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## **W.I.S.E. – SSE 50 China Tracker®\***

(\*This is a synthetic ETF)

**標智上證 50 中國指數基金®\***

(\*此基金為一隻合成交易所買賣基金)

### **a sub-fund of the World Index Shares ETFs**

(a Hong Kong unit trust authorized under section 104 of the Securities and Futures Ordinance (Cap. 571 of the laws of the Hong Kong SAR))

**(Stock Code: 03024)**

## **Announcement on Additional Authorization Conditions**

The Manager of W.I.S.E. – SSE 50 China Tracker®>(\*This is a synthetic ETF) (the “**Fund**”) hereby announces that pursuant to section 104(4) of the Securities and Futures Ordinance, the SFC has imposed additional authorization conditions in respect of the authorization of the Fund, without prejudice and in addition to the existing authorization conditions of the Fund.

Notice is hereby given by BOCI-Prudential Asset Management Limited (“**Manager**”) to investors that the SFC has informed the Manager that certain new authorization conditions are now imposed on the Fund. The new authorization conditions are summarized below:

- (i) As soon as practicable but in any event no later than 31 October 2011:
  - (a) collateral held by the Fund must represent at least 100% of the Fund's gross total counterparty risk exposure and be maintained, marked to market on a daily basis with a view to ensuring that there is no uncollateralized counterparty risk exposure;

- (b) where collateral taken is in the nature of equity securities, such collateral shall be subject to an additional requirement such that the market value of such equity collateral represents at least 120% of the related gross counterparty risk exposure.
- (ii) Without prejudice to the generality of any rules and regulations:
  - (a) the collateral must meet the requirements in 8.8(e) of the Code on Unit Trusts and Mutual Funds, as supplemented by such other guidance from the SFC from time to time;
  - (b) the Manager, as a fiduciary and with due care and skill, shall adopt a prudent hair-cut policy on any non-equity collateral held by the Fund taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held.
- (iii) Notwithstanding the conditions set out in paragraph (i) above, the Manager, as a fiduciary, shall dynamically manage the collateral with due care and skill, and in the interest of the unitholders, having due regard to the market circumstances from time to time. The Manager shall remain vigilant in its risk management and, if market circumstances so require, the Manager shall in its professional judgment decide whether the full implementation of the conditions set out in paragraph (i) above shall be accelerated to a date ahead of 31 October 2011.
- (iv) the collateral management policy of the Fund, as amended from time to time, shall be published on the Fund's website as soon as practicable but in any event no later than 12 September 2011, provided that the policy shall be in compliance with the conditions set out in paragraph (i) and (ii) above.

Following the receipt of the SFC notification, the Manager will amend its collateral policy and obtain additional collateral from the counterparties with a view to meeting the new authorization conditions and implementing the new collateral policy as soon as practicable on or before 31 October 2011. The new collateral policy will include the following:

- (i) Acceptability of the collateral will be determined in accordance with the requirements in Paragraph 8.8(e) of the SFC's Code on Unit Trusts and Mutual Funds.
- (ii) Collateral will be valued daily on a marked-to-market basis.
- (iii) The Manager will apply prudent haircut on the collateral taking into account the nature and credit ratings of the issuers of the collateral.

The new collateral policy will also take effect as soon as practicable on or before 31 October 2011, and will be published on the website of the Manager ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) on or before 12 September 2011.

As a result of the revised collateral policy, the Manager expects that there would be an

increase in the fees, charges and expenses payable from the Fund. The performance of the Fund may therefore be adversely affected, thereby giving rise to increased tracking error. As of the date of this announcement, the costs of obtaining the additional collateral for the purpose of complying with the new authorization conditions are estimated to be around 0.2% of the Net Asset Value of the Fund. Investors, however, should note that the actual additional costs may be lower or higher than the above estimate, depending on the actual collateral obtained.

The Prospectus of the Fund will also be updated to include a summary of the revised collateral policy and other relevant disclosures. The updated Prospectus will be available and uploaded onto the website of the Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>) and the website of the Manager ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) on or before the taking effect of the new collateral policy, that is, on or before 31 October 2011.

Terms not defined in this Announcement will have the meanings as are given to such terms in the Prospectus.

Investors who have any enquiries regarding the above may contact our call centre at: (852) 2280 8697.

29 August 2011