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 FTSE A50 China Index ETF ("A50 China ETF"). An investment in the A50 China 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 FTSE A50 China Index ETF (HKD Counter Stock Code: 2823) (RMB Counter Stock Code: 82823)

iShares Asia Trust

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

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

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The iShares Asia Trust and the A50 China ETF have been authorised as collective investment schemes by the Hong Kong Securities and Futures Commission. Authorisation by the Securities and Futures Commission is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

27 November 2019

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of Units in the iShares FTSE A50 China Index ETF ("A50 China ETF"), a sub-fund 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 confirms that this Prospectus includes particulars given in compliance with The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK") and the Code on Unit Trusts and Mutual Funds (the "Code") and the Overarching Principles of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Investment Products for the purposes of giving information with regard to the Units of the A50 China ETF and that having made all reasonable enquiries, the Manager confirms that, to the best of its knowledge and belief that there are no other matters the omission of which would make any statement in this Prospectus misleading, whether of fact or opinion; any inferences that might reasonably be drawn from any statement in the Prospectus are true and are not misleading; and all opinions and intents expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation or issue 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 A50 China ETF is a fund falling within Chapter 8.6 of the Code. The Trust and the A50 China 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 A50 China 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 A50 China ETF nor does it guarantee the commercial merits of the A50 China ETF or its performance. It does not mean the A50 China 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 A50 China 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 A50 China ETF is appropriate for them.

Dealings in the Units in the A50 China ETF commenced on the SEHK on 18 November 2004 (HKD counter). Units in the A50 China 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 18 November 2004.

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 A50 China 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 A50 China ETF and, if later, its most recent interim financial report, which form a part of this Prospectus.

In particular:

(a) Units in the A50 China ETF have not been registered under the United States Securities Act of 1933 (as amended) and except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of such Act);

(b) The A50 China ETF has not been and will not be registered under the United States Investment Company Act of 1940, as amended; Accordingly, Units may not, except pursuant to an exemption from, or in a transaction not subject to, the regulatory requirements of the US Investment Company Act of 1940 be acquired by a person who is deemed to be a US Person under the 1940 Act and regulations;

(c) Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

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

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

DIRECTORY

MANAGER
BLACKROCK ASSET MANAGEMENT NORTH ASIA LIMITED
貝萊德資產管理北亞有限公司
16/F CHAMPION TOWER
3 GARDEN ROAD
CENTRAL
HONG KONG

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

CUSTODIAN
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
1 QUEEN'S ROAD
CENTRAL
HONG KONG

RQFII CUSTODIAN
HSBC BANK (CHINA) COMPANY LIMITED
33RD FLOOR HSBC BUILDING
SHANGHAI IFC
8 CENTURY AVENUE
PUDONG
SHANGHAI 200120 PRC

RQFII LICENSE HOLDERS
BLACKROCK ASSET MANAGEMENT NORTH ASIA LIMITED
貝萊德資產管理北亞有限公司
16/F CHAMPION TOWER
3 GARDEN ROAD
CENTRAL
HONG KONG

and

BLACKROCK (SINGAPORE) LIMITED
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SINGAPORE 079912

LEGAL ADVISER TO THE MANAGER
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HONG KONG

DIRECTORS OF THE MANAGER
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GERALDINE BUCKINGHAM
SUSAN WAI-LAN CHAN
ANDREW JOHN HAMBLETON
ANDREW RAYMOND LANDMAN
GRAHAM DOUGLAS TURL

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

QFII CUSTODIAN
CITIBANK (CHINA) CO., LIMITED
CITIGROUP TOWER
NO.33, HUA YUAN SHI QIAO ROAD
LU JIA ZUI FINANCE AND TRADE AREA
SHANGHAI
PRC 200120

QFII LICENSE HOLDER
BLACKROCK ASSET MANAGEMENT NORTH ASIA LIMITED
貝萊德資產管理北亞有限公司
16/F CHAMPION TOWER
3 GARDEN ROAD CENTRAL
HONG KONG

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

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INTRODUCTION

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the A50 China ETF. It contains important facts about the Trust as a whole and the iShares FTSE A50 China Index ETF ("A50 China ETF").

The Trust and the A50 China ETF

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 one of the Index Funds, iShares FTSE A50 China Index ETF, which is an exchange traded fund (or "ETF") authorised by the SFC.

ETFs are funds that are designed to track an index. The Units of the A50 China ETF are listed on the SEHK and trade like any other equity security listed on the SEHK. Only Participating Dealers may purchase or redeem Units directly from the A50 China ETF 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 buy and sell Units in the A50 China ETF on the SEHK.

PRICES FOR THE A50 CHINA ETF ON THE SEHK ARE BASED ON SECONDARY MARKET TRADING FACTORS AND MAY DEVIATE SIGNIFICANTLY FROM THE NET ASSET VALUE OF THE A50 CHINA ETF.

Investment Objective

The investment objective of the A50 China ETF 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 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 the A50 China ETF will achieve its investment objective.

The Underlying Index of the A50 China ETF may be changed by prior approval of the SFC and notice to Unitholders.

Investment Strategy

The Manager uses a passive or indexing approach to try to achieve the A50 China ETF's investment objective. The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index.

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

The A50 China ETF aims to invest at least 95% of its net assets in achieving the investment objective. The A50 China ETF may invest, either directly or indirectly, in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the A50 China ETF achieve its investment objective. The A50 China ETF may also invest in other investments including (i) CAAPs for cash management and contingency purposes and

(ii) futures contracts, index futures contracts*, options on futures contracts and options related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents for both hedging and non-hedging purposes, which the Manager believes will help the A50 China ETF achieve its investment objective. The A50 China ETF's investment in FDIs for non-hedging purposes will not exceed 10% of its NAV. The investment strategy of the A50 China ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

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

In managing the A50 China ETF, the Manager may adopt a representative sampling investment strategy as described below in lieu of a replication investment strategy. A representative sampling investment strategy may be more appropriate in view of the comparative illiquidity and possible settlement difficulties which may be experienced with certain A Shares comprised in the Underlying Index. This means that the A50 China ETF may not hold all A Shares in all the constituent companies of the Underlying Index. However, the Manager may swap between the two investment strategies, without prior notice to Unitholders, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the A50 China ETF.

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 index that collectively has an investment profile that reflects the profile of the relevant index. The A50 China ETF adopting a representative sampling investment strategy, may or may not hold all of the Securities that are included in the Underlying Index, and may hold Securities which are not included in the Underlying Index, provided that the sample closely reflects the overall characteristics of the Underlying Index.

Replication Investment Strategy

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

Correlation

An index is a theoretical financial calculation based on the performance of particular components that make up the index, whereas the A50 China ETF is an actual investment portfolio. The performance of the A50 China ETF 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 the A50 China ETF's portfolio and the Underlying Index. These differences may result for example from legal restrictions affecting the ability of the A50 China ETF to purchase or dispose of Securities or the employment of a representative sampling strategy.

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

Leverage

A50 China ETF's net derivative exposure may be up to 50% of the A50 China ETF's Net Asset Value.

Investment and Borrowing Restrictions

The A50 China ETF must comply with the investment and borrowing restrictions as summarised in Schedule 1 of this Prospectus (which includes a summary of the investment restrictions set out in the Trust Deed).

Index Licence Agreement

The Manager has been granted a license by FTSE to use the Underlying Index to create the A50 China ETF and to use certain trademarks and any copyright in the Underlying Index for five years commencing from 1 July 2004 under a license agreement. This index license agreement was subsequently replaced by a new license agreement which grants the Manager the license to use various rights including intellectual property rights and rights to the Underlying Index and the data in relation to the Underlying Index for 10 years starting from 1 January 2018.

The parties to the license agreement will negotiate 6 months prior to the expiry of the 10 years period whether the license agreement shall be extended.

Investors' attention is drawn to "Risks Associated with the Underlying Index" on page 30.

Cross-trades

Cross-trades between the A50 China ETF and other funds managed by the Manager or its affiliates may be undertaken when 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 A50 China ETF. 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 A50 CHINA ETF

Key Information

The following table is a summary of key information in respect of the A50 China ETF, and should be read in conjunction with the full text of the Prospectus.

Underlying Index	Index: FTSE China A50 Index Launch Date: 13 December 2003 Number of constituents: 50 (20 November 2019) Total Market Capitalisation (Free Float): RMB 5,712.81 billion (20 November 2019) Base Currency: Renminbi (RMB)
Listing Date (SEHK)	18 November 2004 (for HKD traded units) 7 July 2017 (for RMB traded units)
Exchange Listing	SEHK – Main Board
Initial public offering	Not applicable
Stock Code	2823 – HKD counter 82823 – RMB counter
Trading Board Lot Size	100 (for each counter)
Base Currency	Renminbi (RMB)
Trading Currencies	Hong Kong dollars (HKD) – HKD counter Renminbi (RMB) – RMB counter
Distribution Policy	Annually, at the Manager's discretion (December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. All Units will receive distributions in the Base Currency (RMB) only.*
Application Unit size (only Participating Dealers)	Minimum 2,000,000 Units or multiples thereof (for each counter)
Management Fee	0.99% 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

Investment Objective

The investment objective of the A50 China ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE China A50 Index. There can be no assurance that the A50 China ETF will achieve its investment objective.

Investment Strategy

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

* Unitholders of the A50 China ETF should note that all Units will receive distributions in the Base Currency (RMB) only. As such, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from RMB to USD, HKD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and consider the risk factor "Other Currencies Distributions Risk".

The A50 China ETF invests in a representative portfolio of securities that may consist of A Shares that are constituents of the Underlying Index and/or A Shares that are not constituents of the Underlying Index but that assist the A50 China ETF to achieve its investment objective. Any such direct investments by the A50 China ETF in A Shares will be subject to (i) the QFII Quota granted by the SAFE for use by the A50 China ETF which is US$970 million as at the date of this Prospectus; (ii) the RQFII Quota available for use by the A50 China ETF which is subject to the Manager's allocation from time to time, out of the RQFII Quota granted to it by the SAFE for use by different public fund products under the Manager's management (iii) the RQFII Quota available for use by the A50 China ETF which is subject to the BSL's allocation from time to time, out of the RQFII Quota granted to it by the SAFE; and the daily quota for the Stock Connect which is not specific to the A50 China ETF or the Manager. Please refer to the sections "What is the RQFII regime?" and "What is the Stock Connect?" below for further information.

As the A50 China ETF employs a representative sampling investment strategy, it may overweight holdings of A Shares relative to the respective weightings of the constituents in the Underlying Index, provided that the maximum extra weighting in any A Share relative to the respective constituent will not exceed 2% under normal market conditions. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit during such period by the A50 China ETF. The annual and semi-annual reports of the A50 China ETF shall also disclose whether or not such limit has been complied with during such period.

As there are Physical A Share ETFs in the market that track indices that are closely correlated to the Underlying Index, the A50 China ETF may also invest in one or more Physical A Share ETFs for cash management and contingency purposes only and if the Manager considers that investing in them is in the best interests of the Unitholders taking into account various factors including but not limited to returns to investors, fees, and market conditions. The A50 China ETF may invest up to 10% of its Net Asset Value in one or more underlying Physical A Share ETFs which are non-eligible schemes or not authorised by the SFC and up to 30% of its Net Asset Value in each Physical A Share ETF which are eligible schemes or authorised by the SFC, including those which are managed by the Manager or its Connected Persons or other third parties. The Manager intends to treat such underlying ETFs as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

The Manager believes that expanding the investment universe of the A50 China ETF to include such Physical A Share ETFs will afford greater flexibility to the Manager in managing the A50 China ETF by allowing responses to market conditions to be effected more quickly, for example, if there is insufficient QFII Quota granted for use of the A50 China ETF and/or RQFII Quota available to the Manager/BSL and allocated to the A50 China ETF. Please refer to "Investment in Physical A Share ETFs Risk" under the section headed "Risk Factors" for further information.

The A50 China ETF will seek to invest in A Shares and Physical A Share ETFs so that such investments in aggregate comprise 90% or more of the NAV of the A50 China ETF.

The A50 China ETF may also invest in other investments including (i) CAAPs for cash management and contingency purposes only and (ii) futures contracts, index futures contracts*, options on futures contracts and options related to its Underlying Index, local currency and forward currency exchange contracts, and cash and cash equivalents for both hedging and non-hedging purposes, which the Manager believes will help the A50 China ETF achieve its investment objective. The A50 China ETF's investment in FDIs for non-hedging purposes will not exceed 10% of its NAV. The investment strategy of the A50 China ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

The A50 China ETF currently does not intend to engage in any securities financing transactions or other similar over-the-counter transactions. Prior approval from the SFC will be sought in the event the Manager intends to engage in such transactions and at least one month's prior notice will be given to Unitholders.

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

What is the RQFII regime?

The Manager was granted its RQFII Licence on 11 March 2014 and BSL was granted a RQFII Licence on 25 January 2016. They both were subsequently granted a RQFII Quota that allows it to remit RMB into the PRC and invest in A Shares directly. The Manager and BSL may from time to time allocate its RQFII Quota to the A50 China ETF for the purpose of its direct investment into the PRC.

Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets, and through the Stock Connect.

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies"（基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法）issued by the CSRC, the PBOC and the SAFE, which was repealed effective 1 March 2013.

The RQFII regime is currently governed by (i) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Measures for Domestic Securities Investment Made by the Renminbi Qualified Foreign Institutional Investors" issued by the PBOC and effective from 2 May 2013（中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知）; (ii) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013（人民幣合格境外機構投資者境內證券投資試點辦法）; (iii) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 6 March 2013（關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定）; (iv) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors", Huifa 2013 No. 42（國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知，匯發[2013]42 號）issued by SAFE and effective from 21 March 2013; and (v) any other applicable regulations promulgated by the relevant authorities (collectively, the "RQFII Regulations").

All of the A50 China ETF's assets in the PRC invested via RQFII (including onshore PRC cash deposits and its onshore A Shares portfolio) will be held and maintained by the RQFII Custodian in accordance with the terms of the RQFII Custody Agreement. A securities account shall be opened with CSDCC in the joint names of (i) the Manager and the A50 China ETF or (ii) BSL and the A50 China ETF. An RMB cash account shall also be established and maintained with the RQFII Custodian in the joint names of (i) the Manager and the A50 China ETF or (ii) BSL and the A50 China ETF. The RQFII Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations. The Manager has obtained legal opinions from PRC legal counsel regarding the assets of the A50 China ETF held in the accounts maintained by the RQFII Custodian. The contents of the PRC legal opinion is summarized in Schedule 5 and Schedule 6.

What is the Stock Connect?

The Stock Connect is a securities trading and clearing linked programme developed by the HKEx, the SSE, the SZSE and the CSDCC, with an aim to achieve mutual stock market access between the PRC and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Manager intends to utilise such channels to invest in A Shares.

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the A50 China ETF), through their Hong Kong brokers and securities trading service companies (in Shanghai and in Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, are able to trade eligible shares listed on the SEHK by routing orders to the SEHK.

Eligible securities

Initially, Hong Kong and overseas investors are only able to trade certain stocks listed on the SSE market (the "SSE Securities") and the SZSE market ("the SZSE Securities"). SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H Shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and

(b) SSE-listed shares which are included in the "risk alert board".

SZSE Securities will include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A shares which have corresponding H shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and

(b) SZSE-listed shares which are included in the "risk alert board".

At the initial stage of Shenzhen-Hong Kong Stock Connect, shares listed on the ChiNext Board of SZSE under Northbound Trading Link will be limited to institutional professional investors. Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares.

It is expected that the list of eligible securities will be subject to review.

Trading day

Investors (including the A50 China ETF) are only allowed to trade SSE Securities and SZSE Securities via the Stock Connect on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota ("Daily Quota") for each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which is separate for Northbound and Southbound trading. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day. The quotas do not belong to the A50 China ETF and are utilised on a first-come-first-serve basis. The SEHK monitors the quota and publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. The Daily Quota may change in future. The Manager will not notify Unitholders in case of a change of quota.

Settlement and Custody

The HKSCC is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. Accordingly investors do not hold SSE Securities or SZSE Securities directly – these are held through their brokers' or custodians' accounts with CCASS.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE or SZSE listed companies will still treat the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities. The HKSCC monitors the corporate actions affecting SSE Securities or SZSE Securities and keeps participants of CCASS informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

Currency

Hong Kong and overseas investors (including the A50 China ETF) trade and settle SSE Securities and SZSE Securities in RMB only.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with A Share trading, the A50 China ETF may be subject to other fees and taxes concerned with income arising from stock transfers which are determined by the relevant authorities. Please refer to the section "Taxes" – "PRC" for information about taxes arising from investment through the Stock Connect.

Coverage of Investor Compensation Fund

The A50 China ETF's investments through Northbound trading under the Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default in Northbound trading via the Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, they will not be covered by the Investor Compensation Fund. Furthermore, since the A50 China ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about the Stock Connect is available at the website:

http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Underlying Index

The FTSE China A50 Index is the Underlying Index and is a free float-adjusted market capitalisation-weighted index compiled and published by FTSE International Limited ("FTSE") which is the Index Provider. The Manager is independent of the Index Provider. The Underlying Index comprises the 50 largest companies by full market capitalisation of the FTSE China A All-Cap Free Index. The FTSE China A50 Index is a net total return index denominated in RMB which takes into account the reinvestment of dividends net of withholding tax from the constituents.

Description of Index Methodology and Construction

The constituents of the FTSE China A All Cap Free Index are eligible for inclusion in the Underlying Index. The eligibility for securities to be included in the Underlying Index is based on: (i) liquidity screens; and (ii) free float and (iii) size.

(i) **Liquidity screens** – are based on the security's median daily trading volume per month on the SSE and SZSE*. The median trading volume is calculated by ranking each daily trade total and selecting the middle ranking day. Daily totals with zero trades are included in the ranking; therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month. Any period of suspension will not be included in the test. The liquidity test will be applied on a pro-rata basis where the testing period is less than 12 months.

 * When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in that month must exist, otherwise the month will be excluded from the test.

 Securities eligible for inclusion must have a minimum turnover percentage of the shares in issue, based on the median daily trading volume per month. The security must have such turnover percentage for a certain number of months prior to the full market review in March and September. The minimum turnover percentage and the number of months meeting such percentage are different for non-constituent securities, existing constituents and new issues.

(ii) **Free float** – Constituents are free float adjusted in accordance with FTSE's index rules, to reflect the actual availability of stock in the market for public investment. Each FTSE constituent weighting is adjusted to reflect restricted shareholdings to ensure an accurate representation of investable market capitalisation. Free float will be calculated using available published information round to 12 decimal places. Companies with a free float of 5% or below are not eligible for inclusion in the Index. In addition, a constituent's investibility weight will be further adjusted when there is a limited foreign headroom available. There will also be additional screening of companies which are the subject of a high concentration warning notice by a regulatory authority. Please refer to Schedule 3 for details.

(iii) **Size** – The 50 largest companies by full market capitalisation of the FTSE China A All Cap Free Index are selected to form the FTSE China A50 Index.

Index Maintenance

The FTSE China A50 Index is reviewed quarterly in March, June, September and December, with advance notification given of any changes to constituents on www.ftserussell.com to ensure that the Underlying Index continues to reflect market reality. A schedule of periodic reviews is provided on www.ftserussell.com.

Schedule 3 of the Prospectus also sets out some of the key ground rules applicable to the Underlying Index as at the date of this Prospectus. A full set of the ground rules for the management of the FTSE China A50 Index is also available on www.ftserussell.com. The index methodology is subject to change from time to time and investors should refer to this website for up-to-date information about index methodology.

The FTSE China A50 Index is calculated and is updated continuously on an intra-second streaming basis until the market closes. FTSE publishes the real time index level (Ticker: XINA50NC) on Bloomberg, updated throughout the day.

For details (including the last closing index level, constituents of the FTSE China A50 Index and their respective weightings and other important news), please refer to the FTSE China A50 Index website at www.ftserussell.com (this website has not been reviewed by the SFC).

Distribution Policy

Income net of withholding tax earned by the A50 China ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution in December (if any) and details of the distribution declaration dates, distribution amounts and ex-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 as well as income at the Manager's discretion. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the A50 China ETF are charged to/paid out of the capital of the A50 China ETF, resulting in an increase in distributable income for the payment of distributions by the A50 China ETF and therefore, the A50 China ETF may effectively pay distributions out of capital. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Information relating to the composition of any dividends paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request. Investors should also refer to "Information Available on the Internet" for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis. All Units in the A50 China ETF will receive distributions in the Base Currency (RMB) regardless of whether such Units are traded in Units of a different currency counter.

Further Information

Further information in relation to the A50 China 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 the A50 China ETF

There are two types of investor in the A50 China ETF, with two corresponding methods of investment in Units and realisation of an investment in Units. The first type of investor is a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the A50 China ETF. Only a Participating Dealer can create and redeem Units directly with the A50 China ETF. 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 the A50 China ETF. Units are continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients, in the minimum Application Unit size in accordance with Operating Guidelines. The Manager expects that Participating Dealers will generally accept and submit creation requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any creation request which would increase the cost of investment. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer due to various factors including prevailing market conditions that may be reflected in the costs associated with acquiring the Securities.

Units in the A50 China ETF are offered and issued at the Issue Price only in aggregations of a specified number of Units (each, an "Application Unit") which is currently 2,000,000 Units (or whole multiples thereof). Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum holding of the A50 China ETF is one Application Unit.

Notwithstanding the Dual Counter arrangement being adopted, Participating Dealers may make Creation Applications in cash (RMB) only.

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 cash (RMB) in accordance with the Operating Guidelines and the Trust Deed. The Manager can utilize any combination of the QFII Quota, RQFII Quota and/or Stock Connect for the purposes of acquiring A Shares in respect of the Creation Application and transaction costs between each of these channels can vary.

Where the remaining QFII Quota, RQFII Quota (allocated to the A50 China ETF) and/or the applicable daily quota for the Stock Connect is insufficient to fully satisfy a Creation Application, the Manager will be unable to fully invest the cash proceeds via the QFII Quota, RQFII Quota and/or the Stock Connect. 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 (in RMB) of a cash creation.

The dealing period on any Dealing Day commences at 9:00 a.m. and ends at the Dealing Deadline. The Dealing Deadline is 11.30 a.m. (for RMB cash Creation Applications) or such other time as notified by the Manager to the Participating Dealers from time to time.

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

The Manager shall have the right to reject or suspend a Creation Application including if (i) circumstances outside control of the Manager make it for all practicable purposes impossible to process the Creation Application; (ii) the Manager has suspended the rights of Participating Dealers pursuant to the Trust Deed to redeem Units; or (iii) an insolvency event occurs in respect of the Participating Dealer. Where the remaining QFII Quota, RQFII Quota (allocated to the A50 China ETF) and/or the applicable daily quota for the Stock Connect is insufficient to fully satisfy a Creation Application, the Manager will be unable to fully invest the cash proceeds via the QFII Quota, RQFII Quota and/or the Stock Connect, which means that it will be for all practicable purposes impossible for the Manager to process the Creation Application. The Manager may in this case reject or suspend a Creation Application under sub-paragraph (i) above.

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

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

An application for the creation and issue of Units shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

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

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The Dealing Deadline is 11.30 a.m. (for RMB cash Creation Applications) or such other time as notified by the Manager to the Participating Dealers from time to time.

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). 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 (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)) for the benefit of the Trustee and/or the Service Agent. See the section on “Fees and Expenses” for further details.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of the A50 China ETF.

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

Evidence of Unitholding

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

Restrictions on Unitholders

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

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or the A50 China ETF being adversely affected which the Trust or the A50 China ETF might not otherwise have suffered; or

- in the circumstances which, in the Manager's opinion, may result in the Trust or the A50 China ETF incurring any withholding or any tax liability or suffering any other pecuniary disadvantage which the Trust or the A50 China ETF might not otherwise have incurred or suffered.

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

Cancellation of Creation orders

The Trustee shall cancel Units created and issued in respect of a Creation Application if it has not received good title to all 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, (i) extend the settlement period (either for the Creation Application as a whole or in part thereof) 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 or (ii) partially settle the Creation Application to the extent to which 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 cash.

In addition to the preceding circumstances, the Manager may also cancel any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of the relevant Creation Application.

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 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 A50 China ETF in respect of each Unit so cancelled Cancellation Compensation, being (i) the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, plus (ii) such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the A50 China ETF as a result of any such cancellation;

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

- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units

Redemption Applications may only be made by a Participating Dealer in respect of an Application Unit size or whole multiple thereof. Participating Dealers 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. Notwithstanding the Dual Counter arrangement being adopted, only RMB cash Redemption Applications are accepted by the A50 China ETF.

Investors cannot acquire or redeem Units directly from the A50 China ETF. Only Participating Dealers may submit redemption applications to the Manager. The Manager expects that Participating Dealers will generally accept and submit redemption requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer due to various factors including prevailing market conditions that may be reflected in the costs associated with unwinding the Securities.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, the Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received. The Dealing Deadline for RMB cash Redemption Applications is 11:30 a.m. or such other time as notified by the Manager to the Participating Dealers from time to time.

The Manager shall, on receipt of an effective Redemption Application for the A50 China ETF from a Participating Dealer, effect the redemption of the relevant Units and shall require the Trustee to transfer to the Participating Dealer cash in RMB in accordance with the Operating Guidelines. For the avoidance of doubt, A-Shares (including those held through the Stock Connect) will not be transferred to Participating Dealers to satisfy in-specie Redemption Applications.

To be effective, a Redemption Application must:–

- be given by a Participating Dealer in accordance with the Operating Guidelines;

- specify the number of Units which is the subject of the Redemption Application; and

- include the certifications required in the Operating Guidelines in respect of redemptions of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable Securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

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

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of the A50 China ETF rounded to the nearest 4 decimal places.

The Redemption Proceeds for a cash redemption may, depending on market conditions, be substantially less than the Redemption Value.

Furthermore, if the Manager exercises it discretion to dispose A Shares (wholly or partly) to satisfy a cash redemption, the Manager reserves the right to utilize any combination of the QFII Quota, RQFII Quota and/or Stock Connect for the purposes of disposing A Shares to satisfy the cash redemption and transaction costs between each of these channels can vary.

The Manager may deduct from and set off against any amount payable to a Participating Dealer on the Redemption Value such sum (if any) as the Manager may consider represents an appropriate provision for Duties and Charges and/or the Transaction Fee.

Any accepted Redemption Application will be effected by the transfer or payment of cash (in RMB) 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 A50 China ETF 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 cash relevant to the Redemption Application out of the assets of the A50 China ETF to the Participating Dealer in accordance with the Operating Guidelines.

No 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 A50 China ETF, 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 A50 China ETF as a result of any such cancellation; and

- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with the approval of the Trustee, may at its discretion extend the settlement period such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise) as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application unless the Market(s) in which a substantial portion of investments of the A50 China ETF 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 A50 China ETF or other taxes, charges or other assessments of any kind or where, the A50 China ETF's income or gains are subject to any withholding in consequence of the relevant Unitholder or beneficiary of an interest in the relevant Units being redeemed. Any withholding or set off of redemption payment and any deduction of Redemption Proceeds above must be conducted by the Trustee or the Manager in good faith with reasonable grounds and in compliance with any applicable law and regulation.

Directed Cash Dealing

Where a Participating Dealer subscribes or redeems in cash, the Manager may at its sole discretion (but shall not be obliged to) transact for Securities with a broker nominated by the Participating Dealer. Should the nominated broker default on, or change the terms for, any part of the transaction, the Participating Dealer shall bear all associated risks and costs. In such circumstances the Manager has the right to transact with another broker and amend the terms of the Creation or Redemption Application to take into account the default and the changes to the terms. Any directed arrangement is subject to the A50 China ETF 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 to 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 the A50 China ETF 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 A50 China ETF cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the A50 China ETF; or

- any period when the Underlying Index for the A50 China ETF is not compiled or published; or

- any breakdown in the means normally employed in determining the Net Asset Value of the A50 China ETF or when for any other reason the Value of any Securities or other property for the time being comprised in the A50 China ETF 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.

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

Transfer of Units

A Unitholder may transfer Units using the standard transfer form issued by SEHK or by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the Unitholders of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. 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 A50 China ETF. 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.

Dual Counter

Units created and issued pursuant to a Creation Application may be deposited in CCASS as HKD traded Units or RMB traded Units initially. Similarly, Units redeemed pursuant to a Redemption Application may be withdrawn from either the HKD or RMB trading counters.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

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

Units trade on the SEHK in board lots of 100 Units.

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

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit. Any transactions in the Units on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that the Units will remain listed on the SEHK. The trading prices of Units in different counters of the A50 China ETF may also be different as each counter is a distinct and separate market.

It is the Manager's expectation that at least one Market Maker will maintain a market for the Units traded in each counter of the A50 China ETF. The Manager will use its best endeavours to put in placement arrangements so that at least one Market Maker will maintain a market for the Units traded in each counter and that at least one Market Maker to each counter gives not less than 3 months' notice prior to terminating market making 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 A50 China ETF 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 the A50 China ETF. Only Participating Dealers may submit creation or redemption applications to the Manager. The Manager expects that Participating Dealers will generally accept and submit creation or redemption requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any creation/redemption request which would increase the cost of investment and/or reduce the redemption proceeds. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer.

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

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

Dual Counter

The Manager has arranged for the Units of the A50 China ETF to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in the Base Currency of the A50 China ETF. The A50 China ETF offers 2 trading counters on the SEHK (i.e. HKD counter and RMB counter) to investors for secondary trading purposes. Units traded in the HKD counter will be settled in HKD and Units traded in the RMB counter will be settled in RMB. Apart from settlement in different currencies, the trading prices of Units in the 2 counters may be different as the HKD counter and RMB counter are 2 distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The 2 counters will have different stock codes, different stock short names and different ISIN numbers as follows:

	HKD counter	**RMB counter**
SEHK stock code	2823	82823
Short name	ISHARES A50	ISHARES A50-R
ISIN numbers	HK2823028546	HK0000343787

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 both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter 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 Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor above entitled "Dual 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 A50 China ETF is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the A50 China 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 (by typing "Renminbi Equity Trading Support Facility" in search).

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the A50 China ETF will be determined as at each Valuation Point by valuing the assets of the A50 China ETF and deducting the liabilities of the A50 China ETF, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the A50 China ETF 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 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 A50 China ETF 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 the A50 China ETF 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 the A50 China ETF for the whole or any part of any period during which:–

(a) there exists any state of affairs prohibiting the normal disposal of the A50 China ETF's investments; or

(b) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the A50 China ETF or the Net Asset Value per Unit of the A50 China ETF, or when for any other reason the value of any Security or other asset in the A50 China ETF 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 A50 China ETF or it is not possible to do so without seriously prejudicing the interest of Unitholders of the A50 China ETF; 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 A50 China ETF or the subscription or realisation of Units of the A50 China ETF 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 A50 China ETF and the Manager shall be under no obligation to rebalance the A50 China ETF 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 the A50 China ETF, created and issued pursuant to a Creation Application, will be the Net Asset Value of the A50 China ETF divided by the total number of Units in issue rounded to the nearest 4 decimal places.

The Redemption Value of a Unit on a Dealing Day shall be the Net Asset Value of the A50 China ETF divided by the total number of Units in issue 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. For cash redemptions the Redemption Proceeds may, depending on market conditions, be substantially less than the Redemption Value where Duties and Charges are adversely impacted by the costs associated with early redemption and/or repurchase of CAAPs. Such costs may vary significantly depending on market conditions.

FEES AND EXPENSES

There are 3 levels of fees and expenses applicable to investing in the A50 China 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**
Transaction Fee	Creation and Redemption Applications: RMB12,000 and HK$1,000[1] per Application
Application Cancellation Fee (for all Creation and Redemption Applications)	RMB8,000[2] per Application
Extension Fee (for all Creation and Redemption Applications)	RMB8,000[3] per Application
Partial Delivery Request Fee (for all Creation Applications)	RMB8,000[4] per Application
Stamp duty	Nil
Transaction levy and trading fee	Nil
Inter-counter transfer fee	HK$5 per instruction[5]

Fees and expenses payable by investors on SEHK (secondary market)	**Amount**
Brokerage	Market rates
Transaction levy	0.0027%[6]
Trading fee	0.005%[7]
Stamp duty	Nil

No money should be paid to any intermediary in Hong Kong which is not licensed or recognised to carry on Type 1 regulated activity under Part V of the SFO.

Fees and expenses payable by A50 China ETF (see further disclosure below)	**Amount**
Management Fee[8]	0.99% p.a. of Net Asset Value

1 *RMB12,000 is payable to the Registrar and HK$1,000 is payable to the Service Agent.*
2 *An Application Cancellation fee is payable to the Trustee and/or Registrar by the Participating Dealer in respect of either a withdrawn or failed Creation Application or Redemption Application. Cancellation compensation may also be payable pursuant to the terms of the Operating Guidelines.*
3 *An extension fee is payable by the Participating Dealer to the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement in respect of a Creation or Redemption Application.*
4 *A partial delivery request fee is payable by the Participating Dealer for the benefit of the Trustee or Registrar on each occasion the Manager grants the Participation Dealer's request for partial settlement.*
5 *HKSCC will charge each CCASS participant a fee of HKD 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.*
6 *Transaction levy of 0.0027% of the price of the Units payable by the buyer and the seller.*
7 *Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.*
8 *Accrued daily and payable monthly in arrears.*

Fees and Expenses Payable by the A50 China ETF

The A50 China ETF employs a single management fee structure, with the A50 China ETF 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 the Management Fee include, but are not limited to, the Manager's fee, Trustee's fee (which includes fees for registrar and custody and administration transaction handling fees), the Custodian's fees, the QFII Custodian's fees, the RQFII Custodian's fees, fees and expenses of the auditor, fees of service agents, ordinary legal and out-of-pocket expenses incurred by the Trustee or Manager, and the costs and expenses of licensing indices used in connection with the A50 China ETF. 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 the A50 China ETF. 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.

If the A50 China ETF invests in another ETF managed by the Manager, the Manager shall ensure that neither the A50 China ETF nor its Unitholders suffer an increase in the overall total of initial charges, management fees and other costs and charges payable to the Manager or any Connected Person by investing in the other ETF.

The A50 China ETF 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 A50 China ETF will not be paid (either in whole or in part) out of the A50 China ETF.

Fees and Charges Relating to Direct A Shares Holding

Where the A50 China ETF buys or sells A Shares directly, the relevant PRC broker shall receive commission or spreads customary in the relevant market in the PRC. Further, the commission will be adjusted for any stamp duty on the sale of A Shares, currently 0.10% on the sale of A Shares.

Fees and Charges Relating to Physical A Share ETFs

Where the A50 China ETF buys or sells any Physical A Share ETFs, the A50 China ETF may incur such fees and expenses charged by the relevant Physical A Share ETFs. Further, if such units of the Physical A Share ETFs are purchased or sold in the secondary market, certain brokerage and transaction costs will also be charged to the A50 China ETF. On the other hand, where the units of the Physical A Share ETFs are created and redeemed in the primary market, certain primary market creation and redemption fees and expenses will be borne by the A50 China ETF.

Establishment Costs

The cost of establishing the Trust and the A50 China ETF including the preparation of this Prospectus, the costs of seeking and obtaining the listing and all initial legal and printing costs has been borne by the Manager. If subsequent Index Funds are launched and incur establishment costs which are specific to them, such expenses may either be allocated to the relevant Index Fund for whose account they were incurred or be paid by the Manager.

Increase in fees

The fees payable to the Manager and the Trustee (which are included in the calculation of the Management Fee) may be increased on 3 months' notice to Unitholders, subject to (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 the A50 China ETF will be achieved. Prospective investors should carefully evaluate the merits and risks of an investment in the A50 China ETF in the context of their overall financial circumstances, knowledge and experience as an investor.

Investment Risk

Emerging Market Risk. Some overseas markets in which A50 China ETF may invest are considered emerging market countries. The economies of many emerging markets are still in the early stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Also, many less developed market and emerging market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.

Emerging market regions are also subject to special risks including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and foreign exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose the A50 China ETF to sub-custodial risk in circumstances whereby the Trustee will have no liability; the risk of expropriation of assets and the risk of war.

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

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

Market Risk. Past performance is not indicative of future performance. The Net Asset Value of the A50 China ETF 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 the A50 China ETF will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the A50 China ETF is based on the capital appreciation and income on the Securities it holds, less expenses incurred. The A50 China ETF's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the A50 China ETF may experience volatility and decline in a manner that broadly corresponds with its Underlying Index. Investors in the A50 China ETF are exposed to the same risks that investors who invest directly in the Underlying Index 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 the A50 China ETF, the returns from the types of Securities in which the A50 China ETF invests may underperform or outperform returns from other Securities markets or from investment in other assets. Different types of securities tend to go through cycles of out-performance and underperformance when compared with other general Securities markets.

Foreign Security Risk. The A50 China ETF invests in the equity markets of a single country, namely the PRC. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic developments. Investing in the Securities of non-Hong Kong entities involves special risks and considerations not typically associated with investing in Hong Kong entities. These include differences in accounting, auditing and financial reporting standards, the possibility of nationalisation of assets, expropriation or confiscatory taxation, or regulation, the imposition of withholding taxes on payments or distributions referable to underlying Securities, adverse changes in investment, tax or exchange control regulations, economic growth and indicators (such as GDP, inflation rate, self sufficiency and balance of payments position of the relevant economy), government regulation, political instability that could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Each of these factors may have a large impact on the performance of the A50 China ETF.

Derivatives Risk. The A50 China ETF may invest in CAAPs, index futures contracts and other FDIs. Investing in a FDI is not the same as investing directly in an underlying asset which is part of the Underlying Index.

A FDI is a form of contract. Under the terms of a derivative contract the A50 China ETF and its counterparty (i.e. the person(s) with whom the A50 China ETF 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 the A50 China ETF 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 A50 China ETF. The A50 China ETF's losses may be greater and potentially equal to the full value of the 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 the A50 China ETF 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 FDIs is a form of contract. Payments to be made under many FDIs are not made through or guaranteed by a central clearing agency. Accordingly the A50 China ETF 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 FDIs may drop substantially or be worth nothing and the A50 China ETF 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 Risk. The A50 China ETF is passively managed. The aim is to track the performance of the Underlying Index. The A50 China ETF does not try to beat or perform better than the Underlying Index. The A50 China ETF invests (either directly or indirectly) in the Securities included in or representative of the Underlying Index regardless of their investment merit. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the A50 China ETF will mean that falls in the Underlying Index are expected to result in corresponding falls in the value of the A50 China ETF.

Management Risk. Because there can be no guarantee that the A50 China ETF will fully replicate its Underlying Index and may hold non-index stocks, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities held by the A50 China ETF. There can be no guarantee that the exercise of such discretion will result in the investment objective of the A50 China ETF being achieved. Investors should also note that none of the Unitholders has any voting rights with respect to Securities held by the A50 China ETF and that CAAPs or Physical A Share ETFs will not usually allow the Manager on behalf of the A50 China ETF to exercise any voting rights in respect of the underlying A Shares.

Tracking Error Risk. The Net Asset Value of the A50 China ETF may not have exactly the same net asset value of the Underlying Index. Factors such as the fees and expenses of A50 China ETF, the investments of A50 China ETF not matching exactly the Securities which make up the Underlying Index (e.g. where it uses representative sampling), an inability to rebalance the A50 China ETF's holdings of Securities in response to changes to the Securities which make up the Underlying Index, rounding of Security prices, changes to the Underlying Index and regulatory policies, and lack of availability of QFII Quota or RQFII Quota that may permit the Manager to track the Underlying Index may affect the Manager's ability to achieve close correlation with the Underlying Index. This may cause the A50 China ETF's returns to deviate from the Underlying Index. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

Concentration Risk. To the extent that the Underlying Index or its portfolio is concentrated in the Securities in a particular market, industry, group of industries, sector or asset class, the A50 China ETF may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory event affecting that market, industry, group of industries, sector or asset class.

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

Distributions may not be paid risk. Whether the A50 China ETF will pay distributions on Units is subject to the Manager's distribution policy and also depends on dividends declared and paid in respect of the Securities of the Underlying Index. Dividend payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities, A Share companies or Physical A Share ETFs. There can be no assurance that such entities will declare or pay dividends 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 the A50 China ETF. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the A50 China ETF are charged to/paid out of the capital of the A50 China ETF, resulting in an increase in distributable income for the payment of distributions by the A50 China ETF and therefore, the A50 China ETF may effectively pay distributions 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 the A50 China ETF's capital may result in an immediate reduction of the Net Asset Value per unit.

Counterparty to the Executing Broker Risk. Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the Trustee in relation to the sale and purchase of assets or Securities. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of the Trust or the A50 China ETF. The Manager intends to attempt to limit the A50 China ETF'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, the A50 China ETF. Furthermore, the Manager is permitted to borrow for the account of the A50 China ETF in order to carry out its functions under the Trust Deed. Borrowings may be secured by the Securities or other assets of the A50 China ETF that are pledged to counterparties as collateral.

Counterparty to the Custodian Risk. The A50 China ETF will be exposed to the credit risk of the QFII Custodian, the RQFII Custodian and any other custodian or any depository used by the Custodian where cash is held by the QFII Custodian, the RQFII Custodian and the other custodian or other depositaries. Where the custodial and/or settlement systems in a market the A50 China ETF invests in are not fully developed, the assets of the A50 China ETF may be exposed to custodial risk. In the event of the liquidation, bankruptcy or insolvency of the QFII Custodian, the RQFII Custodian or any other custodian or other depositaries, the A50 China ETF 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 A50 China ETF may even be unable to recover all of its assets. The costs borne by the A50 China ETF in investing and holding investments in such market will be generally higher than in organised securities markets. Further, in the event of the insolvency of the QFII Custodian, the RQFII Custodian or any other custodian or other depositaries, the A50 China ETF will be treated as a general creditor of the QFII Custodian, the RQFII Custodian or any other custodian or other depositaries in relation to cash holdings of the A50 China ETF. The A50 China ETF's holdings of Securities are however maintained by the QFII Custodian, the RQFII Custodian or any other custodian or other depositaries in segregated accounts and should be protected in the event of insolvency of the QFII Custodian, the RQFII Custodian or any other custodian or other depositaries.

QFII Custodian, RQFII Custodian and PRC Broker Risk. Onshore PRC assets (i.e. A Shares held directly by the A50 China ETF) will be maintained by the QFII Custodian and the RQFII Custodian in electronic form via securities account(s) with the CSDCC and cash account(s) with the QFII Custodian and RQFII Custodian respectively.

The Manager as QFII and RQFII and BSL as RQFII also select PRC broker(s) (the "PRC Broker") to execute transactions for the A50 China ETF in the PRC markets. There is a possibility that the A50 China ETF may rely on only one PRC Broker for each market (the SZSE and the SSE) in the PRC, which may be the same broker. Should, for any reason, the Manager or BSL be unable to use the relevant broker in the PRC, the operation of the A50 China ETF would be adversely affected and may cause Units to trade at a premium or discount to the A50 China ETF's Net Asset Value or be unable to track the Underlying Index. The A50 China ETF may also incur losses due to the acts or omissions of any of the PRC Broker(s), the QFII Custodian or the RQFII Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the relevant PRC Broker, the QFII Custodian and the RQFII Custodian have appropriate procedures to properly safe-keep the A50 China ETF's assets.

Investment in Physical A Share ETFs Risk. The A50 China ETF may invest up to 10% of its Net Asset Value in Physical A Share ETFs. The fees and costs charged in respect of such Physical A Share ETFs will be borne by the A50 China ETF. Although the Manager will only invest in these Physical A Share ETFs if it considers that doing so is in the best interest of the A50 China ETF and its Unitholders, there is no guarantee that these Physical A Share ETFs will achieve their respective investment objectives and any tracking error of these Physical A Share ETFs will also contribute to the tracking error of the A50 China ETF. Further, although the Manager will only invest in Physical A Share ETFs that track indices that have a high correlation with the Underlying Index of the A50 China ETF, the difference of the underlying constituents between the indices tracked by the relevant Physical A Share ETFs and the Underlying Index may also contribute to tracking error.

Indemnity Risk. Under the Trust Deed, the Trustee and the Manager have the right to be indemnified for any liability or expense incurred by them in performing their respective duties except as a result of their own negligence, default or breach of duty or trust. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the affected A50 China ETF or the Trust and the value of the Units.

Operating Cost Risk. There is no assurance that the performance of the A50 China ETF will achieve its investment objective. The level of fees and expenses payable by the A50 China ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the A50 China ETF can be estimated, the growth rate of the A50 China ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the A50 China ETF or the actual level of its expenses.

Market Trading Risks Associated with the A50 China ETF

Absence of Active Market and Liquidity Risks. Although the Units are listed for trading on the SEHK, there can be no assurance that an active trading market for the Units will develop or be maintained. In addition, if the underlying Securities which comprise the A50 China ETF themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If a Unitholder needs to sell its Units at a time when no active market for them exists, the price it receives for its Units — assuming it is able to sell them — is likely to be lower than the price received if an active market did exist.

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

Reliance on Market Makers Risk. Investors should note that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the A50 China ETF. 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 will use its best endeavours to put in placement arrangements so that at least one Market Maker for the Units traded in each 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. It is possible that there is only one Market Maker to a counter of the A50 China ETF and therefore it may not be practical for the A50 China ETF 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 issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the A50 China ETF or disposal of the A50 China ETF's Securities cannot be effected. Where a Participating Dealer appoints an agent (who is a CCASS participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent, or if the agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

Units May Trade at Prices Other Than Net Asset Value Risk. As with any exchange traded fund, the secondary market price of Units may trade above or below the Net Asset Value. There is a risk, therefore, that investors may not be able to buy or sell at a price close to the Net Asset Value. The deviation of secondary market price from the Net Asset Value is dependent on a number of factors. One source of deviation is the "bid/ask" spread of the Units (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers). The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from the Net Asset Value. The Manager cannot predict whether the Units will trade below, at, or above their Net Asset Value per Unit.

The Net Asset Value per Unit and the secondary market price of Units are expected to track each other through arbitrage. A Participating Dealer, in calculating the price at which it would be willing to sell Units on the secondary market, will take account of the price at which it could sell the requisite Securities and the relevant taxes, costs and expenses. Where the price of selling Securities corresponding to a redemption of an Application Unit size is more than the secondary market price of

Units in an Application Unit size, then a Participating Dealer may choose to arbitrage the A50 China ETF by redeeming Units. Similarly, a Participating Dealer will compare the price at which it could purchase the relevant Securities against the price of Units on the secondary market, when considering whether to create Units or to purchase on the secondary market. The Manager believes such arbitrage will help to generally reduce the deviation of the trading bid and offer price per Unit from the Net Asset Value per Unit (after currency conversion), however it cannot be assured that large discounts or premiums to Net Asset Value will not occur.

Investors Buying at a Premium and Early Termination Risk. The A50 China ETF may be terminated early under certain circumstances as set out in the section "Termination". Upon the A50 China ETF being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the A50 China ETF to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be more or less than the capital invested by the Unitholder. In that event, a Unitholder may suffer 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 A50 China ETF is terminated.

Differences Between Primary and Secondary Market Trading Hours Risk. The Units may trade on the SEHK even when the A50 China ETF does not accept orders to create or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the A50 China ETF accepts creation and redemption orders. Additionally, as foreign stock exchanges may be open when Units in the A50 China ETF are not priced, the value of the Securities in the A50 China ETF's portfolio may change on days when investors will not be able to purchase or sell the Units. The market prices of underlying Securities listed on a foreign stock exchange may not be available during part of all of the SEHK trading sessions due to time zone differences which may result in the trading price of the A50 China ETF deviating away from Net Asset Value.

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

Suspension of Trading Risk. Investors and potential investors will not be able to buy, nor will investors be able to sell Units on the SEHK during any period in which trading of the Units is suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The Manager may, in accordance with The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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.

Dual Counter Risks. The Dual 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 the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual 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 HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to different factors such as market liquidity, supply or demand in each counter and the exchange rate between RMB and HKD in both onshore and offshore markets. The trading price of HKD traded Units or RMB traded Units 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 traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent. Investors without RMB accounts may buy and sell HKD traded Units only. However such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend. 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 both 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 and may experience delays. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer. The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded units.

Other Currencies Distributions Risk. Investors should note that all Units of the A50 China ETF will receive dividend distributions only in the Base Currency, i.e. RMB. Upon the termination of the A50 China ETF, the termination proceeds may be distributed and paid in a currency other than its Base Currency. In the event that the relevant Unitholder has no account in the Base Currency and upon the termination of the A50 China ETF, the Unitholder may have to bear the fees and charges associated with the conversion of any distributions from the Base Currency to any other currency (e.g. HKD). The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions.

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 should take into account the potential risk of loss arising from fluctuations in value between the Base Currency 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 that an investor may enjoy a gain in terms of the Base Currency but suffer a loss when converting funds from the Base Currency 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 A50 China ETF would be changed as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

Licence to Use Underlying Index May be Terminated Risk. The Manager is granted a licence by the Index Provider to use the Underlying Index to create the A50 China ETF based on the Underlying Index and to use certain trademarks and any copyright in the Underlying Index. The A50 China ETF may not be able to fulfill its objective and may be terminated if the licence agreement is terminated. The A50 China ETF 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. The Securities of the Underlying Index are determined and composed by the Index Provider without regard to the performance of the A50 China ETF. The A50 China ETF is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider does not make any representation or warranty, express or implied, to investors in the A50 China ETF or other persons regarding the advisability of investing in Securities generally or in the A50 China ETF in particular. The Index Provider has no obligation to take the needs of the Manager or investors in the A50 China ETF into consideration in determining, composing or calculating the Underlying Index.

As prescribed by this Prospectus, in order to meet its investment objective, the A50 China ETF seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the Underlying Index as published by the Index Provider. There is no assurance that the Index Provider will compile the 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 benchmark indices, nor any guarantee that the published indices will be in line with their described benchmark index methodology. 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, in particular where the indices are less commonly used. Therefore gains, losses or costs associated with Index Provider errors will be borne by the A50 China ETF and its Unitholders. For example, during a period where the Underlying Index contains incorrect constituents, the A50 China ETF tracking such published Underlying Index would have market exposure to such constituents. As such, errors may result in a negative or positive performance impact to the A50 China ETF and the Unitholders. Unitholders should understand that any gains from Index Provider errors will be kept by the A50 China ETF and its Unitholders and any losses resulting from Index Provider errors will be borne by the A50 China ETF 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 the Underlying Index is rebalanced and the A50 China ETF 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 by the A50 China ETF and, by extension, its Unitholders. Unscheduled rebalances to the Underlying Index may also expose the A50 China ETF 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 A50 China ETF.

In addition, the process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently there can be no guarantee that the actions of the Index Provider will not prejudice the interests of the A50 China ETF, the Manager or investors.

The past performance of the Underlying Index is not a guide to future performance. The Manager does not guarantee the accuracy or the completeness of the Underlying Index or any data included therein and the Manager shall have no liability for any errors, omissions or interruptions therein. The Manager makes no warranty, express or implied, to the Unitholders of the A50 China ETF or to any other person or entity, as to results to be obtained by the A50 China ETF from the use of the Underlying Index or any data included therein. Without limiting any of the foregoing, in no event shall the Manager have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

Composition of the Underlying Index May Change Risk. The Securities constituting the Underlying Index will change as the Securities of the Underlying Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the Underlying Index. When this happens the weightings or composition of the Securities owned by the A50 China ETF will change 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 and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that the A50 China ETF will, at any given time accurately reflect the composition of the Underlying Index (refer to "Tracking Error Risk").

Regulatory Risks

Withdrawal of SFC Authorisation Risk. The A50 China ETF has been authorised as a collective investment scheme under the Code by the SFC pursuant to section 104 of the Securities and Futures Ordinance. Authorisation by the SFC is not a recommendation or endorsement of the A50 China ETF nor does it guarantee the commercial merits of a product or its performance. It does not mean the A50 China ETF 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 the A50 China ETF 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 the A50 China ETF 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 A50 China ETF, the A50 China ETF will be terminated.

Risk Related to Regulatory Policies. The government or the regulators may intervene in the financial markets, such as by imposition of trading restrictions, ban on naked short selling and suspension of short selling for certain stocks. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the A50 China ETF including without limitation, an adverse cost impact which may materially prejudice existing investors of the A50 China ETF. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the A50 China ETF and thereby decreasing the liquidity of the A50 China ETF. In order to maintain its authorization status and to continue to list on the SEHK, the A50 China ETF will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the A50 China ETF, investors may suffer accordingly.

Units May be Delisted From the SEHK Risk. The SEHK imposes certain requirements for the continued listing of Securities, including the Units, on the SEHK. Investors cannot be assured that the A50 China ETF 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 are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the A50 China ETF (subject to the relevant fees, costs and expenses as stated in this Prospectus). Where the A50 China ETF remains authorised by the SFC, such procedures required by the Code will be observed by the Manager.

Legal and Regulatory Risk. The A50 China ETF 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 A50 China ETF. 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 A50 China ETF. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for any A50 China ETF. In the worst case scenario, a Unitholder may lose all its investments in the A50 China ETF.

Taxation in Overseas Jurisdictions Risk. The A50 China ETF will make investments in a number of different jurisdictions including the PRC. Interest, dividend and other income realised by the A50 China ETF from sources in these jurisdictions, and capital gains realised on the sale of assets may be subject to withholding and other taxes (e.g. stamp duty, securities transaction tax, financial transaction tax, etc.) levied by the jurisdiction in which the income is sourced and/or in which the issuer is located and/or in which the permanent establishment is located. It is impossible to predict the rate of foreign tax that the A50 China ETF may be required to pay since the nature and amounts of assets to be invested in any particular jurisdiction, the tax treatment of the activities of the A50 China ETF in any particular jurisdiction, and the ability of the A50 China ETF to reduce such taxes in any particular jurisdiction are not known. It is not practical to provide more specific disclosure of the tax consequences that might result from an investment in the A50 China ETF.

Foreign Account Tax Compliance Act ("FATCA") Risk. Although the Manager will attempt to satisfy any obligations imposed on it and to avoid the imposition of any FATCA withholding, no assurance can be given that the A50 China ETF will be able to achieve this and/or satisfy such FATCA obligations. If the A50 China ETF 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 61) as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material loss.

Risk Related to Share Disclosure Obligations and Short Swing Profit Rule. The A50 China ETF may be subject to shareholder disclosure of interest regulations promulgated by the CSRC. These regulations currently require the A50 China ETF to make certain public disclosures when it and parties acting in concert with it acquire 5% or more of the issued securities of a listed company (which include A-shares of the listed company). If the reporting requirement is triggered, the A50 China ETF will be required to report information which includes, but is not limited to: (a) information about the A50 China ETF (and parties acting in concert with it) and the type and extent of its holdings in the company; (b) a statement of the purposes for the investment and whether the A50 China ETF intends to increase its holdings over the following 12-month period; (c) a statement of the A50 China ETF's historical investments in the company over the previous six months; (d) the time of, and other information relating to, the transaction that triggered the A50 China ETF's holding in the listed company reaching the 5% reporting threshold; and (e) other information that may be required by the CSRC or the stock exchange. Additional information may be required if the A50 China ETF and its concerted parties constitute the largest shareholder or actual controlling shareholder of the listed company. The report must be made to the CSRC, the stock exchange, the invested company, and the CSRC local representative office where the listed company is located. The A50 China ETF would also be required to make a public announcement through a media outlet designated by the CSRC. The public announcement must contain the same content as the official report. The public announcement may require the A50 China ETF to disclose its holdings to the public, which could have an adverse effect on its performance.

The relevant PRC regulations presumptively treat all affiliated investors and investors under common control as parties acting in concert. As such, under a conservative interpretation of these regulations, the A50 China ETF may be deemed as a "concerted party" of other funds or accounts managed by the Manager or its affiliates and therefore may be subject to the risk that the A50 China ETF holdings may be required to be reported in the aggregate with the holdings of such other funds or accounts should the aggregate holdings trigger the reporting threshold under the PRC law.

If the 5% shareholding threshold is triggered by the A50 China ETF and parties acting in concert with it, the A50 China ETF would be required to file its report within three days of the date the threshold is reached. During the time limit for filing the report, a trading freeze applies, and the A50 China ETF would not be permitted to make subsequent trades in the invested company's securities. Any such trading freeze may undermine the A50 China ETF performance, if the A50 China ETF would otherwise make trades during that period but is prevented from doing so by the regulation.

Once the A50 China ETF and parties acting in concert reach the 5% trading threshold as to any listed company, any subsequent incremental increase or decrease of 5% or more will trigger a further reporting requirement and an additional three-day trading freeze, as well as an additional freeze on trading within two days of the A50 China ETF's report and announcement of the incremental change. These trading freezes may undermine the A50 China ETF's performance as described above. Also, once the 5% threshold is reached, the A50 China ETF and parties acting in concert with it are required to disclose whenever their shareholding drops below this threshold (even as a result of trading which is less than the 5% incremental change that would trigger a reporting requirement under the relevant CSRC regulation).

Subject to the interpretation of PRC courts and PRC regulators, the operation of the PRC short swing profit rule may be applicable to the trading of the A50 China ETF with the result that where its holdings (and possibly with the holdings of other investors deemed to act in concert with it) exceed 5% of the total issued shares of a listed company, the A50 China ETF may not reduce its holdings in the company within six months of the last purchase of shares of the company. If the A50 China ETF violates the rule, it may be required by the listed company to return any profits realized from such trading to the listed company. In addition, the rule limits the ability of the A50 China ETF to repurchase securities of the listed company within six months of such sale. Moreover, under PRC civil procedures, the assets of the A50 China ETF may be frozen to the extent of the claims made by the company in question. These risks may greatly impair the performance of the A50 China ETF.

Specific Risk Factors Relating to the A50 China ETF

In addition to the principal risk factors above, investors should also note the following additional specific risk factors associated with investing in the A50 China ETF.

QFII System General Risk. The QFII system was introduced in 2002. Although the CSRC may in due course relax QFII eligibility requirements, making investment in A Shares easier and more widespread, this cannot be guaranteed. It is not possible to predict the future development of the QFII system and the CSRC may even impose restrictions on QFII's operations. Such restrictions may adversely affect the issuance of CAAPs and/or cause Units in the A50 China ETF to trade at a discount on the SEHK. Further, since the Manager directly holds A Shares through the Manager's QFII license, any change in the QFII system generally may also affect its ability to invest in A Shares directly including the possibility of the Manager losing its QFII status or if the Manager is replaced or removed.

RQFII System General Risk. The RQFII system was introduced in 2011. The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. Similar to QFII, it is not possible to predict the future development of the RQFII system. Any change in the RQFII system generally, including the possibility of the Manager (or BSL) losing its RQFII status, may affect A50 China ETF's ability to invest in A Shares directly through RQFII. Moreover, transaction sizes for RQFIIs are relatively large, which means there is a corresponding heightened risk of exposure to decreased market liquidity and significant price volatility, leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities.

QFII Quota and RQFII Quota Risk. Under the QFII system and the RQFII system, a QFII or RQFII (including the Manager, BSL and CAAP Issuers) must apply to SAFE to increase its QFII Quota or RQFII Quota. In the event that any QFII or RQFII including the Manager and/or BSL wishes to increase its respective QFII Quota and/or RQFII Quota from time to time, such increase may take time to obtain through SAFE's application process. There can be no assurance that additional QFII Quota and/or RQFII Quota can be obtained. Moreover, the Manager and BSL have the flexibility to allocate their respective RQFII Quota across different public fund products from time to time. As such, the A50 China ETF will not have exclusive use of a specified amount of RQFII Quota and will rely on (i) the Manager's management and allocation of such quota between different public fund products and (ii) BSL's allocation of such quota between different public fund products.

Where insufficient QFII Quota and/or RQFII Quota is available for use by the A50 China ETF, it restricts the ability of the A50 China ETF to hold A Shares directly. Once the Manager has fully utilized its existing QFII Quota granted to it for use by the A50 China ETF and RQFII Quota granted to it and allocated for use of the A50 China ETF, and the RQFII Quota allocated by BSL for the use by the A50 China ETF is also fully utilized, the Manager may seek to increase its reliance on the Stock Connect or other instruments available in the market, for example, Physical A Share ETFs.

QFII Quota and RQFII Quota Allocation Conflict Risk. The Manager will assume dual roles as the manager of the A50 China ETF and a QFII and/or RQFII for the A50 China ETF. The Manager may also act as manager for other funds that may benefit from the allocation of a QFII Quota and/or a RQFII Quota. Situation may arise where the Manager applies to the SAFE for a QFII Quota on behalf of another fund under its management, or it allocates the RQFII Quota granted to it by the SAFE to another fund under its management. Similarly, BSL may assume the same role for other public fund products that may also benefit from its RQFII Quota. Situations may arise where BSL may allocate its RQFII Quota other than to the A50 China ETF.

QFII and RQFII Investment Restrictions Risk. Although the Manager does not anticipate that QFII and RQFII investment restrictions will impact on the ability of the A50 China ETF to achieve its investment objective, investors should note that the relevant PRC laws and regulations may limit the ability of a QFII or RQFII including the Manager (and/or BSL) to acquire A Shares in certain PRC issuers from time to time. This may occur in a number of circumstances, such as (i) where the RQFII (and/or its affiliates) holds in aggregate 10% of the total share capital of a listed PRC issuer (regardless of the fact that the RQFII (and/or its affiliates) may hold its interest on behalf of a number of different ultimate clients), and (ii) where the aggregated holdings in A Shares of all foreign investors (whether or not connected in any way to the A50 China ETF) already equals 30% of the total share capital of a listed PRC issuer. In the event that these limits are exceeded the relevant RQFIIs will be required to dispose of the A Shares in order to comply with the relevant requirements.

QFII and RQFII Regulation Risk. The QFII and RQFII policy and rules are subject to change and any such change could adversely impact the A50 China ETF. In the worst case scenario, this could lead to an inability of the Manager to acquire A Shares directly leading to the A50 China ETF having to be terminated. Should it be necessary to terminate the A50 China ETF, the Manager would anticipate an orderly unwind of the A50 China ETF, with the net cash proceeds to be distributed to the existing Unitholders.

Custody of PRC Assets Risk. Any A Shares acquired by the A50 China ETF through the QFII Quota of the Manager will be maintained by the QFII Custodian, in electronic form via Securities Account(s) (as defined in Schedule 4) with the CSDCC (as defined in Schedule 4) and any cash will be held in Cash Account(s) (as defined in Schedule 4) with the QFII Custodian, in accordance with the QFII Custodian Agreement. Similarly, (i) any A Shares acquired by the A50 China ETF through the RQFII Quota of the Manager will be maintained by the RQFII Custodian, in electronic form via RQFII Securities Account(s) (as defined in Schedule 5) with the CSDCC and any cash will be held in RMB Cash Account(s) (as defined in Schedule 5) with the RQFII Custodian, in accordance with the RQFII Custodian Agreement and (ii) any A Shares acquired by the A50 China ETF through the RQFII Quota of BSL will be maintained by the RQFII Custodian, in electronic form via RQFII Securities Account(s) (as defined in Schedule 6) with the CSDCC and any cash will be held in RMB Cash Account(s) (as defined in Schedule 6) with the RQFII Custodian, in accordance with the RQFII Custodian Agreement.

Further, Securities Account(s), Cash Account(s), RQFII Securities Account(s) and RMB Cash Account(s) for the A50 China ETF in the PRC are maintained (i) in the name "BlackRock Asset Management North Asia Limited – iShares FTSE A50 China Index ETF" (in respect of the Manager's RQFII Quota) and (ii) in the name of "BlackRock (Singapore) Limited – iShares FTSE A50 China Index ETF" (in respect of the BSL's RQFII Quota). Although the Manager has obtained legal opinions (which are summarised in Schedule 5 and Schedule 6 respectively) that the assets in such Securities Account(s) and RQFII Securities Account(s) would belong to the A50 China ETF, such opinion cannot be relied on as being conclusive, as the relevant PRC regulations are subject to the interpretation of the relevant authorities in the PRC. In addition, investors should note that cash deposited in the Cash Account(s) of the A50 China ETF with the QFII Custodian and in the RMB Cash Account(s) of the A50 China ETF with the RQFII Custodian will not be segregated but will be a debt owing from the QFII Custodian and the RQFII Custodian respectively to the A50 China ETF as a depositor. Such cash will be co-mingled with cash belonging to other clients of the QFII Custodian and the RQFII Custodian respectively. In the event of bankruptcy or liquidation of the QFII Custodian and/or the RQFII Custodian, the A50 China ETF will not have any proprietary rights to the cash deposited in such Cash Account(s) or RMB Cash Account(s) (as the case may be), and the A50 China ETF will become an unsecured creditor, ranking pari-passu with all other unsecured creditors, of the QFII Custodian or the RQFII Custodian (as the case may be). The A50 China ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the A50 China ETF will suffer losses.

Stock Connect Related Risks. The A50 China ETF's investments through the Stock Connect may be subject to the following risks. In the event that the A50 China ETF's ability to invest in A Shares through the Stock Connect on a timely basis is adversely affected, the Manager will seek to rely on QFII investments, RQFII investments, investments in CAAPs or Physical A Share ETFs to achieve the A50 China ETF's investment objective.

Quota and Order Limitation Risk: The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Furthermore, price limit orders are the only type of orders that can be placed for northbound trading via the Stock Connect. The A50 China ETF's ability to invest in A Shares through the Stock Connect can be affected by such quota limitations and price limit orders which may increase tracking error of the A50 China ETF.

Legal and Beneficial Ownership Risk: The SSE Securities and the SZSE Securities in respect of the A50 China ETF will be held by the Custodian/sub-custodian in accounts in CCASS maintained by the HKSCC as central securities depositary in Hong Kong. The HKSCC in turn holds the SSE Securities and the SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with the CSDCC. The precise nature and rights of the A50 China ETF as the beneficial owner of the SSE Securities and the SZSE Securities through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, legal ownership and beneficial ownership under PRC law and there have been few cases involving a nominee account structure in the PRC courts. The exact nature and methods of enforcement of the rights and interests of the A50 China ETF under PRC law is also uncertain.

In the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong there is a risk that the SSE Securities and the SZSE Securities may not be regarded as held for the beneficial ownership of the A50 China ETF or as part of the general assets of HKSCC available for general distribution to its creditors.

For completeness, the CSRC has provided information titled "*Q&A regarding Certain Provisions on Stock Connect between the Mainland and Hong Kong Stock Markets*" dated 27 October 2016 in relation to beneficial ownership – the relevant sections from this Q&A have been extracted and reproduced below:

> ***Do overseas investors enjoy proprietary rights as shareholders in the securities acquired through the Northbound Trading Links under the Stock Connects held through HKSCC? Are the concepts of "nominee holder" and "beneficial owner" recognized under Mainland laws and regulations?***
>
> *Article 18 of the Administrative Measures for Registration and Settlement of Securities (the "Settlement Measures") states that "securities shall be recorded in the accounts of the securities holders, unless laws, administrative regulations or CSRC rules prescribe that the securities shall be recorded in accounts opened in the name of nominee holders". Hence, the Settlement Measures expressly provides for the concept of nominee shareholding. Article 13 of the Certain Provisions on Stock Connect between the Mainland and Hong Kong Stock Markets states that, among others, "investors are entitled to the rights and interests of the securities acquired through the Northbound Trading Links of the Stock Connect between the Mainland and Hong Kong Stock Markets. … Securities acquired through the Northbound Trading Links shall be registered in the name of HKSCC. …". Hence it has been set out explicitly that in Northbound Trading, overseas investors shall hold securities acquired through the Northbound Trading Links in the name of HKSCC and enjoy the proprietary interests as shareholders.*
>
> ***How can overseas investors pursue legal actions or file lawsuits in the Mainland in order to exercise their rights over the securities acquired through the Northbound Trading Links under the Stock Connects?***
>
> *Mainland law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so. As we understand, under the Stock Connects, HKSCC, as the nominee holder of the securities acquired by overseas investors through the Northbound Trading Links, may exercise shareholder's rights and pursue legal actions on behalf of overseas investors. In addition, Article 119 of the Civil Procedure Law of the People's Republic of China states that "the claimant in a legal action shall be an individual, legal person or any other organization that has a direct interest in the relevant case;…". As long as the overseas investor can provide evidential proof of its beneficial ownership and direct stakeholdership, the investor may take legal actions in its own name in Mainland courts.*

Settlement and Corporate Actions Risks: The HKSCC is responsible for settlement in respect of trades executed for the A50 China ETF. The HKSCC will also be treated as the shareholder of the SSE Securities and the SZSE Securities which it will monitor and of which it will seek to notify investors such as the A50 China ETF. The A50 China ETF will therefore depend on HKSCC for both settlement and notification and implementation of corporate actions.

Front-end Monitoring Risk: PRC regulations require that in order for an investor to sell any A Share on a certain trading day, there must be sufficient A Shares in the investor's account before market opens on that day. If there are insufficient A Shares in the investor's account, the sell order will be rejected by the SSE or the SZSE. The SEHK carries out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. stock brokers) to ensure that this requirement is satisfied. This means that investors must transfer SSE Securities and SZSE Securities to the accounts of its brokers before the market opens on the day of selling (the "trading day"). If an investor fails to meet this deadline, it will not be able to sell SSE Securities or SZSE Securities on the relevant trading day. Because of this requirement, investors may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

To facilitate investors whose SSE Securities or SZSE Securities are maintained with custodians to sell their SSE Securities or SZSE Securities without having to pre-deliver the SSE Securities or SZSE Securities from their custodians to their executing brokers, the HKEx introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a Special Segregated Account (SPSA) in CCASS to maintain its holdings in SSE Securities and SZSE Securities. Such investors only need to transfer SSE Securities or SZSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. This enhanced model is novel and initial market reaction has been varied. If the A50 China ETF is unable to utilise this model, it would have to deliver SSE Securities or SZSE Securities to brokers before the trading day and the above risks may still apply.

Difference in Trading and Settlement Days Risk: The Stock Connect is only available on days when both the SEHK and the mainland markets (SSE and SZSE) are open for trading, and banking services are available in both Hong Kong and mainland markets on the corresponding settlement days (i.e. the day after trading day for Northbound trades). Therefore, the A50 China ETF may be unable to invest in A Shares through the Stock Connect on certain trading days notwithstanding the SEHK is open for trading, for example when the settlement day for a proposed trade falls on a public holiday in the PRC. In such circumstances, the Manager may exercise its power under the Trust Deed to suspend Creation and Redemption Applications and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application during the relevant period. Please refer to the section "Suspension of Creations and Redemptions" for further details.

Suspension Risk: Each of the SEHK, the SSE and the SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading is effected, the A50 China ETF's ability to access the PRC market through the Stock Connect will be adversely affected.

Operational Risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the PRC's stock market directly. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Market participants may need to address issues arising from these differences (as well as the fact that the securities regime and legal systems of the PRC and Hong Kong differ significantly) on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the programme could be disrupted.

Recalling of Eligible Stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the A50 China ETF's tracking of the Underlying Index if, for example, a constituent of the Underlying Index is recalled from the scope of eligible stocks.

Broker Risk: The A50 China ETF may rely on only one broker to invest via Stock Connect. Should, for any reason, the Manager be unable to use the relevant broker, the operation of the A50 China ETF would be adversely affected and may cause Units to trade at a premium or discount to the A50 China ETF's Net Asset Value or be unable to track the Underlying Index. The A50 China ETF may also incur losses due to the acts or omissions of any of the broker(s) in the execution or settlement of any transaction via Stock Connect.

Clearing and Settlement Risk: The HKSCC and the CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the A50 China ETF may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Regulatory Risk: The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. The regulations are untested and there is no certainty as to how they will be applied, and are subject to change. There can be no assurance that the Stock Connect will not be abolished.

No Protection by Investor Compensation Fund Risk: Investment through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers in their obligations. The A50 China ETF's investments through Northbound trading under the Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the A50 China ETF is exposed to the risks of default of the broker(s) in their obligations when it engages in its trading in A Shares through the programme. According to the Measures for the Administration of Securities Investor Protection Fund《證券投資者保護基金管理辦法》, the functions of China Securities Investor Protection Fund（"CSIPF", 中國投資者保護基金）include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC and custodian operation" or "other functions approved by the State Council". As far as the A50 China ETF is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers, therefore they are not protected by CSIPF in the PRC.

Shenzhen-Hong Kong Stock Connect Specific Risks: The Shenzhen-Hong Kong Stock Connect is newly launched and does not have an operating history and the risks identified above are particularly relevant to the Shenzhen-Hong Kong Stock Connect due to the lack of an operating history. Investors should note that the performance of the Shenzhen-Hong Kong Stock Connect may not be the same as the performance of the Shanghai-Hong Kong Stock Connect to date.

Dependence upon Trading Market for A Shares Risk. The existence of a liquid trading market for the A Shares may depend on whether there is supply of, and demand for, such A Shares. The price at which the A shares and Physical A Share ETFs (if any) may be purchased or sold by the A50 China ETF upon any rebalancing activities or otherwise and the Net Asset Value of the A50 China ETF may be adversely affected if trading markets for the A Shares are limited or absent. Investors should note that the SSE and SZSE on which A Shares are traded are undergoing development. In particular, trading band limits are imposed by the SSE and the SZSE on A Shares, where trading in a particular A Share on the relevant stock exchange may be suspended if its trading price has increased or decreased to the extent beyond the trading band limit. Market volatility (including the risk of trading band limits and a suspension of trading of the A Shares) and settlement difficulties in the A Share markets may result in significant fluctuations in the prices of Securities traded on such markets and thereby changes in the value of the A50 China ETF.

Disruption of Creation and Redemption Risk. Given that the A Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that the underlying A Shares may not be available.

Market Pricing Risk. The market price of an ETF typically depends on the supply and demand imbalance. In the case of the A50 China ETF, since the supply and demand imbalance can only be addressed by the Participating Dealer(s) creating and redeeming additional Units, the liquidity of the underlying A Share market and the nature of the QFII regime and the RQFII regime will likely result in the A50 China ETF trading at a higher premium or discount to the Net Asset Value per Unit than may normally be the case for an ETF.

Brokerage and Transaction Costs Risk. A Share rebalancing activities by the A50 China ETF will utilise the QFII Quota and/or RQFII quota and/or the Stock Connect where available. The brokerage and transaction costs of such rebalancing activities executed between these channels can vary. Such costs will be borne by the A50 China ETF and by extension, its Unitholders.

Investment in A50 China ETF is Not the Same as Direct Investment in A Shares Risk. For cash management and contingency purposes, the Manager may acquire, hold and dispose of CAAPs on behalf of the A50 China ETF as if these were the relevant A Shares. The CAAPs do not provide any beneficial or equitable entitlement or interest in the relevant A Shares to which each CAAP is linked. Investors should note that an investment in A50 China ETF is not the same as owning the constituent A Shares of the Underlying Index even where the A50 China ETF's portfolio may primarily consist of directly held A Shares and Physical A Share ETFs. Where CAAPs are held, the Unitholders will not have any proprietary or beneficial interest in such A Shares linked to the CAAPs because a CAAP represents an obligation of the CAAP Issuer, rather than a direct investment in A Shares, and the A50 China ETF may suffer losses potentially equal to the full value of the CAAP if the CAAP Issuer fails to perform its obligations under the CAAPs.

Liquidation of CAAPs Risk. Although the CAAPs to be held by the A50 China ETF may be listed, the CAAPs have no active secondary market. In addition, the Manager may have to agree with each CAAP Issuer that, in any event, the Manager will not sell any CAAP to (i) any Taiwanese person or (ii) any PRC individual, PRC corporate, PRC bank, or insider of the issuer of the A Share to which a CAAP is linked or (iii) investors whose source of funding for the CAAP is derived or originates from the PRC or (iv) any other party without the consent of the CAAP Issuers. Further, where there is a market disruption event or hedging disruption event that prevents the CAAP Issuers from liquidating the underlying hedging positions, the A50 China ETF and its investors may be adversely impacted.

Early CAAP Redemption and Repurchase Risk. CAAPs are securities issued by counterparties which are designed to synthetically replicate A Share exposure. Due to their synthetic nature, these CAAPs may have costs associated with their early redemption (including for example, in circumstances where the A50 China ETF is terminated (see section “Termination”)) that are potentially significantly higher than the costs of trading the underlying A-Shares, particularly during times of high market volatility. These costs can also vary significantly through time. Factors influencing this cost differential include A Share market volatility, foreign exchange market volatility and costs associated with redeeming the CAAPs prior to maturity, such as the cost of unwinding the hedging positions associated with the CAAPs. Such costs may vary depending on market conditions and are beyond the control of the Manager.

PRC Tax Risk and Tax Provisioning Policy Risk. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realized via the A50 China ETF’s investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the A50 China ETF may adversely affect the A50 China ETF’s value. The Manager will keep its provisioning policy for CGT liability under review, and may, in its discretion from time to time (in consultation with the Trustee), make provision for potential tax liabilities, if in their opinion such provision is warranted. Any provision would have the effect of reducing the Net Asset Value per Unit by the pro rata amount of estimated tax liability.

Any changes to the tax provision, if made, will be reflected in the Net Asset Value at the time that such change to the provision is effected and thus will only impact on Units which remain in the A50 China ETF at the time the change to the provision is effected. Units which are sold/redeemed prior to changes in the tax provision being effected will not be impacted by reason of any insufficiency of the tax provision. Likewise, such Units will not benefit from any release of excess tax provisions back to the A50 China ETF. Investors may be advantaged or disadvantaged depending upon how gains on A Shares will ultimately be taxed and when the investors purchased/subscribed and/or sold/redeemed the units of the A50 China ETF.

Investors should note that no Unitholders who have sold/redeemed their units in the A50 China ETF before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withheld amounts released to the A50 China ETF, which amounts will be reflected in the Net Asset Value.

Please refer to the section “Taxes – Mainland China” for further information about PRC taxation.

Repatriation of Funds from the PRC by the Manager and BSL Risk. There are different rules and restrictions under the QFII and RQFII regulations including rules on remittance of principal, investment restrictions, minimum investment holding periods, and repatriation of principal and profits. Such requirements may change from time to time. Where there are changes to these rules that restrict repatriation of funds from the PRC, it may adversely affect the ability of the A50 China ETF to meet redemption requests.

Repatriation by the Manager Related to QFII Investments

Where the A50 China ETF invests in A Shares directly through the Manager’s QFII Quota, once remitted, the invested capital may not be repatriated for a minimum of three months as it is subject to a three-month lock-up period, unless further notified. After the lock-up period, the A50 China ETF may remit into or repatriate funds from the PRC weekly according to the net difference between the subscription amount and redemption amount in that week subject to the outstanding QFII quota at the time of remittance or repatriation. Repatriation is further subject to the repatriation restrictions imposed by the SAFE from time to time. Currently, repatriation is subject to a monthly cumulative limit of 20% of the total onshore assets of the A50 China ETF in the PRC as at the end of the previous year. The A50 China ETF could be adversely affected by the restrictions on or the delays in the repatriation of funds. Accordingly, the A50 China ETF may be exposed to potential loss from any restriction or delay in the Manager's ability to convert HKD from or into RMB and/or to repatriate funds from the PRC. In such cases, payment of the redemption proceeds may be delayed.

The regulations on repatriation of capital and profits will also be applied to each QFII Quota as a whole. In this regard, the capacity of the A50 China ETF to make investments in A Shares through the Manager's QFII Quota and the ability to repatriate monies from the QFII investment quota granted to the Manager may be adversely affected by the investments, performance and/or repatriation of monies invested by other funds managed by the Manager utilizing its QFII Quota. The restriction or delay in repatriation of invested capital and net profits may impact on the A50 China ETF's ability to meet redemption requests; thus adversely affecting the timing or ability of the investors to receive settlement.

Further the corresponding regulations relating to repatriation may be subject to change. The application and interpretation of such regulations may not be certain and there is no certainty as to how they will be applied now or in the future.

Repatriation by the Manager and BSL Related to RQFII Investments

Repatriations by RQFIIs (including the Manager and BSL) in respect of funds such as the A50 China ETF conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the A50 China ETF's ability to meet redemption requests.

Foreign Exchange Risk. The Base Currency of the A50 China ETF (i.e. RMB) may be different than the trading counters available for Units of the A50 China ETF meaning investors trading in the secondary market may be subject to additional costs or losses associated with foreign currency fluctuations when trading in Units of the A50 China ETF.

RMB Currency Conversion Risk. Under the Dual Counter model, Units are traded in RMB (in addition to HKD). RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange. Any depreciation of RMB could adversely affect the value of the investor's investment in the A50 China ETF.

Offshore RMB Market Risk. The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

Distributions are Contingent on Dividends paid on Underlying Investments Risk. The ability of the A50 China ETF to pay distributions on the Units is subject to the Manager's distribution policy and also depends on dividends declared and paid by the relevant PRC companies (whose A Shares held by the A50 China ETF, Physical A Share ETFs held by the A50 China ETF or are replicated by the CAAPs held by the A50 China ETF) net of any PRC dividend withholding tax and the level of fees and expenses payable by the A50 China ETF. Dividend payment rates of companies which issue the underlying A Shares are based on numerous factors, including their current financial condition, general economic conditions and their dividend policies. There can be no assurance that such companies will declare dividends or make other distributions without which no distribution is payable on the CAAPs, A Shares or interests in such Physical A Share ETF. In addition, changes to the composition of the Underlying Index (for example, the substitution of one constituent stock in the Underlying Index with another paying higher or lower dividends) will affect the level of synthetic dividends received by the A50 China ETF under the CAAPs from A

Share issuer PRC companies and Physical A Share ETF. To the extent possible, the A50 China ETF's fees and expenses will be paid out of the dividends it receives. To the extent such dividends received by the A50 China ETF are insufficient to meet its fees and expenses, the excess will be met out of the assets of the A50 China ETF or by borrowing, which may cause the Net Asset Value to fall, and may adversely affect the trading price of the Units. Investors may not therefore receive any distributions. Investors will not receive any dividends or other distributions directly from CAAPs or from the PRC companies to whose A Shares the CAAPs relate held by the A50 China ETF directly or held by Physical A Share ETFs invested by the A50 China ETF.

Risk Factors Relating to the PRC

PRC economic, political and social conditions as well as government policies. The economy of the PRC, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the Securities market in the PRC as well as the underlying Securities of the A50 China ETF. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the A50 China ETF.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the A Shares in the Underlying Index.

PRC Government Control of Currency Conversion and Future Movements in Exchange Rates Risk. The A50 China ETF invests in A Shares which are denominated in RMB, and in particular, it will be required to remit RMB from Hong Kong to the PRC to settle the purchase of A Shares through the RQFII Quota.

Various PRC companies derive their revenues in RMB but have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated debt; purchases of imported equipment and payment of any cash dividends declared in respect of e.g. H shares and N shares.

The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. Since 1994, the conversion of RMB into Hong Kong dollars and US dollars has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. The Manager cannot predict nor give any assurance of any future stability of the RMB to Hong Kong dollar exchange rate.

PRC Laws and Regulations Risk. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because these laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Legal System of the PRC Risk. The legal system of the PRC is based on written laws and regulations. Despite the PRC government's effort in improving the commercial laws and regulations, many of these laws and regulations are still at an experimental stage and the implementation of such laws and regulations remains unclear.

Potential Market Volatility Risk. Investors should note that the SSE and SZSE on which A Shares are traded are undergoing development. Market volatility may result in significant fluctuation in the prices of securities traded on such markets and thereby changes in the Net Asset Value of the A50 China ETF.

Accounting and Reporting Standards Risk. Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

MANAGEMENT OF THE TRUST

The Manager

The Manager is BlackRock Asset Management North Asia Limited 貝萊德資產管理北亞有限公司. The Manager is part of the BlackRock group of companies, the ultimate holding company of which is Blackrock, Inc., which provides investment management services internationally for institutional, retail and private clients. The Manager was incorporated in Hong Kong with limited liability on 10 August 1998 and is licensed by the SFC to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

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

Without limiting the other powers mentioned in this Prospectus, the Manager may purchase and sell investments for the account of the A50 China ETF and, subject to the provisions of the Trust Deed, 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 A50 China ETF, 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 Manager applied for and was granted a QFII License on 26 October 2012 which enabled it to apply to the SAFE for a QFII Quota that allows the Manager to remit foreign currency into the PRC, convert into RMB and invest in A Shares directly. SAFE has subsequently approved the Manager's QFII Quota of which US$970 million has been allocated for investment by the A50 China ETF in A Shares directly through the QFII system.

The Manager applied for and was granted a RQFII License on 11 March 2014 which enabled it to apply to the SAFE for a RQFII Quota that allows the Manager to remit RMB into the PRC and invest in A Shares directly. The SAFE has subsequently approved the Manager's RQFII Quota and the Manager may from time to time allocate the RQFII Quota to the A50 China ETF (among the public funds it manages) for the purpose of its direct investment into the PRC.

The Directors of the Manager

Belinda Boa, CFA, Managing Director, is Head of Active Investments for Asia Pacific & CIO 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. Ms. Boa is a member of the Asia Pacific Executive Committee. Prior to assuming her current role in 2015, Ms. Boa was head of Risk and Quantitative Analysis for APAC where she was responsible for all areas of risk across the region, including investment risk, credit and counterparty risk and corporate and operational risk. Ms. Boa has worked in quantitative finance for over 15 years in London and South Africa. Prior to moving to Asia, she was a senior risk manager, leading the Risk and Quantitative Research team in London, where she was focused on the equity business. She started her career in equity research working for RMB Asset Management. Ms. Boa is a qualified Chartered Financial Analyst and a member of the London Quant Group. Ms Boa earned her degree with honours in Finance and Statistics from the University of the Witwatersrand, South Africa in 1995.

Geraldine Buckingham, Senior Managing Director, is BlackRock's Chair for the Asia Pacific region and a member of the firm's Global Executive Committee. She is responsible for all business activities in the region, which includes Greater China, Japan, Australia, Singapore, India and Korea. Dr. Buckingham previously served as Global Head of Corporate Strategy at BlackRock and was responsible for helping BlackRock develop and implement long-term goals and respond to the competitive financial services landscape. She was named to Fortune Magazine and Crain's New York Business' "40 Under 40" lists for 2017. Prior to joining BlackRock in 2014, Dr. Buckingham was a partner with McKinsey & Company's financial services practice based in New York. She worked primarily with large global asset managers with additional experience in wealth management and private equity, as well as functional expertise in strategy and organization. Dr. Buckingham received the Rhodes scholarship to study at Oxford University, where she earned a Master of Philosophy degree in Comparative Social Policy. She earned her Bachelor of Medicine and Bachelor of Surgery (MBBS) degrees from Monash University.

Susan Wai-lan Chan, Managing Director, is the Head of ETF and Index Investment (EII) and Trading and Liquidity Strategies (TLS) Asia Pacific at BlackRock. She also leads BlackRock's Asia Pacific product innovation and strategy efforts to deepen connectivity with counterparties and clients. Ms. Chan is a member of the BlackRock Asia-Pacific Executive Committee, EII Global Management Committee, TLS Global Executive Committee, Global Human Capital Committee and Global Operating Committee. Ms. Chan joined BlackRock in July 2013 as head of Asia Pacific iShares Capital Markets and Products. Prior to joining BlackRock, she was a Managing Director at Deutsche Bank AG, Hong Kong where she was Head of Equity Structuring, Strategic Equity Transactions and DBx Asia Pacific. Before Deutsche Bank, she was Managing Director at Barclays Capital Asia Limited where she held various positions in equity derivatives with the most recent as Head of Equity and Funds Structured, Asia Pacific. She was also a member of the Global EFS Executive Committee, the Asia Pacific Structuring Executive Committee, Founder and Executive Sponsor for the Women's Internal Network, Asia Pacific and a Board Member of Barclays Capital Hong Kong Limited. Ms. Chan is a graduate of Boston University, Boston, MA.

Andrew Hambleton, Managing Director, is the Chief Operating Officer (COO) of the APAC region for BlackRock and is a member of the C-20 and APAC Executive Committee. In his role as APAC COO, Andrew is responsible for the effective operation of the region. This includes partnering with functional management to support growth and client service across channels, to manage risk, to promote operational efficiency, and to respond to market and regulatory change. Mr. Hambleton was formerly the COO and Global Head of Platform & Operations for HR. This included management of HR's technology infrastructure and HR operations functions supporting the employee life-cycle, recruitment and administration of core HR Processes, HR risk & compliance, Employee Relations and business management for the HR function. Andrew joined BlackRock in late 2010 as Head of Human Resources, Asia Pacific for BlackRock, based in Hong Kong. Following his work in Asia Pacific, Andrew moved to New York and was the Global Head of Talent where he played a central role in leading the Human Capital Committee and Firm Talent agenda. In this role he led Talent Development, Talent Management Practices, Talent Acquisition, and Inclusion & Diversity. Prior to BlackRock, Andrew worked for The Australia and New Zealand Banking Group for 9 years. During this time he worked in a number of senior executive level HR roles as a business partner, and in rewards and talent in New Zealand, Australia and Asia.

Andrew Landman, Managing Director, is Head of Client Business for Asia Pacific Region, responsible for both distribution and management of the Retail and Institutional relationships in Asia. Prior to assuming his current role, Mr Landman was Head of Institutional and BlackRock Alternative Specialists Group for APAC following a period of being Head of Client Businesses in Australia, responsible for both distribution and management of the Retail, iShares and Institutional relationships in Australia. Prior to joining BlackRock, Mr. Landman was Chief Executive Officer of Ascalon Capital Managers, a subsidiary of BT Financial Group. Ascalon takes equity stakes in, and is an active business partner of, some of Asia Pacific's leading boutique asset managers. Under Mr. Landman's leadership, Ascalon successfully built a portfolio of nine single strategy hedge and high conviction funds across Australia and Asia Pacific with USD4.2 billion in assets under management. In addition to the role at Ascalon, Mr Landman was Head of Investment Strategy at BT Financial Group. Prior to Ascalon, Mr. Landman was the Chief Financial Officer of Challenger Funds Management. He started his career at Bankers Trust where he worked extensively across the operations side of funds management. Mr. Landman earned a Bachelor of Commerce degree from the University of Newcastle. He studied leadership at the University of Chicago in 2003.

Graham Douglas Turl, Managing Director, is the General Counsel, Asia-Pacific region. He is a member of BlackRock's Asia Pacific Executive Committee. Prior to joining BlackRock in April 2007, Mr. Turl was head of the Hong Kong investment management group at international law firm Linklaters, where he was responsible for advising clients on the corporate, regulatory and tax aspects of structuring, creating, organising and marketing investment funds of all types, onshore and offshore, domestic and international, public and private, retail and institutional. Mr. Turl is qualified to practice law in England and Hong Kong. Mr. Turl serves on a number of finance industry bodies in the Asia Pacific region, including the Investment Funds Association of Hong Kong and the Asset Management Group of the Asia Securities Industry & Financial Markets Association. Mr. Turl earned a BA degree in history from the University of Nottingham and postgraduate legal qualifications from the Guildford College of Law, England.

Trustee and Registrar

The Trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. 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 or 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 including the QFII Custodian and the RQFII Custodian (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 where such Correspondents are appointed in respect of a market or 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. For the avoidance of doubt, the QFII Custodian is not a Connected Person of the Trustee whereas the RQFII Custodian is a Connected Person of the Trustee. As at the date of this Prospectus, other than the QFII Custodian and the RQFII Custodian appointed for the A50 China ETF, the Trustee does not have any intention to appoint any person or persons to be the custodian of the assets of the Trust in an emerging market. In the event such appointment 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 A50 China ETF. 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 A50 Index ETF, 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 OFAC administers and enforces economic sanction programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers by using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. In enforcing economic sanctions, OFAC acts to prevent "prohibited transactions," which are described by OFAC as trade or financial transactions and other dealings in which US persons may not engage unless authorized by OFAC or expressly exempted by statute. OFAC has the authority to grant exemptions to prohibitions on such transactions, either by issuing a general licence for certain categories of transactions, or by specific licences issued on a case-by-case basis. HSBC Group has adopted a policy of compliance with the sanctions issued by OFAC. As part of its policy, the Trustee may request for additional information if deemed necessary. 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 A50 Index ETF 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 A50 Index ETF 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 A50 Index ETF. 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".

Further and subject to the Code, where the A50 China ETF invests directly into the PRC's securities markets pursuant to the QFII regime and the RQFII regime, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the A50 China ETF, including (i) onshore PRC assets acquired through the Manager's QFII Quota and RQFII Quota, such PRC assets being maintained by the QFII Custodian and the RQFII Custodian in electronic form via securities account(s) with the CSDCC and any assets deposited in cash account(s) with the QFII Custodian and/or the RQFII Custodian and (ii) onshore PRC assets of the A50 China ETF acquired through BSL's RQFII Quota, such PRC assets being maintained by the RQFII Custodian in electronic form via RQFII securities account(s) with the CSDCC and any cash deposited in cash account(s) with the RQFII Custodian (collectively "Onshore PRC Assets"), and holds the same in trust for the Unitholders;

(b) cash and registrable assets of the A50 China ETF, including Onshore PRC Assets, are registered in the name of or to the order of the Trustee; and

(c) each of the QFII Custodian and the RQFII Custodian will look to the Trustee (or where relevant, its nominee, delegate or agent) for instructions and solely act in accordance with the Trustee's instructions as provided under the QFII Custody Agreement, the RQFII Custody Agreement and/or PRC Participation Agreement respectively.

Custodian

The Hongkong and Shanghai Banking Corporation has been appointed by the Trustee as the global custodian to the A50 China ETF to provide custodial services to the A50 China ETF globally.

The Custodian is not responsible for the preparation or issue of this Prospectus and accepts no responsibility for the information contained in this Prospectus other than the description in the paragraph above under this section headed "Custodian".

QFII Custodian

Citibank (China) Co., Limited has been appointed by the Custodian (with the approval of the Manager) to act as QFII Custodian responsible for the safe custody of the assets acquired through the QFII Quota and managed by the Manager within the PRC in accordance with the QFII Custody Agreement.

The QFII Custodian is not responsible for the preparation of this Prospectus and accepts no responsibility for the information contained in this Prospectus other than the description in the paragraph above.

RQFII Custodian

HSBC Bank (China) Company Limited (i) has been appointed jointly by the Manager and the Trustee to act as RQFII Custodian responsible for the safe custody of the assets acquired through the Manager's RQFII Quota and managed by the Manager within the PRC in accordance with the RQFII Custody Agreement; and (ii) has also been appointed jointly by BSL, Manager and the Trustee to act as RQFII Custodian responsible for the safe custody of the assets acquired through BSL's RQFII Quota and managed by the Manager within the PRC in accordance with the RQFII Custody Agreement.

The RQFII Custodian is not responsible for the preparation or issue of this Prospectus and accepts no responsibility for the information contained in this Prospectus other than the description in the paragraph above under this section headed "RQFII Custodian.

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the A50 China ETF or the Trust generally, in respect of any liabilities, costs, claims or demands arising directly or indirectly from the proper performance of the Trust. Nothing in any of the provisions of the Trust Deed shall exempt either the Trustee or the Manager (as the case may be) from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, fraud, default, breach of duty or trust of which they may be guilty in relation to their duties.

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

Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreements 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 A50 China ETF by Participating Dealers.

Auditor

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

Conflicts of Interest

The Manager and 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 and its 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 and with the PNC 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.

Significant Shareholder – PNC

The PNC Financial Services Group, Inc. (“**PNC**”) holds 20.9% ownership stake of the voting common stock of BlackRock, Inc. A stockholder agreement is in place permitting PNC to designate two directors to the BlackRock Inc. Board. There is the potential that BlackRock Group companies could be unduly influenced by PNC to the disadvantage of clients. Both BlackRock Inc. and PNC are managed independently and in isolation of one another and all transactions and revenue between the two are disclosed within BlackRock Inc’s proxy statement. Additionally, when voting, PNC must vote its shares in accordance with the recommendation of the BlackRock Inc. Board to prevent undue influence.

Conflicts of interest of the Manager

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 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 (as well as any of its Connected Persons) will not receive or enter into any soft dollar commissions or arrangements in respect of the management of the Index Funds. The Manager (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer. 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 seeks 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 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's 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 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 or its 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 and/or its affiliate 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 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 manages 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 manages 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 and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser or perform other functions in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Trust or any Index Fund.

In addition:–

- the Manager, its delegate or any Connected Persons may enter into investments for the Trust and may, with the consent of the Trustee, 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, and shall not account for more than 50% by value of commissions paid in respect of the Trust's investment transactions over the course of any one accounting period;

- the Trustee, the Manager or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of Securities, financial instruments or investment products held by the Trust;

- the Trustee, the Manager or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers; and

- the monies of the Trust may be deposited with the Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

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

Conflicts of interest may arise due to the widespread business operations of the Trustee, the Manager, the Registrar and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Trust (or any Index Fund) will be on arm's length terms. No more than 50% in aggregate of the A50 China ETF's transactions in any one financial period shall be carried out with or through a broker or dealer connected to the Manager or any Connected Person of the Manager.

Soft Dollars

The Manager (as well as any of its Connected Persons) will not receive or enter into any soft dollar commissions or arrangements in respect of the management of the A50 China ETF. The Manager (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer.

STATUTORY AND GENERAL INFORMATION

Reports and Accounts

The financial year-end of the Trust and the A50 China ETF 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 the A50 China ETF have been complied with). The reports shall also provide a comparison of the A50 China ETF'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

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

Voting Rights

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

Termination

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

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

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate any Index Fund if: (i) after 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.

Upon the termination of an Index Fund, the termination proceeds may be distributed and paid in a currency other than the Base Currency of the Index Fund. The currency of distribution of termination proceeds will be notified to investors in the termination notice. Unless otherwise specified in the termination notice, any fees and charges associated with the conversion of such termination proceeds from the applicable Base Currency to such other currency shall be borne by Unitholders. Unitholders are advised to check with their brokers for arrangements concerning distributions and consider the risk factor "Other Currencies Distributions Risk".

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

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

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

Inspection of Documents

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

Part XV of the Securities and Futures Ordinance

Part XV of the Securities and Futures Ordinance sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the A50 China ETF. Consequently, Unitholders are not obliged to disclose their interest in the A50 China ETF. Further, pursuant to section 323(1)(c)(i) of the Securities and Futures Ordinance, Unitholders are not considered to hold an interest in the underlying shares of a Hong Kong listed company held by the A50 China ETF.

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 the A50 China ETF 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 A50 China ETF'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 A50 China ETF's assets may have a negative impact to the value of the A50 China ETF 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 the A50 China ETF. 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 the A50 China ETF 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 A50 China ETF may borrow up to 10% of its total Net Asset Value.

- 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 A50 China ETF 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 A50 China ETF 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 to the Trustee, declare a suspension of the determination of Net Asset Value of the A50 China ETF 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 A50 China ETF in certain circumstances, including where after 1 year from the date of creation of the A50 China ETF, the Net Asset Value of the A50 China ETF 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.

Change of Underlying Index

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

(a) the Underlying Index ceasing to exist;

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

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

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

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

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

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

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

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

The Manager may change the name of the A50 China ETF 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 the A50 China ETF will be notified to investors.

Information Available on the Internet

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

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

* *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 the A50 China ETF. The product webpage of the A50 China ETF can be located by using the search function and inserting the stock code of the A50 China ETF (i.e. 2823 or 82823) at www.blackrock.com/hk. This website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

Notices

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

Manager	Trustee
BlackRock Asset Management North Asia Limited	HSBC Institutional Trust Services (Asia) Limited
16/F Champion Tower	1 Queen's Road
3 Garden Road, Central	Central
Hong Kong	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 A50 China ETF or to file a complaint. If a query or complaint is received by phone, the Manager will respond orally. If a query or complaint is received in writing, the Manager will respond in writing. Under normal circumstances the Manager will respond to any query or complaint as soon as practicable and in any event within 21 days.

TAXES

The following summary of Hong Kong and PRC taxation and FATCA is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong, the PRC, the US and their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong 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 A50 China ETF

Profits Tax: As the A50 China ETF has been authorised as a collective investment scheme by the SFC pursuant to section 104 of the Securities and Futures Ordinance, profits of the A50 China ETF arising from the sale or disposal of securities, net investment income received by or accruing to the A50 China ETF and other profits of the A50 China ETF 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 the A50 China ETF 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 the A50 China ETF to an investor upon redemption of Units will also be remitted or refunded.

No Hong Kong stamp duty is payable by the A50 China ETF on an issue or redemption of Units.

Hong Kong stamp duty is ordinarily payable on the transfer of Hong Kong stock. The sale and purchase of Hong Kong stock by the A50 China ETF will be subject to stamp duty in Hong Kong at the current rate of 0.2% of the price of the shares being sold and purchased, split between the buyer and seller.

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 the A50 China ETF. 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 the A50 China ETF.

Mainland China

The A50 China ETF

Corporate Income Tax ("CIT"): To date, 10% PRC withholding income tax has been enforced on dividend and interest payments from PRC listed securities to non-PRC tax resident enterprises. The Manager and the Trustee intend to manage and operate the A50 China ETF in such a manner that it should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with an establishment or place of business in the PRC for CIT purposes. As such, it is expected that the A50 China ETF should not be subject to CIT on an assessment basis and would only be subject to CIT on a withholding basis to the extent the A50 China ETF directly derives PRC sourced income.

On 14 November 2014, the Ministry of Finance ("MOF"), the CSRC and the State Administration of Taxation ("SAT") in the PRC, acting with State Council's approval, jointly released Caishui [2014] No. 79 ("Circular 79") which temporarily exempts QFIIs and RQFIIs from tax on capital gains derived from the trading of shares and other equity investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law. The MOF, the CSRC and the SAT also released Caishui [2014] No.81 ("Circular 81") on 14 November 2014 and Caishui [2016] No. 127 ("Circular 127") on 1 December 2016, which temporarily exempt PRC tax on capital gains derived by investors in the Hong Kong market from the trading of A shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect respectively.

Pursuant to the above circulars, the A50 China ETF does not provision for tax on capital gains derived from trading of A-Shares via QFII or RQFII and the Stock Connects.

The investment universe of the A50 China ETF includes CAAPs, A Shares, as well as Physical A Share ETFs. With respect to its holdings in CAAPs, the A50 China ETF obtains economic exposure to A Shares through the Manager acquiring or disposing the CAAPs, as if these were the relevant A Shares. The CAAP Issuers may implement hedge arrangements on the CAAPs through QFIIs, which would acquire or dispose of the underlying A Share to which the CAAPs are linked. As the QFIIs are the legal owners of the A Shares under PRC law with respect to such CAAPs, any PRC taxes arising from the QFIIs' investments in such securities would be legally borne by the QFII directly. Given that any PRC tax liabilities accruing to the QFII in respect of the securities to which the CAAPs are linked arise because of the trading activities of the A50 China ETF, such tax liabilities may ultimately be recharged to and borne by the A50 China ETF and would likely have an economic effect on the value of the A50 China ETF.

Based on the above circulars, neither the A50 China ETF nor the CAAP Issuers provision for CGT on capital gains derived from trading of A-Shares related to CAAPs invested by the A50 China ETF from 17 November 2014 onwards.

Investors should note that there is currently an amount of realised capital gains on CAAPs for which a tax provision has not been made since inception of the A50 China ETF. It is the Manager's belief, based on independent advice, that it is in the best interests of Unitholders not to provision retrospectively for realised gains that have not been withheld to date prior to the introduction of the CIT law effective 1 January 2008. Investors should note however that in the unlikely event that there is any retrospective enforcement of CGT on the CAAPs in which the A50 China ETF invests, the result may be a further and possible substantial loss to the A50 China ETF.

The Manager will keep its provisioning policy for CGT liability under review, and may, in its discretion from time to time (in consultation with the Trustee), make provision for potential tax liabilities if, in their opinion such provision is warranted. Any provision would have the effect of reducing the Net Asset Value per Unit by the pro rata amount of estimated tax liability. In the event that the A50 China ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value per Unit may decrease substantially, without notice, by the pro rata amount of the tax exposure not provisioned.

Value Added Tax and stamp duty: Caishui [2005] 155, which was issued under the PRC Business Tax ("BT") regime, stated that gains derived by QFIIs from the trading of PRC marketable securities (including A Shares) are exempt from BT. With the issuance of Caishui [2016] 36 ("Circular 36"), financial services (including the transfer of financial products), which were subject to BT, are subject to PRC Value-Added Tax ("VAT") from 1 May 2016. Under the VAT regime, the abovementioned BT exemption granted to QFIIs with respect to gains realized from the trading of PRC marketable securities has been grandfathered i.e. QFIIs continue to enjoy exemption on gains under the VAT regime. According to Caishui [2016] 70, gains realised by RQFIIs from the trading of PRC securities in the PRC are exempt from VAT.

According to Circular 81, investors in the Hong Kong market are temporarily exempt from BT with respect to gains derived from the trading of A-Shares through the Shanghai-Hong Kong Stock Connect. With the expansion of VAT to financial services from 1 May 2016, the above-mentioned BT exemption granted to investors in the Hong Kong market with respect to their gains realized from the trading of A-Shares under Shanghai-Hong Kong Stock Connect has been grandfathered i.e. investors in the Hong Kong market continue to enjoy exemption on gains under the VAT regime pursuant to Circular 36.

According to Circular 127, investors in the Hong Kong market are temporarily exempt from VAT with respect to gains derived from the trading of A-Shares through the Shenzhen-Hong Kong Stock Connect.

Dividends received by investors from the investment in A-Shares should not be subject to VAT.

From 19 September 2008 onwards, only the seller is taxable to stamp duty at the rate of 0.1% on the sale of PRC listed shares and the buyer is not liable to any stamp duty.

The Unitholders

Individual Income Tax ("IIT"): Individual Unitholders who are not PRC tax residents should not be subject to IIT as a result of their investment in the A50 China ETF. There should be no PRC withholding income taxes applicable to investment distributions from or gains realised on disposal of Units in the A50 China ETF as such distributions and gains should not be considered to be PRC-sourced (because it is expected that the A50 China ETF will not be a tax resident enterprise of the PRC).

Individual Unitholders who are PRC tax residents will be subject to IIT on investment distributions derived from the A50 China ETF on a receipts basis.

CIT: Corporate Unitholders who are considered to be non-PRC tax resident enterprises without an establishment or place of business in the PRC should not be subject to CIT as a result of their investment in the A50 China ETF. There should also be no PRC withholding taxes applicable to investment distributions from the A50 China ETF to such Unitholders as such distributions would not be considered to be PRC-sourced because it is expected that the A50 China ETF will not be a tax resident enterprise of the PRC.

Corporate Unitholders who are considered to be: (i) tax resident enterprises of the PRC; or (ii) non-PRC tax resident enterprises who have an establishment or place of business in the PRC and the distribution is attributable to such establishment or place of business would likely be subject to CIT on investment distributions derived from the A50 China ETF on an accrual basis.

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, the A50 China ETF and/or its agents may further collect information relating to residents of other jurisdictions.

The A50 China ETF is required to comply with the requirements of the Ordinance, which means that the A50 China ETF 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 the A50 China ETF to, amongst other things: (i) register the A50 China ETF 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 the A50 China ETF and/or continuing to invest in the A50 China ETF, Unitholders acknowledge that they may be required to provide additional information to the A50 China ETF, the Manager and/or the A50 China ETF's agents in order for the A50 China ETF 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 the A50 China ETF.

FATCA

General Information

The Foreign Account Tax Compliance Act ("FATCA") is a US tax law enacted in March 2010 with the withholding requirements for new accounts scheduled to be effective on 1 July 2014 (1 January 2019 for gross proceeds). FATCA attempts to minimise tax avoidance by US persons investing in foreign assets both through their own accounts and through their investments in foreign entities. Unless an intergovernmental agreement (an "IGA") is in place, FATCA requires foreign financial institutions ("FFIs") to provide information to the US tax authority, the Internal Revenue Service (the "IRS"), regarding their US account holders including substantial US owners of certain non-financial foreign entities ("NFFEs"). FFIs who fail to commit to meeting certain due diligence, withholding and reporting requirements and certain NFFEs who fail to provide required information on their substantial US owners will be subject to 30% FATCA withholding on most types of income from US investments (as further described below).

Payments of U.S. source fixed, determinable, annual, or periodic income ("FDAP"), such as dividends and interest, are subject to withholding beginning on 1 July 2014 when paid to nonparticipating FFIs ("NPFFIs"), non-compliant NFFEs, recalcitrant account holders at participating FFIs ("PFFIs"), and electing PFFIs. Payments made in the ordinary course of business for nonfinancial services are excluded from withholding.

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

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

FATCA Registration Status

The Trust and/or the A50 China ETF 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 A50 China ETF and Unitholders

In the event that the A50 China ETF holds US securities and is not FATCA compliant, the A50 China ETF may become subject to a 30% FATCA withholding as a result of the FATCA regime, and the value of the Units held by Unitholders may suffer material losses.

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

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 A50 China ETF (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 A50 China ETF 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 the A50 China ETF 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.

“A Shares” means shares denominated in RMB, issued by companies incorporated in the PRC and listed on either the SSE or the SZSE in the PRC.

“A50 China ETF” means iShares FTSE A50 China Index ETF, an Index Fund of the Trust.

“Application Unit” means, in relation to the A50 China ETF, such number of Units of a class or whole multiples thereof as specified in this Prospectus 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.

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

“BSL” means BlackRock (Singapore) Limited, an affiliate of the Manager.

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

“CAAP” means a US dollar denominated China A Share Access Product being a FDI (such as a warrant, note or participation certificate) linked to (a) an A Share that is linked or not linked to the Underlying Index; or (b) the Underlying Index with the characteristics described in this Prospectus.

“CAAP Issuer” means a substantial financial institution which has agreed to issue and repurchase CAAPs to and from the A50 China ETF.

“CCASS” means the Hong Kong 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, in respect of the A50 China ETF, an application by a Participating Dealer for the creation and issue of Units of the A50 China ETF in an Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and terms of the Trust Deed.

"CSDCC" means the China Securities Depository and Clearing Corporation Limited.

"CSRC" means the China Securities Regulatory Commission of the PRC or its successors.

"Custodian" means The Hongkong and Shanghai Banking Corporation Limited.

"Dealing Day" means each Business Day during the continuance of the Trust, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee either generally or for a particular class or classes of Units. In addition, a Dealing Day for the purposes of a Creation Application and Redemption Application is limited to each Business Day where both the SEHK and Stock Connect are open for trading and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee either generally or for a particular class or classes of Units.

"Dual Counter" means the facility by which the Units traded in HKD and traded in RMB 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 (RMB or HKD) as described in this Prospectus.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in this Prospectus and/or the Operating Guidelines.

"Duties and Charges" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the deposited property (as defined in the Trust Deed) the increase or decrease of the deposited property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities of the Trust for the purpose of such issue or redemption of Units; and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

"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.

"HKEx" means Hong Kong Exchanges and Clearing Limited.

"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, means only the A50 China ETF.

“Index Provider” means, in respect of the A50 China ETF, the person responsible for compiling the Underlying Index against which the A50 China ETF benchmarks its investments and who holds the right to licence the use of such Underlying Index to the A50 China ETF.

“Issue Price” means, in respect of the A50 China ETF, the price at which Units may be issued, determined in accordance with the Trust Deed.

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

(a) in relation to any Security: the SEHK or a Recognised Stock Exchange; and

(b) in relation to any futures contract: the Hong Kong Futures Exchange or any international futures exchange recognised by the SFC or approved by the Manager and the Trustee.

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

“Net Asset Value” or “NAV” means the Net Asset Value of the A50 China ETF or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

“Operating Guidelines” means in relation to the A50 China ETF, 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 Fund). Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the A50 China ETF applicable at the time of the relevant Application.

“Participating Dealer” means, in respect of the A50 China ETF, 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.

“Physical A Share ETF” means an exchange traded fund that tracks on index that has a high correlation with the Underlying Index, that predominantly achieve its investment objectives through direct investment into A Shares, and is listed on the SEHK and/or a Recognised Stock Exchange open to the public.

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

“PRC Broker” means a PRC broker selected by (i) the Manager or (ii) BSL and Manager.

“PRC Participation Agreement” means (i) the PRC Participation Agreement entered into between the Manager, the Trustee, the Custodian and the RQFII Custodian and (ii) the PRC Participation Agreement entered into between BSL, Manager, the Trustee, the Custodian and the RQFII Custodian, as amended from time to time.

“QFII” means a qualified foreign institutional investor approved pursuant to the relevant PRC regulations as amended from time to time.

“QFII Custodian” means Citibank (China) Co., Limited or such other person appointed as a sub-custodian of the A50 China ETF for assets in the PRC acquired through the QFII Quota.

“QFII Custody Agreement” means the custody agreement and PRC country schedule entered into between the Manager, the Custodian and the QFII Custodian that governs the custody of the assets of the A50 China ETF acquired through the QFII Quota in the PRC.

“QFII License” means a license given to a QFII that allows such foreign institution to remit foreign freely convertible currencies into the PRC and convert into RMB for the purpose of investing in the PRC securities market in the PRC.

“QFII Quota” means the foreign exchange quota(s) granted by the SAFE to a QFII to remit foreign freely convertible currencies into the PRC and convert into RMB for the purpose of investing in the PRC’s securities market. For the purposes of the A50 China ETF, this means the QFII Quota that is granted to the Manager for use by the A50 China ETF.

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

“Redemption Application” means, in respect of the A50 China ETF, an application by a Participating Dealer for the redemption of Units of the A50 China ETF in Application Unit size (or whole multiples thereof) in accordance with this Prospectus and the Operating Guidelines and terms of the Trust Deed.

“Redemption Proceeds” means, in respect of the A50 China ETF, the proceeds payable to a Participating Dealer submitting a cash Redemption Application for Units, being the Redemption Value for such Units less the Transaction Fee and Duties and Charges (including such costs associated with the early redemption or repurchase of the underlying CAAPs).

“Redemption Value” means, in respect of a Unit of the A50 China ETF, 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.

“RMB” or “Renminbi” means Renminbi Yuan, the lawful currency of the PRC.

“RQFII” means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations as amended from time to time.

“RQFII Custodian” means HSBC Bank (China) Company Limited or such other person appointed as a sub-custodian of the A50 China ETF for assets in the PRC acquired through the RQFII Quota.

“RQFII Custody Agreement” means the custody agreements entered into (i) between the Manager, the Trustee, the Custodian and the RQFII Custodian that governs the custody of the assets of the A50 China ETF acquired through the Manager’s RQFII Quota in the PRC and (ii) between the BSL, Manager, the Trustee, the Custodian and the RQFII Custodian that governs the custody of the assets of the A50 China ETF acquired through the BSL’s RQFII Quota in the PRC.

“RQFII License” means a license given to a RQFII that allows such foreign institution to remit RMB into the PRC for the purpose of investing in the PRC securities market in the PRC.

“RQFII Quota” means the RMB investment quota(s) granted by the SAFE to a RQFII to remit RMB into the PRC for the purpose of investing in the PRC’s securities market. For the purposes of the A50 China ETF, this means (i) the RQFII Quota that is granted to the Manager and allocated by the Manager for use by the A50 China ETF from time to time among different public fund products under its management and (ii) the RQFII Quota that is granted to BSL and allocated by BSL for use by the A50 China ETF from time to time.

“SAFE” means the State Administration of Foreign Exchange of the PRC or its successors.

“sale and repurchase transactions” has the meaning as set out in the Code.

“SAT” means the State Administration of Taxation of the PRC.

“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 Business Day which is two Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the relevant Participating Dealers, either generally or for the A50 China ETF.

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

“SSE” means the Shanghai Stock Exchange.

“Stock Connect” means the securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong.

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

“SZSE” means the Shenzhen Stock Exchange.

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

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

“Underlying Index” means the FTSE China A50 Index.

“Unit” means one undivided share in the A50 China ETF.

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

“Valuation Point” means, in respect of the A50 China ETF, the official close of trading on the Market on which Securities in question are listed on each Dealing Day and, in the case of the A50 China ETF investing (directly or indirectly) in A Shares trading on more than one Market, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager and the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

SCHEDULE 1

Investment Restrictions

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

The investment restrictions applicable to the A50 China ETF 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 the A50 China ETF'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 the A50 China ETF, 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 the A50 China ETF'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 A50 China ETF:

(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 the A50 China ETF'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 A50 China ETF, unless:

(1) the cash is held before the launch of the A50 China ETF 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 A50 China ETF, 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 A50 China ETF 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 the A50 China ETF, 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 the A50 China ETF 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 the A50 China ETF in a market is not in the best interests of investors, the A50 China ETF 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 A50 China ETF, 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 the A50 China ETF may be invested in Government and other Public Securities of the same issue;

(h) subject to (g), the A50 China ETF 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. Government and other Public Securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise;

(i) unless otherwise approved by the SFC, the A50 China ETF may not invest in physical commodities;

(j) for the avoidance 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 the A50 China ETF should be consistently applied and clearly disclosed in this Prospectus;

(k) where the A50 China ETF invests in shares or units of other collective investment schemes ("underlying schemes"),

    (1) the value of the A50 China ETF'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 the A50 China ETF; and

(2) the A50 China ETF 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 the A50 China ETF's investment in units or shares in each such underlying scheme may not exceed 30% of the Net Asset Value of the A50 China ETF, 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, the A50 China ETF 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 A50 China ETF 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; and

(l) if the name of the A50 China ETF indicates a particular objective, investment strategy, geographic region or market, the A50 China ETF, 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 A50 China ETF represents.

The Manager shall not on behalf of the A50 China ETF:–

(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 the A50 China ETF would be required to deliver Securities exceeding 10% of the Net Asset Value of the A50 China ETF (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, the A50 China ETF 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 the A50 China ETF, 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 the A50 China ETF or acquire any asset or engage in any transaction for the account of the A50 China ETF 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 A50 China ETF; or

(vi) include in the portfolio of the A50 China ETF 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 the A50 China ETF'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 the A50 China ETF, 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:

- an 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 "Description of the A50 China ETF" – "Investment Strategy" for the limit applicable to the A50 China ETF;

- 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.

Securities Financing Transactions

The A50 China ETF currently does 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

The A50 China ETF 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 or 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 A50 China ETF to meet its hedging objective in stressed or extreme market conditions.

Investment purposes

The A50 China ETF may also acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the A50 China ETF'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 the A50 China ETF 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 the A50 China ETF 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 the A50 China ETF may invest according to its investment objectives and policies. Where the A50 China ETF 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 A50 China ETF'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 the A50 China ETF. 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;

(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 A50 China ETF. 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", the A50 China ETF may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the A50 China ETF, may not in aggregate exceed the correponding 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

The A50 China ETF 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 A50 China ETF'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 the A50 China ETF should also be covered as follows:

- in the case of FDI transactions which will, or may at the A50 China ETF's discretion, be cash settled, the A50 China ETF 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 A50 China ETF 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 A50 China ETF 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 A50 China ETF 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 A50 China ETF currently does 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.

Borrowing Policy

Borrowing against the assets of the A50 China ETF 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 in Chapters 7.32 to 7.35 of the Code are not subject to the limitations in this paragraph.

The Trustee may at the request of the Manager borrow for the account of the A50 China ETF any currency, and charge or pledge assets of the A50 China ETF, 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 A50 China ETF; or

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

SCHEDULE 2

Index Provider Disclaimer

All rights in the FTSE China A50 Index (the "Underlying Index") vest in FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The A50 China ETF has been developed solely by the Manager. The Underlying Index is calculated by FTSE or its agent. FTSE and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Fund and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Underlying Index or (b) investment in or operation of the A50 China ETF. FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the A50 China ETF or the suitability of the Underlying Index for the purpose to which it is being used by the Manager.

SCHEDULE 3

The FTSE China A50 Index

General

The FTSE China A50 Index is designed to represent the performance of the 50 largest companies by full market capitalisation of the mainland Chinese market that is available to domestic, and international investors via the Qualified Foreign Institutional Investor (QFII), Renminbi Qualified Foreign Institutional Investor (RQFII) scheme and Stock Connect programmes. The FTSE China A50 Index is a subset of the FTSE China A All Cap Free Index.

The FTSE China A50 Index is calculated and published in RMB (CNY) for real time calculation and RMB (CNY), US dollars and Hong Kong dollars for end of day. The Underlying Index is published on an intra-second streaming basis in CNY. The net total return indices are based on ex dividend adjustments, net of withholding tax. The description set out below in respect of the Series applies to the Underlying Index.

The Underlying Index opens at 9.30 am and closes at 3.00 pm each day on which the SSE and the SZSE are open.

Ground Rules

FTSE is the benchmark administrator responsible for the daily operation of the Series. FTSE will maintain records of the market capitalisation of all constituents and reserve companies, and will make changes to the constituents and their weightings in accordance with specified rules (the "Ground Rules"). The Ground Rules and news concerning the Index may be viewed on FTSE's website at www.ftserussell.com.

FTSE will carry out a quarterly review of the Underlying Index. Changes to constituent weightings are made by FTSE in accordance with the Ground Rules. FTSE is responsible for publicising changes to constituent weightings. FTSE is also responsible for monitoring the performance of the Series throughout the day and will determine whether the status of each index should be 'firm', 'closed', 'indicative' or 'held'.

For the purposes of the above: "firm" means the index uses the trade prices from the relevant local stock exchanges for all constituents during the hours of the Official Index Period; "closed" means that the index has ceased all calculations for the day (the message "CLOSED" will be displayed against the index value); "indicative" means that there is a system problem or a situation in the market judged to be affecting the quality of the constituent prices (the message "IND" will be displayed against the index value); "held" means, during a firm period, an index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem (the message "HELD" will be displayed against the index value).

Eligible Securities

The constituents of the FTSE China A All Cap Free Index are eligible for inclusion in the FTSE China A50 Index. The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to free float restrictions (further details of free float restrictions can be accessed using the following link http://www.ftse.com/products/downloads/Free_Float_Restrictions.pdf).

(A) Free float restrictions will be calculated using available published information. For Equity Shares of companies which have been admitted to the Index that have a free float greater than 5%, the actual free float will be rounded to 12 decimal places. Companies with a free float of 5% or below are not eligible for inclusion in the Index. Please refer to the FTSE Russell ground rules for details of free float restriction periodic updates and updates arising from corporate events.

(B) FTSE defines “foreign headroom” as the percentage of shares available to foreign investors as a proportion of the underlying investability weight to foreign investors. The Investability weight will be adjusted when the headroom of existing constituents falls below a certain threshold. Foreign headroom will be reviewed on a quarterly basis coinciding with the regular index reviews.

(C) Securities designated ‘Special Treatment (ST or *ST) are not eligible for the inclusion in the Underlying Index. If a constituent is designated as ‘Special Treatment’ by the exchange, it will normally be deleted from the index in line with the next quarterly review.

Liquidity criteria

Securities must be sufficiently liquid to be traded. The following criteria are used to ensure that illiquid securities are excluded:

(A) Price – There must be an accurate and reliable price for the purposes of determining the market value of a company.

(B) Size – The 50 largest companies of the FTSE China A All Cap Free Index will be included in the FTSE China A50 Index. FTSE Russell will determine which companies are included in the FTSE China A All Cap Free Index on a semiannual basis in March and September.

(C) Liquidity – Each security will be tested for liquidity semi-annually in March and September as part of the FTSE China A All Cap Free Index review. Liquidity will be calculated for the March review from the first business day of January to the last business day of December of the previous year and for the September review from the first business day of July of the previous year to the last business day of June. When calculating the median of daily trading volume of any security for a particular month, a minimum of 5 trading days in that month must exist, otherwise the month will be excluded from the test. For each month, the daily trading volume for each security is calculated as a percentage of the shares in issue for that day adjusted by the free float at the review cut off date. These daily values are then ranked in descending order and the median is taken by selecting the value for the middle ranking day if there is an odd number of days and the mean of the middle two if there is an even number of days. Daily totals with zero trades are included in the ranking; therefore a security that fails to trade for more than half of the days in a month will have a zero median trading volume for that month. Any period of suspension will not be included in the test. The liquidity test will be applied on a pro-rata basis where the testing period is less than 12 months.

i) Securities which do not turnover at least 0.05% of their free float adjusted shares based on their median daily trading volume per month in ten of the twelve months prior to a full market review, are not be eligible for inclusion in the Series.

ii) Constituents failing to trade at least 0.04% of their free float adjusted shares based on its median daily trading volume per month for more than four of the twelve months prior to a full market review are removed.

iii) New issues which do not have a twelve month trading record must have a minimum three month trading record when reviewed. They must turnover at least 0.05% of their free float adjusted shares based on their median daily trading volume per month on a pro-rata basis since their listing*. When testing liquidity the free float weight as at the last date in the testing period will be used for the calculation for the whole of that period.

(D) The above percentage figures may be adjusted by up to 0.01% at a market review so that, in FTSE’s opinion, the index better reflects the liquid investable market of the region. This discretion may only be exercised across the whole of a region and may not be applied to individual securities or countries.

Review Dates

The quarterly review of the Underlying Index constituents takes place in March, June, September and December. The constituents will be reviewed using data from the close of business on the Monday following the third Friday in February, May, August and November. Where there is a market holiday in either China or Hong Kong on the Monday following the third Friday, the close of business on the last trading day prior to the Monday after the third Friday, where both markets are open, will be used. Any constituent changes will be implemented after the close of business on the third Friday of March, June, September and December. Quarterly changes are published after the close of business on the Wednesday before the first Friday of March, June, September and December to give users of the index sufficient notification of the changes before their implementation.

Rules for Addition and Deletion at the Quarterly and Annual Review

The rules for inserting and deleting companies at the quarterly reviews are designed to provide stability in the selection of constituents of the Underlying Index continues to be representative of the market by including or excluding those companies which have risen or fallen significantly. A security will be inserted in the Underlying Index at the periodic review if it rises to 40th or above by full market capitalization. A security will be deleted from the Underlying Index at the periodic review if it falls to 61st or below ranked by full market capitalization.

A constant number of constituents will be maintained for the Index. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest ranking companies which are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.

Where a company is deleted after the periodic changes to the index have been announced but before the periodic changes have been implemented, the highest ranking company from the new reserve list, excluding current index constituents, will replace the deleted company.

Removal and Replacement

If a constituent ceases to be an eligible constituent of the FTSE China A All Cap Free index, is delisted, or ceases to have a firm quotation, or is subject to a takeover or has ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents and be replaced by the highest ranking company by full market capitalization eligible in the appropriate reserve list as at the close of the index calculation two days prior to the deletion. The removal and replacement are effected simultaneously, before the start of the index calculation on the day following the day on which the event justifying removal was announced. Announcements made after the close of the index calculation are normally deemed to be made on the following business day.

Mergers, Restructuring and Complex Takeovers

The treatment of takeovers and mergers can be found within the FTSE Corporate Actions and Events Guide.

http://www.ftse.com/products/downloads/Corporate_Actions_and_Events_Guide.pdf

New Issues

There will be no intra review additions for the index.

New issues of companies which meet the criteria for eligible securities will be eligible for inclusion at the next quarterly review if large enough to become constituents of the Underlying Index. A "B" share company that for the first time issues A Shares onto the SSE or the SZSE will be considered a new issue and will be eligible for entry into the index at the next quarterly review if it meets the criteria for eligible securities.

Variable and best effort Initial Public Offerings ("**IPOs**") and direct listing IPOs will be considered for index inclusion at the next index review if, by the review cut-off date, a public disclosure* is available confirming either the actual number of shares sold during the offering or the post IPO shareholder structure. Index inclusion remains subject to meeting all other eligibility criteria. If the number of shares sold during the IPO, or the post IPO shareholder structure, remains unknown on the review cut-off date, the evaluation of the company will be deferred to a subsequent index review.

*A public disclosure is typically by way of a company filing, stock exchange notice or shareholding regulatory announcement.

New issues of companies which do not qualify for early entry but which meet the criteria for eligible securities will be eligible for inclusion in the next quarterly review if large enough to become constituents of the Underlying Index. A "B" share company that for the first time issues A Shares onto the SSE or the SZSE will, for the FTSE China A50 Index, be considered a new issue and will be eligible for entry into the index. If FTSE decides to include a new issue as a constituent security other than as part of the normal periodic review procedure, this decision must be publicly announced at the earliest practicable time.

Suspension of Dealing

Suspension of dealing rules can be found within the FTSE Corporate Actions and Events Guide.

http://www.ftse.com/products/downloads/Corporate_Actions_and_Events_Guide.pdf

Changes to Constituent Weighting

Changes to the number of shares in issue for constituent securities are covered in the FTSE Corporate Actions and Events Guide, under the Share Updates section.

http://www.ftse.com/products/downloads/Corporate_Actions_and_Events_Guide.pdf

Statement of Principles

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE will determine the appropriate treatment by reference to the Statement of Principles set out below, which summarise the ethos underlying FTSE's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE are presented to the FTSE Policy Advisory Board for discussion before approval by FTSE's internal Governance Board. Please use the following link for a copy of FTSE's Statement of Principles.

http://www.ftse.com/products/downloads/Statement_of_Principles.pdf

Amendments to the Ground Rules

The Ground Rules shall be subject to regular review (at least once a year) by FTSE to ensure that they continue to meet the current and future requirements of investors and other index users. The review process will include consultation on any proposed changes with the relevant FTSE Russell Advisory Committees and the FTSE Russell Governance Board. Where FTSE determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE. Please use the following link for a copy of FTSE's appeals process.
http://www.ftse.com/products/downloads/Appeals_Against_Decisions.pdf

Please use the following link for a copy of FTSE's complaints procedure.

http://www.ftse.com/products/downloads/Queries_and_Complaints_Policy.pdf

SCHEDULE 4

Summary of PRC Legal Opinion Regarding Assets of A50 China ETF in the PRC held by the QFII Custodian

In relation to the assets of the A50 China ETF held in the accounts maintained by the QFII Custodian, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC law:

(1) Securities account(s) ("Securities Account(s)") opened with the CSDCC and maintained by the QFII Custodian have been opened in the joint names "BlackRock Asset Management North Asia Limited – iShares FTSE A50 China Index ETF" and for the sole benefit and use of the A50 China ETF in accordance with all applicable PRC laws and regulations and with approvals from all competent PRC authorities;

(2) a foreign exchange account and RMB special deposit account(s) ("Cash Account(s)") have been opened and maintained with the QFII Custodian in the joint names "BlackRock Asset Management North Asia Limited – iShares FTSE A50 China Index ETF" and for the sole benefit and use of the A50 China ETF in accordance with all the applicable PRC laws and regulations and with approvals from all competent PRC authorities;

(3) the assets held/credited in the Cash Account(s) (i) became an unsecured debt owing from the QFII Custodian to the A50 China ETF and (ii) are segregated and independent from the proprietary assets of the Manager (as the QFII License holder) and the PRC Broker(s), the Custodian and from the assets of other clients of the Manager (as the QFII License holder), the Custodian and the PRC Broker.

(4) the assets held/credited in the Securities Account(s) (i) belong solely to the A50 China ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as the QFII License holder), the Custodian, the QFII Custodian, the PRC Broker(s), and the assets of the other clients of the Manager (as the QFII License holder), the Custodian, the QFII Custodian and the PRC Broker(s);

(5) If the Manager (as the QFII License holder) is liquidated, the assets contained in the Securities Account(s) and the Cash Account(s) will not form part of the liquidation assets of the Manager (as the QFII License holder) in liquidation under the PRC laws;

(6) If the QFII Custodian is liquidated, (i) the assets contained in the Securities Account(s) of the A50 China ETF will not form part of the liquidation assets of the QFII Custodian in liquidation in the PRC (ii) the assets contained in the Cash Account(s) of the A50 China ETF will form part of the liquidation assets of the QFII Custodian in liquidation in the PRC and the A50 China ETF will become an unsecured creditor for the amount deposited in the Cash Account(s);

(7) If the PRC Broker is liquidated, the assets contained in the Securities Account(s) and the Cash Account(s) will not form part of the liquidation assets of the PRC Broker in liquidation under the PRC laws; and

(8) The Trustee acting for and on behalf of the A50 China ETF is the only entity which has a valid claim of ownership over the assets in the Securities Account(s) and the Cash Account(s) of the A50 China ETF.

SCHEDULE 5

Summary of PRC Legal Opinion Regarding Assets of A50 China ETF in the PRC held by the RQFII Custodian in respect of the RQFII Quota granted to the Manager

In relation to the assets of the A50 China ETF held in the accounts maintained by the RQFII Custodian, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC law:

(a) securities account(s) with the CSDCC and maintained by the RQFII Custodian and RMB cash account(s) with the RQFII Custodian (respectively, the "RQFII Securities Account(s)" and the "RMB Cash Account(s)") have been opened in the joint names "BlackRock Asset Management North Asia Limited – iShares FTSE A50 China Index ETF" and for the sole benefit and use of the A50 China ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the RQFII Securities Account(s) (i) belong solely to the A50 China ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII License holder), the Custodian or the RQFII Custodian and any PRC Broker, and from the assets of other clients of the Manager (as RQFII License holder), the Custodian, the RQFII Custodian and any PRC Broker;

(c) the assets held/credited in the RMB Cash Account(s) (i) become an unsecured debt owing from the RQFII Custodian to the A50 China ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII License holder) and any PRC broker, and from the assets of other clients of the Manager (as RQFII License holder) and any PRC Broker;

(d) the Trustee, for and on behalf of the A50 China ETF, is the only entity which has a valid claim of ownership over the assets in the RQFII Securities Account(s) and the debt in the amount deposited in the RMB Cash Account(s) of the A50 China ETF;

(e) if the Manager or any PRC Broker is liquidated, the assets contained in the RQFII Securities Account(s) and RMB Cash Account(s) of the A50 China ETF will not form part of the liquidation assets of the Manager or such PRC Broker in liquidation in the PRC; and

(f) if the RQFII Custodian is liquidated, (i) the assets contained in the RQFII Securities Account(s) of the A50 China ETF will not form part of the liquidation assets of the RQFII Custodian in liquidation in the PRC, and (ii) the assets contained in the RMB Cash Account(s) of the A50 China ETF will form part of the liquidation assets of the RQFII Custodian in liquidation in the PRC and the A50 China ETF will become an unsecured creditor for the amount deposited in the RMB Cash Account(s).

SCHEDULE 6

Summary of PRC Legal Opinion Regarding Assets of A50 China ETF in the PRC held by the RQFII Custodian in respect of the RQFII Quota granted to BSL

In relation to the assets of the A50 China ETF held in the accounts maintained by the RQFII Custodian, the Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC law:

(a) securities account(s) with the CSDCC and maintained by the RQFII Custodian and RMB cash account(s) with the RQFII Custodian (respectively, the "RQFII Securities Account(s)" and the "RMB Cash Account(s)") have been opened in the joint names of "BlackRock (Singapore) Limited – iShares FTSE A50 China Index ETF" and for the sole benefit and use of the A50 China ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the RQFII Securities Account(s) (i) belong solely to the A50 China ETF respectively, and (ii) are segregated and independent from the proprietary assets of the Manager, BSL, the Custodian, the RQFII Custodian and any PRC Broker, and from the assets of other clients of BSL, the Custodian, the Manager, the RQFII Custodian and any PRC Broker;

(c) the assets held/credited in the RMB Cash Account(s) (i) become an unsecured debt owing from the RQFII Custodian to the A50 China ETF, and (ii) are segregated and independent from the proprietary assets of the Manager and BSL and any PRC Broker, and from the assets of other clients of BSL, the Manager and any PRC Broker;

(d) the Trustee, for and on behalf of the A50 China ETF, is the only entity which has a valid claim of ownership over the assets in the RQFII Securities Account(s) and the debt in the amount deposited in the RMB Cash Account(s) of the A50 China ETF;

(e) if the Manager, BSL or any PRC Broker is liquidated, the assets contained in the RQFII Securities Account(s) and RMB Cash Account(s) of the A50 China ETF will not form part of the liquidation assets of the Manager, BSL or such PRC Broker in liquidation in the PRC; and

(f) if the RQFII Custodian is liquidated, (i) the assets contained in the RQFII Securities Account(s) of the A50 China ETF will not form part of the liquidation assets of the RQFII Custodian in liquidation in the PRC, and (ii) the assets contained in the RMB Cash Account(s) of the A50 China ETF will form part of the liquidation assets of the RQFII Custodian in liquidation in the PRC and the A50 China ETF will become an unsecured creditor for the amount deposited in the RMB Cash Account(s).

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