(4) the Manager or any person acting on behalf of the Index Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the manager of an underlying scheme, or any quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) if the name of an Index Fund indicates a particular objective, investment strategy, geographic region or market, the Index Fund, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Index Fund represents.

The Manager shall not on behalf of any Index Fund:-

(i) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and officers of the Manager collectively own more than 5% of those securities;

(ii) 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 trusts (REITs)). In the case of investments in such shares and REITS, they shall comply with the limits set out in paragraphs (a), (b) and (d), (e) and (k)(1) above where applicable. For the avoidance of doubt, where investments are made in listed REITS, paragraphs (a), (b) and (d) apply and where investments are made in unlisted REITS, which are either companies or collective investment schemes, then paragraphs (e) and (k)(1) apply respectively;

(iii) make short sales if as a result such Index Fund would be required to deliver Securities exceeding 10% of the Net Asset Value of such Index Fund (and for this purpose Securities sold short must be actively traded on a market where short selling activity is permitted). For the avoidance of doubt, an Index Fund is prohibited to carry out any naked or uncovered short sale of Securities and short selling should be carried out in accordance with all applicable laws and regulations;

(iv) subject to paragraph (e) above, lend or make a loan out of the assets of such Index Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan, or assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(v) enter into any obligation in respect of such Index Fund or acquire any asset or engage in any transaction for the account of such Index Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders is limited to their investment in the relevant Index Fund; or

(vi) include in the portfolio of such Index Fund any Security where a call is to be made for any sum unpaid on that Security, unless the call could be met in full out of cash or near cash from such Index Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of the section "Cover" below.

Note: The investment restrictions set out above apply to each Index Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's net asset value. For an Index Fund authorised under Chapter 8.6 of the Code as an index tracking ETF, given the investment objective of the Index Fund and nature of the index, the relevant Index Fund is allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent Securities of any single entity exceeding 10% of the Index Fund's Net Asset Value if such constituent Securities account for more than 10% of the weighting of the index and the relevant Index Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature.

However, the restrictions in 8.6(h)(i) and (ii) of the Code (as described in the preceding paragraph) do not apply if:

- the Index Fund adopts a representative sampling strategy which does not involve full replication of the constituent securities of the underlying index in the exact weightings of such index;

- the strategy is clearly disclosed in the Prospectus;

- the excess of the weightings of the constituent securities held by the Index Fund over the weightings in the index is caused by the implementation of the representative sampling strategy;

- any excess weightings of the Index Fund's holdings over the weightings in the index must be subject to a maximum limit reasonably determined by the Index Fund after consultation with the SFC. In determining this limit, the Index Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the index and any other suitable factors;

- limits laid down by the Index Fund pursuant to the point above must be disclosed in the Prospectus. Please refer to the section "Descriptions of The Index Funds" – "Investment Strategy" for the limit applicable to an Index Fund;

- disclosure must be made in the Index Fund's interim and annual reports as to whether the limits imposed by the Index Fund itself pursuant to the above point have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Non-compliance with Chapter 7.1A of the Code (applicable to the iShares Hang Seng TECH ETF only)

A collective investment scheme authorised by the SFC under the Code is usually subject to the investment restriction under Chapter 7.1A of the Code, which provides that subject to Chapters 7.1 and 7.28(c) of the Code, the aggregate value of that scheme's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of that scheme:

(a) investments in Securities issued by such entities;

(b) exposure to such entities through underlying assets of FDIs; and

(c) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs.

Given the index tracking nature of the iShares Hang Seng TECH ETF and the nature of the Underlying Index, upon consultation with the SFC and as permitted under Chapter 8.6(h)(b) of the Code, the iShares Hang Seng TECH ETF will not strictly comply with Chapter 7.1A of the Code, provided that the aggregate value of the iShares Hang Seng TECH ETF's investments in, or exposure to, entities within the same group through (a) to (c) above may not exceed 35% of the Net Asset Value of the iShares Hang Seng TECH ETF.

Securities Financing Transactions

The Index Funds currently do not intend to engage in any securities lending transactions, sale and repurchase transactions and reverse repurchase transactions ("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, and details of such transactions will be disclosed in this Prospectus in accordance with the Code.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of an Index Fund enter into any transactions in relation to FDIs.

Hedging purposes

An Index Fund may acquire FDIs for hedging purpose. The FDIs shall meet all of the following criteria to be considered as being acquired for hedging purposes:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss of risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions. Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Index Fund to meet its hedging objective in stressed or extreme market conditions.

Investment purposes

An Index Fund may also acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Index Fund's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC for a Sub-Fund pursuant to Chapter 8.7 and 8.8 of the Code). For the avoidance of doubt:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by an Index Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the position;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Requirements on FDIs

The FDIs invested by an Index Fund should be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the SFC, in which such Index Fund may invest according to its investment objectives and policies. Where the Index Fund invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in paragraphs (a), (b), (c) or (g) under “Investment Restrictions” above provided that the index is in compliance with 8.6(e) of the Code;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions, except that the SFC may consider to accept other entity falling outside the definition of “substantial financial institution” on a case-by-case basis;

(c) subject to paragraphs (a) and (b) under the section entitled “Investment Restrictions” above, the Index Fund’s net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of such Index Fund. Exposure to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) and should be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) independent of the issuer of the FDIs through measures established by the Manager such as the establishment of a valuation committee or engagement of third party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Index Fund. Further, the calculation agent/ fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

Subject to the sub-sections “Investment purposes” and “Requirements on FDIs above”, an Index Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Index Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

Cover

An Index Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. For the purposes of this paragraph, assets that are used to cover the Index Fund’s payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a Security, and cannot be applied for any other purposes. A transaction in FDIs which gives rise to a future commitment or contingent commitment of an Index Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at the Index Fund's discretion, be cash settled, the Index Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Index Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Index Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation. In the case of holding alternative assets as cover, the Index Fund should apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligation.

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well. For the purposes of this Prospectus, an "Embedded FDI" is a FDI that is embedded in another security, namely the host contract.

Collateral

The Index Funds currently do not intend to receive any collateral. In the event the Manager intends to change this practice, collateral requirements under the Code and the Manager's collateral policy and criteria will be disclosed in this Prospectus in accordance with the Code.

2. Borrowing Policy

Borrowing against the assets of an Index Fund is allowed up to a maximum of 10% of its total Net Asset Value. Back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in Chapters 7.32 to 7.35 of the Code. The Trustee may at the request of the Manager borrow for the account of an 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 the Index Fund; or

- for any other proper purpose as may be agreed by the Manager and the Trustee.

PART B – ADDITIONAL INVESTMENT AND BORROWING RESTRICTIONS APPLICABLE TO EACH INDEX FUND

In addition to the restrictions and limitations set out in Part A of this Schedule 1, the following restrictions also apply to each Index Fund. In the event of inconsistency between the restrictions and limitations set out in Part A and Part B, the stricter of the restrictions or limitations shall prevail.

Exposure to the same issuer

Each Index Fund may not invest in any one issuer in excess of the limits set out below:

1. Not more than 20% of each Index Fund's latest available Net Asset Value may be invested in transferable securities issued by the same body.

2. The limit laid down in sub-paragraph 1 above is raised to 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with European Union Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the investment limits mentioned in sub-paragraphs 1 to 2 above

Other collective investment schemes

Each Index Fund's aggregate investment in other collective investment schemes (including eligible schemes or non-eligible schemes, and schemes authorised or not authorised by the SFC) shall not exceed 10% of its Net Asset Value.

Real estate, commodities and precious metals

Each Index Fund shall not directly or indirectly (e.g. through FDIs) invest in real estate, commodities and/or precious metals or hold certificates representing precious metals.

Borrowing

Each Index Fund may only borrow up to 10% of its Net Asset Value on a temporary basis and must not borrow on a permanent and/or rolling/recurrent basis.

Investments in unlisted securities

Each Index Fund may not invest more than 10% of its latest available Net Asset Value in Securities which are not quoted, listed or dealt in on a market, including swaps.

iShares
by BlackRock