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W.I.S.E. – CSI 300 China Tracker^{®*}

(*This is a synthetic ETF)

(the "Fund")

標智滬深 300 中國指數基金^{®*}

(*此基金為一隻合交易所買賣基金)

a sub-fund of the World Index Shares ETFs

(a Hong Kong unit trust authorized under
section 104 of the Securities and Futures Ordinance¹
(Cap. 571 of the laws of the Hong Kong SAR))

(Stock Code: 02827)

Announcement

**Direct Investments in A Shares through
the Shenzhen-Hong Kong Stock Connect and
decrease reliance on synthetic representation strategy**

Unless otherwise defined, terms used in this Announcement will have the same meaning as they are defined in the Prospectus of the Fund.

BOCI-Prudential Asset Management Limited (the "**Manager**"), the manager of the Fund, would like to inform investors of the following changes which shall become effective on 3 January 2017 ("**Effective Date**"):

1. the investment strategy of the Fund will gradually be changed to a "physical representation strategy" and it is the Manager's intention to gradually and

¹ SFC authorization is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

orderly decrease the Fund's reliance on synthetic representation strategy and increase the Fund's reliance on physical representation strategy. As such, the investments of the Fund in AXP's will be decreased and the direct investments in A Shares will be increased;

2. in order to increase the Fund's reliance on physical representation strategy, the Manager will seek to invest directly in A Shares through the Manager's QFII quota and/or Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect using the representative sampling strategy;
3. Creation Applications by Participating Dealers shall be made in-cash, and no in-kind Creation Application will be accepted;
4. Redemption Applications by Participating Dealers may be made in-cash, in addition to in-kind;
5. there is a new Dealing Deadline for in-cash Creation Applications and in-cash Redemption Applications;
6. the definition of "Business Day" and "Dealing Day" will be changed by adding the requirement that it should be a day on which the A Shares invested in by the Fund through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect ("**Shanghai and Shenzhen Connect**") are traded;
7. the Transaction Fee for in-cash Creation Application and Redemption Application is HK\$20,000;
8. the Trustee does not have any comment to the above changes, and no Unitholders approval will be necessary;
9. the Manager is of the view that ultimately the above changes should be beneficial to the Fund and there should not be any material adverse effect on the Unitholders.

Details of the changes are as follows:

1. Decrease reliance on synthetic representation strategy and increase reliance on physical representation strategy

(i) Current investment strategy of the Fund

Currently, the Manager pursues a representative sampling strategy for the Fund through a combination of (i) physical representation by directly investing in A Shares through the Manager's QFII investment quota and the Shanghai-Hong Kong Stock Connect; and (ii) synthetic representation by investing in the AXP's. As at the date of this Announcement, the Fund invests considerably in AXP's and the aggregate exposure to A Shares through direct investment does not exceed 30% of the Net Asset Value of the Fund, although the Manager may increase or vary the extent of the Fund's direct investment in A Shares as it considers appropriate, subject to market demands and conditions, quota availability and the applicable regulatory requirements.

(ii) *Shenzhen-Hong Kong Stock Connect*²

From the Effective Date, the investment strategy of the Fund will gradually be changed to a "physical representation strategy" and it is the Manager's intention to gradually and orderly increase the Fund's reliance on the physical representation strategy of investing directly in A Shares, and reduce the Fund's reliance on synthetic representation strategy. The primary strategy of the Fund will eventually be physical representation, such that the Fund's direct investment in A Shares will ultimately become at least 70% of the Net Asset Value of the Fund.

2. Investment directly in A Shares

To achieve the above strategy, the Manager will increase the Fund's holdings in A Shares and decrease the holdings in AXP's, by gradually and vigilantly disposing the AXP's and use the proceeds to purchase A Shares directly through the Manager's QFII quota and/or Shanghai and Shenzhen Connect using the representative sampling strategy. Further, with effect from the Effective Date, the Manager will not accept Creation Applications which are made in kind by the Participating Dealers, and only in-cash Creation Applications by Participating Dealers or Eligible Investors will be accepted (please see paragraph 3 below). The Manager will seek to carry out the disposal and purchase in an orderly manner, taking into account market conditions, quota availability, the applicable regulations in relation to the QFII and Shanghai and Shenzhen Connect, and the interest of the Unitholders. As a result of the disposal of the AXP's, the Manager expects that the amount of collateral being held by the Fund will accordingly decrease, thereby reducing the collateral costs which is beneficial to the investors. Investors should note that in reducing the reliance on synthetic representation strategy and disposing the AXP's, the value obtained by the Fund will depend on the then value of the AXP's quoted by the AXP issuers, which may be different from the aggregate value of the underlying reference A Shares, and a cost will also be incurred. Costs associated with this transaction (including costs associated with the early redemption of AXP's and subsequent investment directly in A Shares) will be borne by the Fund, and by extension, to its Unitholders. The Manager will closely monitor the situation to seek to implement this in an orderly manner, acting in the interest of the Fund and its Unitholders, taking into account the costs associated with it. In considering such costs, the Manager will balance the benefits of the physical representation strategy against the synthetic representation strategy throughout the transition process and will seek to ensure that the costs are reasonable in light of the prevailing market conditions. The Manager considers this transition to be ultimately beneficial to the Fund and its Unitholders because a decrease in the holding of AXP's will also decrease the amount of collateral held, thereby reducing the collateral costs. The Manager will also update the percentage holdings of the Fund in A Shares and AXP's regularly on its 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 pursuant to the relevant regulatory requirements, the

² Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked program developed by HKSE, Shenzhen Stock Exchange and CSDCC, with an aim to achieve mutual stock market access between Mainland China and Hong Kong. It is expected to be launched on 5 December 2016. Information relating to the Shenzhen-Hong Kong Stock Connect can be found on the HKEx website.

Manager is required to seek collaterals to mitigate the counterparty risks of the AXP issuers. In summary, the collaterals currently held by the Fund are equity securities which should have a market value of at least 120% of the counterparty party exposure of the relevant AXP issuer. A collateral cost will therefore be incurred by the Fund.

The Manager expects that when the holdings of the Fund in physical A Shares increases to more than 70% of the Sub-Fund's Net Asset Value, the Manager will apply to the SFC to remove the symbol "*" in the name of the Fund and the notation "(*This is a synthetic ETF)", and the Fund will cease to be considered as a synthetic ETF. When the Fund's holdings in the AXPs further decreases to less than 10% of the Fund's Net Asset Value, the Manager will apply to the SFC to remove the collateral requirement for the AXPs. After the approval is obtained, the Fund may continue to invest in AXPs for not more than 10% of the Net Asset Value of the Fund for cash management and contingency purposes.

The Fund's future direct investment in A Shares through the Shenzhen-Hong Kong Stock Connect will be subject to the applicable laws and regulations. It is expected that the risks associated with the investment through the Shenzhen-Hong Kong Stock Connect will be similar to those associated with the investment through the Shanghai-Hong Kong Stock Connect.

If the Fund invests in A shares via the Shenzhen-Hong Kong Stock Connect, based on professional and independent tax advice, the Manager will adopt the same capital gain tax position for investment through Shenzhen-Hong Kong Stock Connect (i.e. the Fund will not set aside any provision for capital gain tax derived from the gains from trading of A Shares via Shenzhen-Hong Kong Stock Connect) as that for investment through Shanghai-Hong Kong Stock Connect. If there is any update on the tax rules applied to the Shenzhen-Hong Kong Stock Connect in the future, the Manager will review and adjust the capital gain tax provisioning approach for Shenzhen-Hong Kong Stock Connect accordingly.

Investors should note that the process of increasing the Fund's reliance on the physical representation strategy and reducing the Fund's reliance on synthetic representation strategy may be subject to the following risks, in addition to those disclosed in the Prospectus. Investors are therefore advised to refer to the risk disclosures made in the Prospectus at the same time.

- (i) Shanghai and Shenzhen Connect: The successful implementation of the above will be subject to the relevant laws and regulations under the regimes of the Shanghai and Shenzhen Connect, as well as the use of the representative sampling strategy. Any risks associated with Shanghai and Shenzhen Connect regimes may have an adverse impact on the Fund.
- (ii) Reduction in value: Disposal of the AXPs prior to their maturity may be subject to reduction in its value. In addition, various duties and charges, transaction fees and handling fees may be incurred, and the proceeds of the AXPs may be reduced.
- (iii) Currency risks: As the AXPs are denominated in a currency other than RMB, disposal of the AXPs may also be subject to currency risk.

- (iv) Market risk: There may be time gap between the disposal of the AXP's and the subsequent acquisition of the A Shares, which may result in out-of-market risk and increase the tracking error of the Fund.

Other than the above, there will not be any change in the investment objective of the Fund. Further, the underlying index and the management fee of the Fund will remain unchanged.

3. Creation Applications made by Participating Dealers shall be in-cash

Currently, Creation Applications made by Participating Dealers are in-kind, whereby AXP's are transferred to the Trustee by the Participating Dealers. After the Effective Date, to be consistent with the ultimate physical representation strategy, Creation Applications made by Participating Dealers shall be in-cash, and no further in-kind Creation Applications will be accepted by the Manager.

Investors should note that in an in-cash Creation Application, the Manager is entitled to deduct an appropriate provision for duties and charges, transaction fees, handling fees and other applicable fees and charges for acquiring the relevant A Shares, which may result in a higher cost for the in-cash Creation Application.

4. Redemption Applications made by Participating Dealers may be in-cash, in addition to in-kind

Currently, Redemption Applications made by Participating Dealers are in-kind. After the Effective Date, Redemption Applications made by Participating Dealers may be in cash or in kind, as agreed between the Manager and the Participating Dealers. To be consistent with the ultimate physical representation strategy, the Manager reserves the right in its discretion to satisfy a Redemption Application, wholly or partly, through disposal of AXP's in priority to the disposal of A Shares.

Investors should note that in the case of a redemption in cash, the Manager is entitled to deduct an appropriate provision for duties and charges, transaction fees, handling fees and other applicable fees and charges for selling or liquidating the AXP's prior to their maturity, which may result in a higher cost for the in-cash Redemption Application, and the actual redemption proceeds may therefore be less than the net asset value of the Units to be redeemed.

5. New Dealing Deadline for in-cash Creation Applications and in-cash Redemption Applications

As a result of the direct investment of A Shares through the Shanghai and Shenzhen Connect, there will be a new dealing deadline for in-cash Creation Applications and in-cash Redemption Applications by Participating Dealers and Eligible Investors. In this regard, the dealing period for each Dealing Day will commence at 12:00 noon on the Business Day immediately before that Dealing Day and ends at the Dealing Deadline at 10:00 a.m. on that Dealing Day.

The dealing deadline for in-kind Redemption Applications by Participating Dealers

will remain unchanged, i.e. the dealing period on each Dealing Day commences at 12:00 noon and ends at the Dealing Deadline at 3:00p.m. of that Dealing Day.

The Manager reserves the right to change from time to time the above dealing deadlines.

6. Definition of "Business Day" and "Dealing Day"

As a result of the direct investment of A Shares through the Shanghai and Shenzhen Connect, the definitions of "Business Day" and "Dealing Day" will be changed by adding the requirement that such days should be also a day on which the A Shares invested in by the Fund through the Shanghai and Shenzhen Connect are traded. As such:

"Business Day" shall mean: unless the Manager and the Trustee otherwise agree, a day (*excluding Saturdays*) on which (a) *banks in Hong Kong are open for normal banking business; and (b)(i) the relevant securities markets on which (A) the A Shares to which the AXP's are linked and the A Shares acquired through the Manager's QFII investment quota and (B) the A Shares invested in by the Sub-Fund via Shanghai and Shenzhen Connect are traded are open for normal trading; or (ii) if there are more than one (1) such securities market, the securities market designated by the Manager is open for normal trading, and (c) the CSI 300 is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of typhoon, rainstorm or other similar events, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.*

"Dealing Day" shall mean: each Business Day or such Business Day or Business Days as the Manager may from time to time, with the approval of the Trustee, determine either generally or in respect of a particular class or classes of Units, provided that if any securities market on which, in the opinion of the Manager, all or part of (i) the AXP's of the Sub-Fund or (ii) the A Shares invested in by the Sub-Fund via the Manager's QFII investment quota *and/or the A Shares invested by the Sub-Fund via Shanghai and Shenzhen Connect* are quoted, listed or dealt in is on any day not open for trading, the Manager may without notice to the Unitholders of the Sub-Fund determine that such day shall not be a Dealing Day in relation to the Sub-Fund.

7. Transaction Fee for in-cash Creation Application and Redemption Application

The Transaction Fee for in-cash Creation Application and Redemption Application is HK\$20,000, while the Transaction Fee for in-kind Creation Application and Redemption Application shall remain as HK\$10,000.

8. No comment from the Trustee and no Unitholders approval needed

The Trustee does not have any comments to the changes set out in the above. Under

the Trust Deed of the Fund, no Unitholders approval will be necessary.

9. Changes to the Prospectus

In view of the proposed changes outlined above, the Manager will update the Prospectus and Product Key Facts Statement (KFS) in relation to the Fund and the updated Prospectus and KFS will take effect from the Effective Date.

The updated Prospectus and KFS will be available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the website of the Manager at www.boci-pru.com.hk/english/etf/intro.aspx (for English) and www.boci-pru.com.hk/chinese/etf/intro.aspx (for Chinese) from the Effective Date.

Investors who have any enquiries regarding the above may contact the Manager at 27th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong or the Manager's enquiry hotline at (852) 2280 8697.

1 December 2016