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W.I.S.E. – CSI 300 China Tracker[®]
標智滬深 300 中國指數基金[®]
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: 2827)

Announcement

BOCI-Prudential Asset Management Limited (the “**Manager**”) hereby announces and notifies that with effect from 26 November 2010, the W.I.S.E. – CSI 300 China Tracker[®] (the “**Fund**”) will start to reduce the target exposure to each AXP issuer from 15% to 10% of the Net Asset Value of the Fund.

Terms not defined in this Announcement will have the meanings as are given to such terms in the prospectus of the Fund dated 3 February 2010.

The Manager hereby announces the following changes to the Fund.

Background

Since 2007, the Fund has sought and obtained a waiver from the SFC from compliance with Chapter 7.1 of the then Code on Unit Trusts and Mutual Funds which restricts SFC-authorized fund from holding securities issued by any single issuer in excess of 10% of the fund’s total net asset value (the “**Waiver**”). Currently, the Manager manages the

exposure of the Fund to each AXP issuer to a target level of 15% of the Net Asset Value of the Fund.

Pursuant to the revised Code on Unit Trusts and Mutual Funds effective as from 25 June 2010 (the “**Revised Code**”), SFC-authorized funds which invests substantially in financial derivative instruments are required to comply with the collateral requirement under paragraph 8.8 of the Revised Code, in particular, by limiting their exposure to a counterparty to no more than 10% of the net asset value of the fund and, where applicable, do so through seeking collateral from such counterparty.

Reduction in net counterparty exposure to AXP issuers

In order to further mitigate the potential counterparty risks associated with the AXP issuers and to further enhance the Fund’s diversification, the Manager and the SFC have agreed that the Waiver will be withdrawn with effect from 3 December 2010.

The Manager will obtain collateral from the relevant AXP issuer(s) with a view to limit the net exposure of the Fund to each AXP issuer to not more than 10% of the Net Asset Value of the Fund. The reduction process will commence on 26 November 2010 and will be completed by 3 December 2010. If the exposure of the Fund to any AXP Issuer on any day is more than 10% of the Net Asset Value of the Fund, the Manager shall as soon as practicable request the provision of additional collateral from the AXP Issuer.

The Manager has adopted measures to monitor the eligibility criteria and valuation of collateral provided to the Fund. Currently collateral taken by the Fund is in the form of constituent stocks of the Hang Seng Index and/or Hang Seng China Enterprises Index, or cash and cash equivalents under a securities borrowing and lending arrangement. Securities, cash or cash equivalents so accepted as collateral will not be subject to a prior charge or pledge at delivery. A list of the AXP issuers, together with the relative exposure of the Fund to each AXP issuer and a summary of the collateral provided is available at the Manager’s website: (www.boci-pru.com.hk/english/etf/intro.aspx (for English), and www.boci-pru.com.hk/chinese/etf/intro.aspx (for Chinese)).

Investors should note that there are risks associated with the above-described collateral arrangements. Please refer to the Prospectus for details.

Implications for the Fund

The Fund has always used collateral as a means of reducing counterparty risks. The reduction in net counterparty exposure from 15% to 10% of the Net Asset Value of the Fund will result in the Fund holding more collateral. The Fund will bear all additional fees, charges and expenses incurred as a result of managing the net exposure of the Fund and the increased level of collateral it holds.

Under current circumstances, the Manager anticipates that the management of additional collateral will result in the Fund incurring additional costs of approximately 10 to 20 basis points.

Any such additional costs on the Fund may have an adverse impact on the Net Asset Value of the Fund and may result in tracking error.

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

The Prospectus will be updated to reflect the above changes on or before 3 December 2010. A further announcement will be issued to notify Unitholders as to when the updated Prospectus is available.

26 October 2010