

**This Announcement and Notice is important and requires your immediate attention and does not constitute an invitation or offer to acquire, purchase or subscribe for units of the exchange traded funds described below.**

**If you are in doubt about the contents of this Announcement and Notice, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

If you have sold or transferred all your Units in any or both of the Sub-Funds (as defined below), you should at once hand this Announcement and Notice to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**IMPORTANT:** The Stock Exchange of Hong Kong Limited (“SEHK”), Hong Kong Exchanges and Clearing Limited, the Securities and Futures Commission (“SFC”) and the Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this Announcement and Notice, 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 Announcement and Notice.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading and that opinions expressed in this Announcement and Notice have been arrived at after due and careful consideration.

*SFC authorization is not a recommendation or endorsement of the Trust (as defined below) and the Sub-Funds (as defined below) nor does it guarantee the commercial merits of the Trust and the Sub-Funds or their performance. It does not mean the Trust and the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.*

**W.I.S.E. – CSI HK Listed Mainland Consumption Tracker  
(Stock Code: 02817) (the “Mainland Consumption Tracker”)  
標智中證香港上市內地消費指數基金**

**W.I.S.E. – CSI HK Listed Mainland Real Estate Tracker  
(Stock Code: 02839) (the “Mainland Real Estate Tracker”)  
標智中證香港上市內地地產指數基金**

**sub-funds (collectively, the “Sub-Funds”, and individually, a “Sub-Fund”)  
of the World Index Shares ETFs (the “Trust”)**

(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))

**ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION  
OF TRADING, TERMINATION, VOLUNTARY DELISTING,  
DEAUTHORISATION AND WAIVER FROM STRICT COMPLIANCE  
WITH CERTAIN PROVISIONS OF THE UT CODE**

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. If in doubt, please seek professional advice. It concerns the proposed termination, proposed cessation of trading, proposed voluntarily delisting and proposed deauthorisation of the Sub-Funds and waivers from strict compliance with certain provisions of the UT Code. In particular, investors should note that:

- taking into account the relevant factors (see details of the factors in section 1 below), including, in particular, in respect of each Sub-Fund, the relatively small Net Asset Value of the Sub-Fund (which, as at 7 August 2017, was HK\$6,899,458.97 for the Mainland Consumption Tracker and HK\$11,736,017.68 for the Mainland Real Estate Tracker), the Manager has, by means of a resolution of the board of directors of the Manager dated 3 August 2017, decided to exercise its power under clause 24.03(a) of the Trust Deed to propose to terminate the Sub-Funds with effect from the Termination Date (as defined below). The Manager has given written notice to BOCI-Prudential Trustee Limited (the “Trustee”) notifying the Trustee of its proposal to terminate the Sub-Funds pursuant to clause 24.03(a) of the Trust Deed, and the Trustee does not object to this proposal;
- the term “Units” as referred to in this Announcement and Notice means the Units in each Sub-Fund unless otherwise specifies.
- immediately after this Announcement and Notice is published, a certain portion of the assets of the Sub-Funds, amounting to approximately HK\$180,000.00 for the Mainland Consumption Tracker and HK\$184,000.00 for the Mainland Real Estate Tracker (the “Provision”) will be set aside. This Provision is to discharge any future costs, charges, expenses, claims and demands (including but not limited to any legal costs, regulatory maintenance costs, termination related expenses and the fees payable to any service provider to the Sub-Funds, including the Trustee) that the Trustee and the Manager may incur or make, during the period from the time after this Announcement and Notice has been published up to the Termination Date, in connection with or arising out of the on-going charges and normal operating expenses of the Sub-Funds, and the termination process together with the Delisting and Deauthorisation (the “Future Costs”). The Trustee has confirmed that it has no objection to the amount of the Provision. As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit of each Sub-Fund will be reduced before the commencement of the trading on the SEHK on 8 August 2017, as more particularly described below:

	Before setting aside the Provision		After setting aside the Provision	
	NAV (HK\$)	NAV per Unit (HK\$)	NAV (HK\$)	NAV per Unit (HK\$)
Mainland Consumption Tracker	6,899,458.97	9.1993	6,719,458.97	8.9593
Mainland Real Estate Tracker	11,736,017.68	9.3888	11,552,017.68	9.2416

- where the Provision is in excess of the actual amount of the Future Costs (when materialized), such excess will be refunded to the Relevant Investors as part of the Final Distribution in proportion to each Relevant Investor's interests in the relevant Sub-Fund(s) as at the Record Date. However, where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager and no further provision will be made;
- the Last Trading Day of the Units will be 7 September 2017, i.e. the last day on which investors may buy or sell Units on the SEHK and the last day for redemption of Units in accordance

with the usual trading arrangements currently in place, but no creation of Units in the primary market through a Participating Dealer will be allowed following the publication of this Announcement and Notice;

- the Units will cease trading as from 8 September 2017 (the “Trading Cessation Date”); that means, no further buying or selling Units on the SEHK and no redemption of Units will be possible from the Trading Cessation Date onwards;
- all assets of each Sub-Fund will commence to be liquidated effective from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards: (a) each Sub-Fund will mainly hold cash; (b) each Sub-Fund will cease to track the relevant Underlying Index (i.e. CSI Hong Kong Listed Tradable Mainland Consumption Index (in respect of the Mainland Consumption Tracker) and CSI Hong Kong Listed Tradable Mainland Real Estate Index (in respect of the Mainland Real Estate Tracker), and will not be able to meet its investment objective of tracking the performance of the relevant Underlying Index; (c) the Units will no longer be traded on the SEHK and no redemption of Units will be possible; (d) each Sub-Fund will no longer be marketed to the public in Hong Kong; and (e) each Sub-Fund will only be operated in a limited manner;
- with a view to minimising further costs, fees and expenses in managing the Sub-Funds following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the following provisions of the UT Code (as defined below) for the period from the Trading Cessation Date to the date of the Deauthorisation (as defined below): (i) Chapter 10.7 (with regard to publishing suspension announcements); (ii) paragraphs 4 and 17(a) and 17(b) of Appendix I (with regard to providing estimated Net Asset Value or R.U.P.V. (please see further in section 5.2.2 below) and last closing Net Asset Value on a real time or near-real time basis; and (iii) Chapters 6.1 and 11.1B (with regard to updating the Prospectus and product key facts statements (each, a “KFS”)), the details and the conditions on which such waiver is granted are described in section 5 below;
- apart from the particular provisions of the UT Code set out in section 5 below, the Manager will continue to comply with all the other applicable provisions of the UT Code, the applicable provisions in the Trust Deed and other applicable laws and regulations until the Deauthorisation Date;
- the Manager will, after having consulted with the Sub-Funds’ Auditors and Trustee, declare a final distribution to the investors who remain so as at close of business on 13 September 2017 (the “Record Date”), and the final distribution will be payable on or around 18 October 2017 (the “Distribution Date”). Based on the information available to the Manager as at the date of this Announcement and Notice, the Manager considers it unlikely there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will, in or around late October 2017, issue an announcement informing the Relevant Investors;
- by the date the Trustee and the Manager form an opinion that the Sub-Funds cease to have any outstanding contingent or actual assets or liabilities, the Trustee and the Manager will proceed with the completion of the termination of the Sub-Funds (such date being, the “Termination Date”);
- during the period from the Trading Cessation Date to, at least, the Termination Date, the Sub-Funds will remain listed on the SEHK and authorized by the SFC. Apart from certain provisions of the UT Code which the SFC has granted waivers from strict compliance, the Sub-Funds will continue to comply with all the applicable laws and regulations, albeit they will be operated in a limited manner;
- while the Manager will apply to the SEHK for Delisting of the Sub-Funds in or around August 2017, the Manager will maintain the Sub-Funds’ listing status, and, subject to the SEHK’s

approval, expects the Delisting to take effect at or around the same time as the Deauthorisation (please note that any product documentation for the Sub-Funds previously issued to investors, including the Prospectus and the KFS in respect of the Sub-Funds, should be retained for personal use only and not for public circulation);

- subject to the SFC's approval, the Manager will proceed with the Deauthorisation at such time on or after the Termination Date;
- investors should pay attention to the risk factors as set out in section 7.2 below (including liquidity risk, Units trading at a discount or premium risk / market maker's inefficiency risk, Net Asset Value downward adjustment risk, tracking error risks, failure to track the relevant Underlying Index risk and delay in distribution risk). Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

Stockbrokers and financial intermediaries are urged to:

- ❖ forward a copy of this Announcement and Notice to their clients holding Units in any one or both of the Sub-Funds, and inform them of the contents of this Announcement and Notice as soon as possible;
- ❖ facilitate their clients who want to dispose of Units in any one or both of the Sub-Funds on or before the Last Trading Day;
- ❖ inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (for details, please refer to section 9 below).

Relevant Investors (as defined below) are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the relevant Sub-Fund(s) during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

The Manager will, until the Last Trading Day, issue reminder announcements on a weekly basis to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Record Date. Also, further announcements will be made in due course to inform the investors of the Distribution Date, the Termination Date, as well as the dates for the Delisting and Deauthorisation and whether there is any further distribution after the Final Distribution, as and when appropriate in accordance with the applicable regulatory requirements.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

BOCI-Prudential Asset Management Limited (the "Manager"), the manager of the Trust and the Sub-Funds which are listed on the SEHK, announces that the Manager has, by means of a resolution of the board of directors of the Manager dated 3 August 2017, decided to terminate the Sub-Funds and voluntarily seek the deauthorisation of the Sub-Funds from the SFC under section 106 of the Securities and Futures Ordinance (the "Deauthorisation") and the delisting of the Sub-Funds from the SEHK (the "Delisting"). The proposed termination, Deauthorisation and Delisting will be subject to the final approval of the SFC and the SEHK, and will only take place after the Trustee and the Manager have formed an opinion that the Sub-Funds have no outstanding contingent or actual liabilities or assets.

Before the proposed termination, Delisting and Deauthorisation, the Units will cease trading on the SEHK as from 8 September 2017 (the “**Trading Cessation Date**”). Accordingly, the last day on which the Units can be traded on the SEHK will be 7 September 2017 (the “**Last Trading Day**”), and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. Also, while investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date, no creation of Units in the primary market through a Participating Dealer will be allowed immediately following the publication of this Announcement and Notice onwards.

The Manager has reached the above decisions in relation to each Sub-Fund after taking into account the relevant factors including interests of the investors as a whole, the relatively small Net Asset Value of the Sub-Funds (which, as at 7 August 2017, was HK\$6,899,458.97 for the Mainland Consumption Tracker and HK\$11,736,017.68 for the Mainland Real Estate Tracker) and the low trading volume of the Sub-Funds. Pursuant to clause 24.03(a) of the Trust Deed governing the Trust and the Sub-Funds, a Sub-Fund may be terminated on the ground that its Net Asset Value is less than HK\$100,000,000.

Following the Trading Cessation Date, the Manager will commence to liquidate all assets of each Sub-Fund. From the Trading Cessation Date onwards, each Sub-Fund will mainly hold cash and will cease to track the relevant Underlying Index; thus each Sub-Fund will not be able to meet its investment objective of tracking the performance of the relevant Underlying Index from the Trading Cessation Date. The Manager by this Announcement and Notice notifies the investors of the proposed termination of each Sub-Fund. Also, as required under Chapter 11.1A of the SFC’s Code on Unit Trusts and Mutual Funds (the “**UT Code**”), not less than one month’s notice is hereby given to the investors, notifying them that the Sub-Funds will cease to track the relevant Underlying Indices, and cease trading, from the Trading Cessation Date.

This Announcement and Notice sets out the details of the proposed cessation of trading, termination, voluntary Delisting, Deauthorisation, waiver from strict compliance with certain provisions of the UT Code and their consequences and effects on the investors. Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the Prospectus dated 26 April 2017 (as supplemented).

## **1. Proposed termination of the Sub-Funds, cessation of trading and liquidation of assets**

### **1.1 Proposed termination of the Sub-Funds**

According to clause 24.03(a) of the Trust Deed, at any time one year after the establishment of any sub-fund, in relation to such sub-fund, the aggregate Net Asset Value of all the Units of the sub-fund outstanding shall be less than HK\$100,000,000, the Manager may in its absolute discretion terminate the sub-fund. The Trust Deed does not require investors’ approval for terminating the Sub-Fund on the ground set out in clause 24.03(a).

The Net Asset Value of each Sub-Fund, as at 7 August 2017, was HK\$6,899,458.97 for the Mainland Consumption Tracker and HK\$11,736,017.68 for the Mainland Real Estate Tracker. The Net Asset Value per Unit of each Sub-Fund, as at 7 August 2017, was HK\$9.1993 for the Mainland Consumption Tracker and HK\$9.3888 for the Mainland Real Estate Tracker. Having taken into account the relevant factors including interests of the investors as a whole, the currently relatively small Net Asset Value, the low trading volume of the Sub-Funds, the Manager is of the view that, in respect of each Sub-Fund, the proposed termination of the Sub-Fund would be in the best interests of the investors in the Sub-Fund. Therefore, the Manager has decided to exercise its power under clause 24.03(a) to terminate the Sub-Funds on the date on which the Trustee and the Manager form an opinion that the Sub-Funds cease to have any outstanding contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-Funds pursuant to clause 24.03(a) of the Trust Deed, and the Trustee does not object to such proposal.

## 1.2 The proposed cessation of trading

The Manager will commence to liquidate all assets of each Sub-Fund effective from the Trading Cessation Date in exercise of its investment powers under clause 7.03 of the Trust Deed. Such liquidation will be at no additional cost compared to the costs associated with normal liquidation of assets.

In view of the above, the Manager will apply to the SEHK to have the Units cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 8 September 2017, and proceed with the Final Distribution (as defined in section 3.2 below) of the assets of the Sub-Funds as soon as practicable (see details in section 2.2 below). As such, 7 September 2017 will be the Last Trading Day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place.

Also, in view of the proposed cessation of trading, no further creation of Units will be allowed immediately following the publication of this Announcement and Notice. In addition, from the Trading Cessation Date onwards, there will be no further redemption of Units. For the avoidance of doubt, investors should note that they cannot redeem Units directly from the Sub-Funds in the primary market. Application for redemption of Units can only be made by Participating Dealers and the Participating Dealer may have its own application procedures and cut-off times for its clients which may be earlier than those set out in the Prospectus. Investors are advised to check with Participating Dealers as to the relevant timing deadlines and client acceptance procedures and requirements.

## 1.3 Impacts on the proposed liquidation of the assets

After the liquidation of all the assets (as described in section 1.2 above), each Sub-Fund will only hold cash, primarily consisting of the proceeds from the liquidation of the assets of the Sub-Fund. It therefore follows that, from the Trading Cessation Date, each Sub-Fund will cease to track the relevant Underlying Index, and will not be able to meet its investment objective of tracking the performance of the relevant Underlying Index.

The on-going charges of the Sub-Funds over a year are 2.11% and 1.67% respectively for the Mainland Consumption Tracker and the Mainland Real Estate Tracker. The ongoing charges figures are based on expenses for the period ended 30 June 2017 for each Sub-Fund. The expenses include (without limitation) management fee and charges and payments deducted from the assets of the relevant Sub-Fund on a periodic basis but do not include certain items such as payments to third parties regarding costs incurred in relation to the acquisition or disposal of any assets of the relevant Sub-Fund and taxes (if applicable). These figures are expressed as a percentage of the Net Asset Value of each Sub-Fund.

## 2 What will happen after the Trading Cessation Date?

### 2.1 Immediately from the Trading Cessation Date

Effective from the Trading Cessation Date, the Units will cease trading on the SEHK and there will be no further redemption of Units. In other words, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day and will not be allowed to do so from the Trading Cessation Date onwards.

### 2.2 During the period from the Trading Cessation Date until the Termination Date (as defined in section 2.3 below)

The Manager will, after having consulted the Sub-Funds' Auditors and the Trustee, declare a Final Distribution in respect of the Relevant Investors (i.e. those investors who do not sell their Units on or before the Last Trading Day). Such Final Distribution will be made on or around 18 October 2017 (the "**Distribution Date**"). Please refer to section 3.2 below for further details on the Final Distribution.

On the date on which the Trustee and the Manager form an opinion that the Sub-Funds cease to have any outstanding contingent or actual assets or liabilities (the “**Termination Date**”), the Manager and the Trustee will commence the completion of the termination of the Sub-Funds.

During the period from the Trading Cessation Date until, at least, the Termination Date, the Sub-Funds will still have the listing status on the SEHK, and remain SFC authorized, albeit the Sub-Funds will be operated only in a limited manner (as described in section 4.2 below). The Manager will apply for the Deauthorisation on or after the Termination Date. The Manager has therefore applied to the SFC, and has been granted, a waiver from strict compliance with certain provisions of the UT Code for the period from the Trading Cessation Date to the date of the Deauthorisation. The details and the conditions on which such waiver is granted are described in section 5 below.

Also, while the Manager will apply to the SEHK in or around August 2017 for Delisting, the Manager expects, subject to the SEHK’s approval, that the Delisting will only take place at or around the same time of the Deauthorisation.

The proposed termination, Delisting and Deauthorisation will be subject to the payment of all outstanding fees and expenses and any other liabilities of the Sub-Funds, termination audit being prepared by the Sub-Funds’ Auditors, as well as the final approvals of the SFC and the SEHK.

Following the Deauthorisation, the Sub-Funds will no longer be subject to the regulations of the SFC and will not be marketed to the public in Hong Kong. Please note that any product documentation for the Sub-Funds previously issued to investors, including the Prospectus and the KFS in respect of the Sub-Funds, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Sub-Funds to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance.

### 2.3 Important dates

Subject to the SFC’s and the SEHK’s respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Sub-Funds will be as follows:

<b>Last day for creation of Units in the primary market, the date on which this Announcement and Notice is published and the date for setting aside the Provision .....</b>	<b>7 August 2017</b>
<b>Last day for redemption of Units in the primary market.....</b>	<b>7 September 2017</b>
<b>Last day for dealings in the Units on the SEHK (the “Last Trading Day”) .....</b>	<b>7 September 2017</b>
<b>Dealings in the Units on the SEHK cease (the “Trading Cessation Date”), i.e. same date on which all assets of the Sub-Funds will commence to be liquidated and the Sub-Funds will cease to be able to track the relevant Underlying Indices .....</b>	<b>8 September 2017</b>
<b>The date as at which an investor is recorded by HKSCC as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS to be entitled to the Final Distribution and further distribution (if any) (the “Record Date”) .....</b>	<b>13 September 2017</b>

<b>The date on which the announcement regarding Final Distribution is issued.....</b>	<b>On or around 13 October 2017</b>
<b>Final Distribution (after the Manager having consulted with the Sub-Funds' Auditors and the Trustee) will be paid to the investors who are still holding Units as at the Record Date (the "Distribution Date").....</b>	<b>On or around 18 October 2017</b>
<b>Termination of the Sub-Funds (the "Termination Date") .....</b>	<b>On or around 7 November 2017, which is the date on which the Manager and the Trustee form an opinion that the Sub-Funds cease to have any outstanding contingent or actual assets or liabilities</b>
<b>Delisting and Deauthorisation of the Sub-Funds .....</b>	<b>On or around 7 November 2017, which is the date on which the SFC and SEHK approve the Deauthorisation and Delisting respectively  The Manager expects that the Deauthorisation and Delisting will take place either on the Termination Date or shortly after the Termination Date</b>

If there any changes to the important dates above, the Manager will inform the investors about the revised important dates as soon as possible.

The Manager will, on a weekly basis from the date of this Announcement and Notice until the Last Trading Day, issue reminder announcements to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Record Date. Also, the Manager will issue further announcements in due course to inform the investors of the Distribution Date, the Termination Date, as well as the dates for the Delisting and the Deauthorisation and whether there is any further distribution after the Final Distribution, as and when appropriate in accordance with the applicable regulatory requirements.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.



### **3. Potential actions to be taken by investors on or before the Last Trading Day**

#### **3.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to and including the Last Trading Day, an investor may continue to buy or sell its Units in any one or both of the Sub-Funds on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market maker of the Sub-Funds (the “**Market Maker**”), will continue to perform its market making functions in accordance with the Trading Rules of the SEHK.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale or purchase of the Units on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units) and a trading fee (at 0.005% of the price of the Units) will be payable by the buyer and the seller of the Units. No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the “Units trading at a discount or premium risk / market maker’s inefficiency risk” in section 7.2 below.

#### **3.2 Holding Units after the Last Trading Day**

For investors who are still holding Units in CCASS as at the Record Date (the “**Relevant Investor**”), the Manager will, after having consulted with the Sub-Funds’ Auditors and the Trustee, declare a final distribution (the “**Final Distribution**”) in respect of such Relevant Investors. Each Relevant Investor will be entitled to a Final Distribution of an amount equal to the relevant Sub-Fund’s then Net Asset Value in proportion to the Relevant Investor’s interests in the Sub-Fund as at the Record Date. Each Sub-Fund’s then Net Asset Value will be the total value of the net proceeds from the liquidation of its assets as described in section 1.3 above, less the Provision (as defined in section 6 below).

The Final Distribution to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 18 October 2017. The Manager will issue further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution, together with the amount of the Final Distribution per Unit, in due course. The Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will, in or around late October 2017, issue an announcement informing the Relevant Investors.

**IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 7.2 below and consult with their professional and financial advisers before disposing of the Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not, in any circumstances, be entitled to any portion of the Final Distribution in respect of any Units so disposed and any further distribution (if any). Investors should therefore exercise caution and consult with their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.**

### **4. Consequences of the commencement of the cessation of trading**

#### **4.1 Continued existence of the Sub-Funds**

Each Sub-Fund will maintain its SEHK listing status and SFC authorisation status until the completion of the proposed termination, the Deauthorisation and the Delisting. Deauthorisation and Delisting will follow as soon as possible after the termination of the Sub-Funds.

On the date on which the Trustee and the Manager form an opinion that the Sub-Funds cease to have any outstanding contingent or actual assets or liabilities, the Manager and the Trustee will complete the

proposed termination process, and the Manager will proceed with applying to the SFC for the Deauthorisation, and to the SEHK to complete the Delisting respectively.

#### 4.2 Limited operation of the Sub-Funds

During the period from the Trading Cessation Date up till the Deauthorisation, the Sub-Funds will be operated in a limited manner as there will not be any trading of Units and the Sub-Funds will have no investment activities from the Trading Cessation Date onwards.

Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Sub-Funds during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

### 5. Waiver

#### 5.1 Background for seeking the waiver

As set out in section 2.2 above, while the Sub-Funds will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Sub-Funds, the Sub-Funds remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Sub-Funds will maintain their SFC authorisation status, and the Sub-Funds will maintain their SEHK listing status, until the completion of the proposed termination, Deauthorisation and Delisting.

However, immediately following the publication of this Announcement and Notice, there will be no further creation of Units, and from the Trading Cessation Date onwards: (i) there will be no further trading of Units and no further redemption of Units; (ii) the Manager will commence to liquidate all the assets of the Sub-Funds and the Sub-Funds will therefore cease to track the relevant Underlying Indices and will not be able to meet their investment objectives of tracking the performance of the Underlying Indices and the Sub-Funds are no longer marketed to the public; and (iii) the Sub-Funds are expected to mainly hold cash, the Sub-Funds will be operated only in a limited manner.

Accordingly, with a view to minimising further costs, fees and expenses in managing the Sub-Funds following the Trading Cessation Date in the best interest of investors, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions of the UT Code for the period from the Trading Cessation Date to the date of the Deauthorisation.

The details of the waiver granted and the conditions on which such waiver was granted are set out in Section 5.2 below.

#### 5.2. Details of the waiver

##### 5.2.1 Publishing of the suspension of dealing

Under Chapter 10.7 of the UT Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner (the requirements under (b) are referred to as the “**investor notification requirements**”).

The Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the investor notification requirements under Chapter 10.7 of the UT Code, subject to the conditions that a statement shall be posted in a prominent position of the Manager’s website from the Trading Cessation Date until the date of the Deauthorisation and Delisting to notify investors that the Units of the Sub-

Funds have ceased trading on the SEHK from 8 September 2017, and draw their attention to this Announcement and Notice and all other relevant announcements.

Because the Sub-Funds will retain their listing status after the Last Trading Day until the date of the Deauthorisation and Delisting, investors may continue to access further announcements in relation to the Sub-Funds via the SEHK's website and the Manager's website during such period.

#### 5.2.2 Provision of estimated Net Asset Value or R.U.P.V.<sup>1</sup> and last closing Net Asset Value on a real time or near-real time basis

Under Paragraphs 4 and 17(a) and 17(b) of Appendix I to the UT Code, the Manager is required to provide estimated Net Asset Value or R.U.P.V. and last closing Net Asset Value of each Sub-Funds to the public on a real time or near-real time basis unless otherwise waived, via any suitable channels in paragraph 18 of Appendix I to the UT Code (which include the Sub-Funds' own website).

As immediately following the publication of this Announcement and Notice, there will be no further creation of Units, and from the Trading Cessation Date onwards, there will be no further trading of Units and no further redemption of Units, and the Sub-Funds are expected to mainly hold cash and the Sub-Funds will only be operated in a limited manner, the Manager proposes that the Net Asset Value per Unit will be updated on the Manager's website only when there is any event which causes the Net Asset Value to change, and the Trustee does not object to such proposal. The Manager and the Trustee expect that the events which will cause the Net Asset Value per Unit to change will be: (i) the Final Distribution; (ii) further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Sub-Funds; (iv) deduction of normal operating expenses or taxes in relation to realization of the assets of the Sub-Funds; and (v) the difference between the proceeds received for the disposal of the assets of the Sub-Funds and the prices used when valuing the Securities of the Sub-Funds.

Accordingly, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Paragraphs 4 and 17(a) and 17(b) of Appendix I to the UT Code for the period from the Trading Cessation Date to the date of the Deauthorisation, subject to the following conditions:

- (a) the Net Asset Value per Unit of each Sub-Fund as of 7 September 2017 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of each Sub-Fund, will be published on the Manager's website;
- (b) the Manager shall update the latest available Net Asset Value per Unit of each Sub-Fund on the Manager's website as soon as practicable should there be any other change to the Net Asset Value of each Sub-Fund including but not limited to changes arising from (i) the Final Distribution; (ii) further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Sub-Funds; (iv) deduction of normal operating expenses or taxes in relation to realization of the assets of the Sub-Funds; and (v) the difference between the proceeds received for the disposal of the assets of the Sub-Funds and the prices used when valuing the Securities of the Sub-Funds.

#### 5.2.3 Updating of the Prospectus and KFS

Under Chapter 6.1 and 11.1B of the UT Code, the offering document must be up-to-date and must be updated to incorporate any relevant changes to the Sub-Funds.

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<sup>1</sup> R.U.P.V. stands for "Reference Underlying Portfolio Value" which is updated at 15-second intervals during trading hours.

In view of the cessation of trading of Units from the Trading Cessation Date, and there being no further creation or redemption of Units, the Manager considers that it is not necessary to update the Prospectus or KFS of the Sub-Funds to reflect any future changes prior to the date of Deauthorisation.

As such, the Manager has applied to the SFC for, and has been granted, a waiver from strict compliance with the above-mentioned requirements under Chapter 6.1 and 11.1B of the UT Code so that the Prospectus and the KFS of the Sub-Funds need not be updated from the Trading Cessation Date.

Without prejudice to the other obligations of the Manager under Chapter 11.1B of the UT Code, the Manager has undertaken and confirmed with the SFC that it shall:

- (a) promptly notify investors of any changes to the Sub-Funds or to the Prospectus or KFS of the relevant Sub-Fund(s) by means of publishing the announcement(s) on its and SEHK's websites (each, a "**relevant future announcement**"); and
- (b) ensure that each relevant future announcement shall include a statement to refer investors to read this Announcement and Notice, together with the Prospectus, KFS of the relevant Sub-Fund(s) and any other relevant future announcement(s).

### 5.3 Other related matter

The Manager confirms that, apart from the particular provisions of the UT Code set out in section 5.2 above, the Manager will continue to comply with all the other applicable provisions of the UT Code, the applicable provisions in the Trust Deed and other applicable laws and regulations.

## 6. Costs

As indicated in section 3.1 above, the stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

All redemption of Units by Participating Dealers will be subject to the fees and costs as set out in the Prospectus. Participating Dealers may pass on to the relevant investors such fees and costs, and may also impose fees and charges in handling redemption requests which would increase the cost of redemption. Investors are advised to check with Participating Dealers as to their relevant fees, costs and charges.

Immediately after this Announcement and Notice is published, a certain portion of the assets of the Sub-Funds, amounting to approximately HK\$180,000.00 for the Mainland Consumption Tracker and HK\$184,000.00 for the Mainland Real Estate Tracker (the "**Provision**"), will be set aside. This Provision is to discharge any future costs, charges, expenses, claims and demands (including but not limited to any legal costs, regulatory maintenance costs, termination related expenses and the fees payable to any service provider to the Sub-Funds, including the Trustee) that the Trustee and the Manager may incur or make, during the period from the time after this Announcement and Notice has been published up to the Termination Date, in connection with or arising out of the on-going charges and normal operating expenses of the Sub-Funds, and the termination process together with the Delisting and Deauthorisation (the "**Future Costs**"). The Trustee has confirmed that it has no objection to the amount of the Provision. **As a result of the setting aside of the Provision immediately after this Announcement and Notice has been published, the Net Asset Value and the Net Asset Value per Unit of each Sub-Fund will be reduced to HK\$6,719,458.97 and HK\$8.9593 respectively for Mainland Consumption Tracker and HK\$11,552,017.68 and HK\$9.2416 respectively for the Mainland Real Estate Tracker before the commencement of the trading on the SEHK on 8 August 2017. Please note that the Manager will waive the Management Fee from the Trading Cessation Date.**

Where the Provision is in excess of the actual amount of the Future Costs (when materialized), such excess will be refunded to the Relevant Investors as part of the Final Distribution in proportion to each Relevant Investor's interests in the relevant Sub-Fund(s) as at the Record Date. However, where the Provision is insufficient to cover any Future Costs, any shortfall will be borne by the Manager and no further provision will be made.

The Sub-Funds do not have any unamortized preliminary expense and contingent liabilities as at the date of this Announcement and Notice.

## **7. Other matters**

### **7.1 Termination audit**

The Manager will appoint the Sub-Funds' Auditors to prepare a termination audit of the Sub-Funds as at the Termination Date. Following the issue of the termination audit report, the Manager and the Trustee will then proceed with completion of the termination process of the Sub-Funds.

### **7.2 Other implications of the proposed cessation of trading, the proposed termination of the Sub-Funds and the proposed Delisting and Deauthorisation**

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the Sub-Funds and the proposed Delisting and Deauthorisation, investors should note the following:

**Liquidity risk** – Trading of Units on the SEHK from the date of this Announcement and Notice may become less liquid.

**Units trading at a discount or premium risk / market maker's inefficiency risk** – The Units of the Sub-Funds are currently trading at a discount. If investors dispose of their Units in the secondary market before the Trading Cessation Date, the trading price is likely to be below the Net Asset Value per Unit. Therefore, investors may consider not to dispose of their Units in the secondary market and wait for the Final Distribution after the liquidation of all assets of the Sub-Funds by the Manager. Further, although up to (and including) the Last Trading Day, the Market Maker will continue to perform its market making functions in accordance with the Trading Rules of the SEHK, Units may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units in any one or both of the Sub-Funds after this Announcement and Notice has been published but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units may trade at a premium because there will be no creation of new Units immediately following the publication of this Announcement and Notice and consequently the divergence between the supply of and demand for such Units may be larger than usual. The Market Maker may not be able to effectively perform its market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day** – The setting aside of the Provision (immediately after this Announcement and Notice has been published) will adversely affect the Net Asset Value per Unit. This reduction of Net Asset Value per Unit will cause a Sub-Fund's return to substantially deviate from the performance of the relevant Underlying Index so the Sub-Fund will not be able to properly track the performance of the relevant Underlying Index during the period from the date of this Announcement and Notice to the Last Trading Day; thus triggering significant tracking error. In the extreme situation where the size of a Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the Sub-Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the Sub-Fund into cash or deposits in order to protect the interest of the investors of the Sub-Fund.

**Net Asset Value downward adjustment risk** – Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be significant drop in value of the assets of the Sub-Funds. Also, the Net Asset Value of a Sub-Fund will be reduced as some of the Sub-Fund’s assets will be set aside as Provision on the date on which this Announcement and Notice is published. Such market movements and the setting aside of the Provision may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

**Failure to track the relevant Underlying Index** – All assets of the Sub-Funds will commence to be liquidated with effect from the Trading Cessation Date. Thereafter, the Sub-Funds’ assets will be cash and the Sub-Funds will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, each Sub-Fund will cease to track the relevant Underlying Index, and will not be able to meet its investment objective of tracking the performance of the relevant Underlying Index.

**Delay in distribution risk** – The Manager will aim to realise all of the assets of the Sub-Funds and then proceed with the Final Distribution as soon as practicable. However, the Manager may not be able to realise all the assets of the Sub-Funds in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Final Distribution to the Relevant Investors may be delayed.

For details of other risk factors in relation to the Sub-Funds, investors can refer to the Prospectus.

### 7.3 Tax implications

Based on the Manager’s understanding of the law and practice in force at the date of this Announcement and Notice, as the Sub-Funds are collective investment schemes authorised under section 104 of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong), profits of the Sub-Funds derived from realisation of its assets are exempt from Hong Kong profits tax.

No tax will be payable by investors in Hong Kong in respect of the Final Distribution, except that Hong Kong profits tax may arise where the transactions giving rise to such distribution or refund form part of a trade, profession or business carried on in Hong Kong. Investors should consult their professional financial advisers for tax advice.

### 7.4 Documents available for inspection

Copies of the Trust Deed, Prospectus and KFS of the Sub-Funds, Conversion Agency Service Agreement, Participation Agreements and the latest annual and semi-annual reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager as set out in section 9 below. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

## 8. Connected party transactions

BOCI Securities Ltd (“**BOCIS**”), a Participating Dealer and market maker of the Sub-Funds, is a Connected Person of the Manager and the Trustee and may hold a substantial amount of Units in any or both of the Sub-Funds from time to time. Also, Bank of China (Hong Kong) Ltd (“**BOCHK**”), which is also a Connected Person of the Manager and the Trustee, currently holds Units in the Mainland Real Estate Tracker. Each of BOCIS and BOCHK is referred to as a “**Relevant Connected Person**”.

A Relevant Connected Person may decide to dispose of all or part of its Units in the relevant Sub-Fund, either by selling them on the SEHK or, in the case of BOCIS in its capacity as a Participating Dealer of the Sub-Funds, by redeeming them in the primary market, after being informed of the proposed

termination of the Sub-Funds via this Announcement and Notice. Any disposal of Units in the relevant Sub-Fund by a Relevant Connected Person, which is beyond the control of the Manager, may reduce the size of the relevant Sub-Fund and impair the Manager's ability to fulfil the investment objective of the relevant Sub-Fund and result in significant tracking error. Please refer to risk factor "Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day" in section 7.2.

Subject to the above provisions of this section 8, no other Connected Person of the Manager and/or the Trustee holds any interest in the Sub-Funds or is involved in any transaction with the Sub-Funds.

## **9. Enquiries**

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at 27/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong or call: (852) 2280 8697, or visit the Manager's website: [www.boci-pru.com.hk/english/etf/intro.aspx](http://www.boci-pru.com.hk/english/etf/intro.aspx)<sup>2</sup>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

### **BOCI-Prudential Asset Management Limited**

as Manager of the Trust and the Sub-Funds

Hong Kong

7 August 2017

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<sup>2</sup> The Manager's website has not been reviewed by the SFC.