

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT** about this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

**IF YOU HAVE SOLD OR TRANSFERRED** all your Units in the Hang Seng Index ETF, you should at once hand this Announcement and Notice to the purchaser or 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.

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

SFC authorisation is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or their performance. It does not mean the Sub-Fund are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

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.

**Hang Seng Investment Index Funds Series II  
(the “Trust”)**

**Hang Seng Index ETF  
(HKD Counter Stock Code: 02833 / RMB Counter Stock Code: 82833)  
(the “Sub-Fund”)**

**Announcement and Notice of  
(i) Proposed Voluntary Cessation of Trading and Voluntary Delisting,  
(ii) Proposed Amendments to the Trust Deed, and  
(iii) Proposed Adoption of Ancillary Investment Strategy**

**Notice of Extraordinary General Meeting**

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Hong Kong Offering Document of the Trust and the Sub-Fund dated February 2022 as supplemented from time to time (the “**Hong Kong Offering Document**”).

**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. It concerns the proposed voluntary cessation of trading and voluntary delisting of the Sub-Fund from the SEHK, the proposed amendments to the Trust Deed and the proposed adoption of ancillary investment strategy. In particular, investors should note that the following proposed arrangements are subject to the Unitholders’ approval at the extraordinary general meeting to be held on 13 July 2022 (the “**Meeting**”), the SFC’s and the SEHK’s respective approvals (where necessary):

- Having taken into account the relevant factors, namely (i) the majority of investors of the Sub-Fund are institutional professional investors who typically deal in the primary market, (ii) the trading activity of the Sub-Fund on the SEHK has been relatively low considering the asset under management of the Sub-Fund, and (iii) the delisting from SEHK will lower the operational costs (i.e. listing related costs) and streamline the operational arrangement of the Sub-Fund which is conducive to the proposed reduction of the management fee of the Sub-Fund, the Manager proposes to seek voluntary delisting of the Sub-Fund from the SEHK (the “Delisting”).
- In connection with the proposed Delisting, the Manager proposes that the amended and restated trust deed entered into between the Trustee, the Manager and the Index Proprietor dated 10 September 2004, as supplemented, amended and restated from time to time (the “Trust Deed”) be amended to (i) widen the definition of “Application Unit” in respect of the Sub-Fund in order for the Participating Dealers to conduct market making activities to facilitate the proposed Delisting, and (ii) supplement the steps to be taken by the Manager for an orderly delisting of the Sub-Fund. Details of the proposed amendments to the Trust Deed are set out in Appendix A to this Announcement and Notice.
- To facilitate the Conversion Route (as defined below) in connection with the proposed Delisting and to provide flexibility for the Sub-Fund to track the performance of the Index after the proposed Delisting, the Manager proposes that, as an ancillary investment of the Sub-Fund, the Manager may invest up to 10% of the Net Asset Value of the Sub-Fund in the units or shares in other index tracking exchange traded fund(s) (“ETF(s)”) which are authorised by the SFC under Chapter 8.6 of the SFC Code on Unit Trusts and Mutual Funds (the “Code”) and listed and regularly traded on the SEHK provided that the investment objective, policy and underlying investments of the ETF(s) invested by the Sub-Fund shall be in line with that of the Sub-Fund (the “Ancillary Investment Strategy”).
- Upon the Delisting, the Sub-Fund will remain authorised by the SFC as an unlisted index fund as defined in Chapter 8.6 of the Code and a sub-fund of the Trust and will continue to comply with the Code and all other applicable laws and regulations after the Delisting (unless any waiver or exemption has been granted).
- The implementation of each of (i) the voluntary cessation of trading and Delisting proposal (including the Unlisted Fund Route (as defined below) and the Conversion Route), (ii) the amendments to the Trust Deed (the “Amended Trust Deed”) and (iii) the adoption of the Ancillary Investment Strategy ((i), (ii) and (iii) collectively, the “Proposal”) is subject to the approval by the Unitholders at the Meeting of the extraordinary resolution in respect of the Proposal (the “Extraordinary Resolution”) as set out in the accompanying notice of the Meeting (the “EGM Notice”), and is inter-conditional on each other. The Extraordinary Resolution must be passed by 75% or more of the votes of those present and entitled to vote in person or by proxy. The vote of the Meeting shall be decided on a poll, meaning that every Unitholder who is present in person or by representative or by proxy at the Meeting shall have one vote for every Unit which is registered in the name of such Unitholder.

**Key Steps and Actions to be taken by Investors (only applicable if and when the Extraordinary Resolution is passed at the Meeting)**

- From 14 June 2022 up to and including 2 September 2022 (the “Last Trading Day”), investors may continue to buy or sell Units of the Sub-Fund in the secondary market on the SEHK in accordance with the usual trading arrangements currently in place.
- The Units of the Sub-Fund will cease trading from 5 September 2022 (the “Trading Cessation Date”), that means, no further buying or selling Units on the SEHK from the Trading Cessation Date onwards.

- The Delisting is expected to take place on 13 September 2022 (the “Delisting Day”). Creation and redemption of Units in the primary market through the Participating Dealers or the special creation and redemption through the Manager will continue to be permitted until 9 September 2022, being the business day immediately preceding the Delisting Day. Investors are advised to consult their stockbroker or financial intermediary as to access to the primary market via the Participating Dealers, the relevant deadlines, fees and the client acceptance procedures and requirements.
- Investors may pursue one of the following two alternatives from 14 July 2022 (the “EGM Results Announcement Date”) up to and including 7 September 2022 (the “Application Deadline”, the entire period, the “Application Period”) to deal with their Units in the Sub-Fund following the passing of the Extraordinary Resolution at the Meeting:
  1. *The Unlisted Fund Route*
- Hang Seng Bank Limited (“Hang Seng Bank”) will be appointed as the designated authorised distributor of the Sub-Fund. An investor who wishes to retain or dispose of his/her Units after the Delisting Day will be required to:
  - (a) open an investment fund account directly with Hang Seng Bank under the account number suffix of 382. Please note that account opening with Hang Seng Bank is subject to compliance with the normal client acceptance rules and procedures of Hang Seng Bank. Unless agreed by the Manager and subject to the onboarding requirements of the Manager under applicable laws and regulations, investors cannot open an investment fund account directly with the Manager and must open an account with Hang Seng Bank directly; and
  - (b) inform the Manager of his/her intention to transfer all of the Units held by him/her into the account with Hang Seng Bank, by providing a transfer instruction to the HKSCC (if such an investor is a CCASS Participant) or indirectly through his/her stockbroker or financial intermediary on or before the Application Deadline. Units will then be transferred from CCASS to Hang Seng Bank on the Delisting Day. Investors should note that no partial transfer of the Units will be allowed.
- Investors who intend to select the Unlisted Fund Route are therefore urged to open an investment fund account directly with Hang Seng Bank as soon as possible, to facilitate the transfer of the Units on the Delisting Day. Investors can open an investment fund account directly with Hang Seng Bank, free of charge. Investors should note that no transfer of ownership of the Units in the Sub-Fund is allowed by way of the Unlisted Fund Route (i.e. the relevant investor must open an investment fund account directly with Hang Seng Bank in the name and with the identification details identical to those of his/her securities account held with the relevant stockbroker or financial intermediary). If the relevant investor has an existing investment fund account opened directly with Hang Seng Bank, such account must be in the name and with the identification details identical to those of his/her securities account held with the relevant stockbroker or financial intermediary.
- Investors should note that any inaccurate or incomplete information provided in the relevant transfer instruction by an investor under the Unlisted Fund Route may result in failure of transfer of Units, in which case any instruction received from such an investor would be treated as never been received.
- Investors should contact the Manager directly if they are not able to open an investment fund account with Hang Seng Bank to transfer the Units from CCASS.
- Costs associated with the transfer of Units from CCASS to Hang Seng Bank will be borne by the Manager. Investors’ stockbrokers or financial intermediaries may however levy certain fees and charges and/or pass on any fees or charges incurred by HKSCC for any transfer of Units in the Sub-Fund to Hang Seng Bank which will be borne by the investors.

- From the Delisting Day onwards, the investors may deal in the Units in the Sub-Fund as an unlisted index fund at the Net Asset Value of the Sub-Fund during normal business hours (subject to any earlier dealing cut-off times or other restrictions or arrangements of the distributor(s)).

## **2. The Conversion Route**

- To accommodate any investors who may wish to maintain intraday trading in the secondary market on the SEHK, the investors may alternatively request the Manager to convert all of the Units held by them into units of the Tracker Fund of Hong Kong (stock code: 2800) ("TraHK"), an index tracking ETF authorised by the SFC, provided that the investor informs the Manager of his/her intention to convert all of the Units held by him/her into units of TraHK by providing a conversion instruction to the HKSCC (if such an investor is a CCASS Participant) or indirectly through his/her stockbroker or financial intermediary on or before the Application Deadline. Investors should note that no partial conversion of the Units will be allowed.
- A conversion of Units in the Sub-Fund into units in TraHK will be effected by way of an in-kind redemption of the Units in the Sub-Fund for the units of TraHK according to the Conversion Ratio (as defined and explained in section 6.2 below) calculated based on the Net Asset Value per Unit of the Sub-Fund in its base currency (i.e. Hong Kong Dollar) and the net asset value per unit of TraHK as of the Application Deadline (i.e. 7 September 2022) and will be announced by the Manager on 8 September 2022.
- Costs associated with the conversion of Units to units in TraHK including the brokerage fees and transaction fees arising from the conversion of units (the "Conversion Costs") will be borne by the relevant investors. Such Conversion Costs will be taken into account in calculating the Conversion Ratio and the Conversion Costs, for each Unit of the Sub-Fund to be converted to a unit in TraHK, are expected to be an amount within an indicative range of 0.10% and 0.20% of the net asset value per unit of TraHK. Investors should also note that stockbrokers or other financial intermediaries may impose a fee and/or pass on any fees or charges incurred by HKSCC for each conversion request.
- The conversion will be effected and units in TraHK will be distributed after trading hours on 9 September 2022 via CCASS to whom have provided the conversion instruction during the Application Period. Investor should note that the time and date of receipt of the units in TraHK may differ subject to the arrangements of the financial intermediaries and stockbrokers through whom the investors hold the units in TraHK. Investors are advised to consult their stockbroker or other financial intermediary accordingly. From the Delisting Day of the Sub-Fund onwards, the investors may trade the converted units of TraHK in the secondary market on the SEHK during normal trading hours in accordance with the usual trading arrangements currently in place as set out in the offering documents of TraHK.

### **Consequences for Investors who do not take any Action**

- If an investor continues to hold Units after the Last Trading Day and does not indicate any intention to transfer or convert the Units on or before the Application Deadline, or, if the investor intends to select the Unlisted Fund Route but does not have a valid investment fund account with Hang Seng Bank on or before the Application Deadline, or, if the investor does not otherwise take any action before the Delisting Day, the Units will remain in CCASS after the Delisting Day and will no longer be tradeable on the SEHK nor be otherwise dealt with. As the Units of the Sub-Fund will no longer be recognised as eligible securities by the HKSCC as the operator of CCASS after the Delisting Day, the HKSCC will cease to provide any services (including nominee services) relating to the Units in accordance with the CCASS rules. Investors will need to first complete the investment fund account opening process with Hang Seng Bank and liaise with his/her stockbroker or other financial intermediary directly to arrange for the Units to be transferred from CCASS to Hang Seng Bank after the Delisting Day before he/she can redeem the Units at the Net Asset Value.

**Investors should contact the Manager directly if they are not able to open an investment fund account with Hang Seng Bank to transfer the Units from CCASS.**

- **If no action is otherwise taken after the Delisting Day or if there is any delay or failure in transferring the Units to Hang Seng Bank, it will adversely affect the ability of the investors from the Delisting Day to (i) redeem the Units, (ii) receive dividend distribution, and (iii) exercise his/her rights as a Unitholder. In the worst scenario, investors will not be able to redeem the Units from the Delisting Day.**
- **Investors are urged to consider the adverse impact of inaction in respect of their Units and the limitations on retaining the Units with CCASS after the Delisting Day and to promptly take all necessary actions where appropriate.**

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**Stockbrokers and financial intermediaries are urged to:**

- **forward a copy of this Announcement and Notice to their clients holding Units in the Sub-Fund, and inform them of the contents of this Announcement and Notice as soon as possible;**
- **facilitate their clients who want to dispose of the Units in the Sub-Fund on or before the Last Trading Day;**
- **consolidate the transfer instructions received from their clients who indicated their intention to pursue the Unlisted Fund Route and forward them to HKSCC by the Application Deadline;**
- **consolidate the conversion instructions received from their clients who indicated their intention to pursue the Conversion Route and forward them to HKSCC by the Application Deadline;**
- **assist their clients who intend to transfer the Units in the Sub-Fund to directly open an investment fund account with Hang Seng Bank as soon as practicable for the retention or disposal of their Units after the Delisting Day; and**
- **inform their clients as soon as possible of any earlier dealing deadline and/or response 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 the above.**

**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. Investors may also contact the Hang Seng Bank directly in relation to any questions on the account opening process. For details, please refer to section 14 below.**

The Manager announces its proposal to seek the Delisting of the Sub-Fund. The proposed Delisting of the Sub-Fund will be subject to (i) the approval of the SFC, (ii) the approval of the SEHK, and (iii) the approval by the Unitholders of the Extraordinary Resolution at the Meeting. In connection with the Delisting, the Manager proposes to implement the Unlisted Fund Route and the Conversion Route, all of which form part of the Proposal subject to the approval by the Unitholders of the Extraordinary Resolution.

The Manager also proposes to adopt the Amended Trust Deed and the Ancillary Investment Strategy. Both the Amended Trust Deed and the adoption of the Ancillary Investment Strategy will be subject to the approval by the Unitholders of the Extraordinary Resolution.

The Trustee has reviewed the Proposal and does not object to the Proposal. The Manager will provide a written notice of Change of Status of a Sub-Fund to the Trustee pursuant to Clause 2.3 of the Trust Deed on the Last Trading Day.

The Proposal requires Unitholders to pass the Extraordinary Resolution set out in the EGM Notice. Please refer to the section 11.3 below if you wish to attend and/or vote at the Meeting to be held on 13 July 2022 personally and/or appoint a representative to attend the Meeting to vote on your behalf. The record date for the purpose of determining the beneficial owners of Units in the Sub-Fund who are entitled to vote is 6 July 2022 (the "Record Date"). Investors who purchase the Units (either through the Participating Dealers in the primary market or trading on the SEHK in the secondary market) after the Record Date will not be entitled to vote at the Meeting. If the Meeting is adjourned, the Record Date will be postponed to a date which is approximately 15 calendar days after the initial Record Date, and all votes received by the Manager for the Meeting will lapse and will not be carried forward to the adjourned meeting. If the Meeting is adjourned because a quorum is not present, one or more Unitholder(s) present in person or by proxy shall be a quorum at such adjourned meeting. Unitholders who are entitled to vote in the adjourned meeting will need to vote again in the adjourned meeting. The Manager will issue a notice informing the Unitholders about the details of the adjourned meeting (if any) in due course.

In the event that the Extraordinary Resolution is passed at the Meeting or any adjourned meeting, the Manager will publish an announcement on the Manager's website [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) and HKEX's website.

Alternatively, in the event that the Extraordinary Resolution is not passed at the Meeting or any adjourned meeting, the Manager will publish an announcement on the Manager's website [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) and HKEX's website to confirm that the Units will continue to be created and redeemed in the primary market and continue to be bought or sold in the secondary market on the SEHK, unless and until the Trust or the Sub-Fund is terminated by the Manager under the relevant provisions of the Trust Deed.

## **1. Proposed Delisting and voluntary cessation of trading of the Sub-Fund**

### **1.1 Proposed Delisting of the Sub-Fund**

According to Clause 2.3(c) of the Trust Deed and Paragraphs 7.1 and 7.2 in Schedule 5 of the Trust Deed, subject to the approval of the SFC and the SEHK, the Manager may apply for delisting of the Sub-Fund provided that an extraordinary resolution (i.e. a resolution proposed and passed as such by 75% or more of the votes of those present and entitled to vote in person or by proxy) to that effect is passed. The vote of the Meeting shall be decided on a poll, meaning that every Unitholder who is present in Person or by representative or by proxy at the Meeting shall have one vote for every Unit which is registered in the name of such Unitholder.

Having taken into account the relevant factors, namely (i) the majority of investors of the Sub-Fund are institutional professional investors who typically deal in the primary market, (ii) the trading activity of the Sub-Fund on the SEHK has been relatively low considering the asset under management of the Sub-Fund, and (iii) the delisting from SEHK will lower the operational costs (i.e. listing related costs) and streamline the operational arrangement of the Sub-Fund which is conducive to the proposed reduction of the management fee of the Sub-Fund (as detailed in section 8.3 below), the Manager is therefore of the view that the proposed Delisting of the Sub-Fund would be in the best interests of the investors in the Sub-Fund. Therefore, the Manager recommends that Unitholders pass the Extraordinary Resolution to approve the Delisting.

Following the proposed Delisting, the Sub-Fund will continue to operate as an unlisted index fund as defined under Chapter 8.6 of the Code authorised by the SFC pursuant to Section 104(1) of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Manager will continue to manage the Sub-Fund in accordance with applicable laws and regulations (including the Code) as well as the Trust Deed.

## 1.2 **Proposed voluntary cessation of trading**

Assuming the Extraordinary Resolution is passed at the Meeting in accordance with the Trust Deed, 2 September 2022 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.

For the avoidance of doubt, trading in the secondary market on the SEHK will continue to be permitted until the Last Trading Day and creation and redemption of Units by Participating Dealers or special creation and redemption by the Manager in the primary market will continue to be permitted until 9 September 2022, being the business day immediately preceding the Delisting Day.

Investors should note that only Participating Dealers may submit creation applications or redemption applications to the Manager and the Participating Dealer may have its own application procedures for its clients and may set application cut-off times for its clients which are earlier than those set out in the Hong Kong Offering Document. Investors are advised to consult their stockbroker or financial intermediary as to access to the primary market via the Participating Dealers and the relevant deadlines, fees and the client acceptance procedures and requirements.

## 2. **The proposed amendments to the Trust Deed**

According to Clause 29.1 of the Trust Deed, the Trustee and the Manager shall be entitled by supplemental deed to modify, alter or add to the provisions of the Trust Deed provided that an extraordinary resolution (i.e. a resolution proposed and passed as such by 75% or more of the votes of those present and entitled to vote in person or by proxy) to that effect is passed.

In connection with the proposed Delisting, it is proposed that the Trust Deed be amended to (i) widen the definition of "Application Unit" in respect of the Sub-Fund in order for the Participating Dealers to conduct market making activities to facilitate the proposed Delisting, and (ii) supplement the steps to be taken by the Manager for an orderly delisting of the Sub-Fund. A document showing all the proposed changes to the Trust Deed relative to the existing Trust Deed is set out in Appendix A to this Announcement and Notice. **Assuming the Extraordinary Resolution is passed at the Meeting in accordance with the Trust Deed, the effective date of the Amended Trust Deed will be the EGM Result Announcement Date. From the EGM Result Announcement Date onwards up to and including the Application Deadline, an investor of the Sub-Fund may inform the Manager of his/her intention to select the Unlisted Fund Route by providing a transfer instruction, or the Conversion Route by providing a conversion instruction, as the case may be, to the HKSCC (if such an investor is a CCASS Participant), or indirectly via his/her stockbroker or financial intermediary.**

## 3. **The proposed adoption of the Ancillary Investment Strategy**

According to paragraph 2(d) in Schedule 2 of the Trust Deed, any alteration in the investment policy of the Trust in relation to any sub-fund (including the Sub-Fund) which is proposed by the Manager with the approval of the Trustee, can be sanctioned by an extraordinary resolution (i.e. a resolution proposed and passed as such by 75% or more of the votes of those present and entitled to vote in person or by proxy).

To facilitate the Conversion Route (as defined below) in connection with the proposed Delisting and to provide flexibility for the Sub-Fund to track the performance of the Index after the proposed Delisting, the Manager proposes that, as an ancillary investment of the Sub-Fund, the Manager may invest up to 10% of the Net Asset Value of the Sub-Fund in the units or shares in other ETF(s) which are authorised by the SFC under Chapter 8.6 of the Code and listed and regularly traded on the SEHK. The investment objective, policy and underlying investments of the ETF(s) invested by the Sub-Fund shall be in line with that of the Sub-Fund. The investments in the ETF(s) (which may include TraHK) will be considered and treated as listed securities for the purposes of and subject to the requirements in Chapter 7.1, 7.1A and 7.2 of the Code. For the avoidance of doubt, where the Sub-Fund invests in any ETF(s) managed by the Manager or its Connected Persons, all initial charges and redemption charges on the ETF(s) will be waived.

The Manager confirms that there will not be any material change in the tracking error of the Sub-Fund or the fee level/cost in managing the Sub-Fund as a result of the adoption of the Ancillary Investment Strategy.

Investors should note that the adoption of the Ancillary Investment Strategy may involve risks associated with investing in other funds. The Sub-Fund will be subject to additional costs or another layer of fees charged at the underlying ETF's level. There can be no assurance that an underlying ETF's investment objective and strategy will be achieved successfully, and there is also no guarantee that the underlying ETF(s) will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

Assuming the Extraordinary Resolution is passed at the Meeting in accordance with the Trust Deed, the effective date of the change of investment strategy as described in this section 3 will be the EGM Result Announcement Date.

#### 4. **Important dates**

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

Dispatch of this Announcement and Notice and the EGM Notice	13 June 2022
The Record Date, being the date as at which an investor needs to be recorded by the 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 attend and vote at the Meeting	6 July 2022
Time and date of the Meeting	4:30 p.m. on 13 July 2022
Announcement of the results of the Meeting	Before 8:30 a.m. on 14 July 2022
<p><i>The following dates will only be relevant if the Extraordinary Resolution is passed at the Meeting. If the Meeting is adjourned, then each date below will be postponed to a date which is approximately 15 calendar days after the relevant date stated below. At such adjourned meeting one or more Unitholder(s) present in Person or by proxy shall be a quorum for all purposes at such adjourned meeting. The Manager will issue a notice informing the Unitholders about the details of the adjourned meeting (if any) and the revised dates of the following events in due course. For the avoidance of doubt, the Extraordinary Resolution will remain the same at the adjourned meeting. In addition, if there is any change to the dates below, the Manager will issue an announcement informing the Unitholders of the revised dates:</i></p>	
EGM Result Announcement Date, being (i) the effective date of the Amended Trust Deed; (ii) the effective date of the adoption of Ancillary Investment Strategy; (iii) the first day on which requests to transfer the Units to Hang Seng Bank may be submitted by the investors; and (iv) the first day on which requests to convert the Units in the Sub-Fund to units in TraHK may be submitted by the investors	14 July 2022
The Last Trading Day, being the last day on which investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place	2 September 2022



The Trading Cessation Date, being the date on which dealings in the Units on the SEHK cease	5 September 2022
The Application Deadline, being the last day on which (i) requests for transfer of Units to Hang Seng Bank and (ii) requests for conversion of Units in the Sub-Fund to TraHK may be accepted	7 September 2022
Announcement of the Conversion Ratio and residual cash proceeds per Unit of the Sub-Fund	8 September 2022
Distribution of units of TraHK and residual cash proceeds in Hong Kong Dollar, being the Sub-Fund's base currency to investors who have provided conversion instruction during the Application Period	After 4:30 p.m. on 9 September 2022
The Delisting Day, also being the day on which the Units are withdrawn from CCASS and transferred to Hang Seng Bank for investors who have successfully opened an account with Hang Seng Bank and provided the transfer instruction on or before the Application Deadline  The first day on which investors may (i) trade the units in TraHK on the SEHK or (ii) deal in the unlisted Units of the Sub-Fund	9:00 a.m. on 13 September 2022

The Manager will issue further announcements to investors in the event that there is any change to the dates above, including any change due to the extreme weather conditions.

**Investors should note that:**

- (a) **An investor must open an investment fund account directly with Hang Seng Bank under the account number suffix of 382 before the Units in the Sub-Fund can be transferred from CCASS to Hang Seng Bank on the Delisting Day. Account opening with Hang Seng Bank is subject to compliance with the normal client acceptance rules and procedures of Hang Seng Bank. Investors can open an investment fund account directly with Hang Seng Bank free of charge. Investors should note that no transfer of ownership of the Units in the Sub-Fund is allowed by way of the Unlisted Fund Route (i.e. the relevant investor must open an investment fund account in the name and with the identification details identical to those of his/her securities account held with the relevant stockbroker or financial intermediary). If the relevant investor has an existing investment fund account opened directly with Hang Seng Bank, such account must be in the name and with the identification details identical to those of his/her securities account held with the relevant stockbroker or financial intermediary.**
- (b) **Unlike the Unlisted Fund Route which will remain available after the Delisting Day, investors may only request to select the Conversion Route on or before the Application Deadline.**
- (c) **Investors are urged to take action prior to the Last Trading Day (if they wish to dispose of their Units on the SEHK) or the Application Deadline (if they wish to select the Unlisted Fund Route or the Conversion Route). Depending on the action/inaction of the investors, investors are reminded that they will bear all risks associated with the black-out period from the Trading Cessation Date to the day immediately preceding the Delisting Day (if they select the Unlisted Fund Route or the Conversion Route) and all risks associated with the inability to redeem the Units (if they do not take any action in respect of their Units). Investors should note and consider the risk factors as set out in section 10.1 below.**

- (d) **If an investor continues to hold Units after the Last Trading Day and does not indicate any intention to transfer or convert the Units on or before the Application Deadline, or, if the investor intends to select the Unlisted Fund Route but does not have a valid investment fund account with Hang Seng Bank on or before the Application Deadline, or, if the investor does not otherwise take any action before the Delisting Day, the Units will remain in CCASS after the Delisting Day and will no longer be tradeable on the SEHK nor be otherwise dealt with. As the Units of the Sub-Fund will no longer be recognised as eligible securities by the HKSCC as the operator of CCASS after the Delisting Day, the HKSCC will cease to provide any services (including nominee services) relating to the Units in accordance with the CCASS rules. Investors will need to first complete the investment fund account opening process with Hang Seng Bank and liaise with his/her stockbroker or other financial intermediary directly to arrange for the Units to be transferred from CCASS to Hang Seng Bank after the Delisting Day before he/she can redeem the Units at the Net Asset Value. Investors should contact the Manager directly if they are not able to open an investment fund account with Hang Seng Bank to transfer the Units from CCASS. If no action is otherwise taken after the Delisting Day or if there is any delay or failure in transferring the Units to Hang Seng Bank, it will adversely affect the ability of the investors from the Delisting Day to (i) redeem the Units, (ii) receive dividend distribution, and (iii) exercise his/her rights as a Unitholder. In the worst scenario, investors will not be able to redeem the Units from the Delisting Day.**

The Manager will, on a weekly basis from the date of this Announcement and Notice to the Last Trading Day, issue a reminder announcement informing and reminding investors of the date of the Meeting (so long as it remains applicable), the Application Deadline, the Last Trading Day, the Trading Cessation Date and the Delisting Day.

The Manager will also issue a reminder announcement informing and reminding investors to take actions on a quarterly basis for the first 36 months from the Delisting Day and on an annual basis thereafter.

All stockbrokers and financial intermediaries are urged to (i) 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 and (ii) consolidate their clients' transfer instructions and/or conversion instructions and forward them to the HKSCC on or before the Application Deadline.

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

On any trading day up to and including the Last Trading Day, an investor may continue to buy or sell his/her Units in the Sub-Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. At least one Market Maker of the Sub-Fund for each of the HKD counter and RMB counter will continue to perform their market making functions in accordance with the Trading Rules of the SEHK in respect of the Sub-Fund.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a SFC transaction levy (at 0.0027% of the price of the Units), a Financial Reporting Council ("FRC") transaction levy (at 0.00015% of the price of the Units) and a SEHK trading fee (at 0.005% of the price of the Units) will be payable by each of the buyer and the seller of the Units. Investors are advised to contact their independent financial intermediaries or professional advisers to seek their professional advice.

The trading price of Units may be below or above the Net Asset Value per Unit.

#### **6. Potential courses of actions to be taken by investors on or before the Application Deadline**

For the avoidance of doubt, the Unlisted Fund Route and the Conversion Route set out below are subject to the approval by the Unitholders of the Extraordinary Resolution at the Meeting. An investor who has provided the conversion instruction or the transfer instruction (as the case may be) indirectly through his/her stockbroker or financial intermediary should check with his/her stockbroker or financial intermediary as to whether such instruction may be revoked or withdrawn on or before the Application Deadline. Subject to the consent of, and any earlier deadline, restrictions or other

arrangements imposed by, the relevant stockbroker or financial intermediary, an investor may revoke or withdraw such instruction on or before the Application Deadline and dispose of his/her units at the prevailing market price in the secondary market on the SEHK up to and including the Last Trading Day as he/she sees fit. Investors should note that no transfer instruction or conversion instruction may be revoked or withdrawn after the Application Deadline.

#### 6.1 **Unlisted Fund Route**

Assuming the Extraordinary Resolution in respect of the Proposal is passed at the Meeting in accordance with the Trust Deed, Hang Seng Bank will be appointed as the designated authorised distributor of the Sub-Fund and an investor who wishes to retain or dispose of his/her Units after the Delisting Day is required to open an investment fund account directly with Hang Seng Bank under the account number suffix of 382 and inform the Manager of his/her intention to transfer all of the Units held by him/her into the account with Hang Seng Bank by providing a transfer instruction to the HKSCC (if such an investor is a CCASS Participant) or indirectly through his/her stockbroker or financial intermediary on or before the Application Deadline (investors should note that their stockbroker or financial intermediary may impose an earlier deadline than the Application Deadline). Units will then be transferred from CCASS to Hang Seng Bank on the Delisting Day. Investors should also note that no partial transfer of the Units will be allowed.

From the Delisting Day onwards, the investors may deal in the Units in the Sub-Fund as an unlisted index fund at the Net Asset Value of the Sub-Fund during normal business hours (subject to any earlier dealing cut-off times or other restrictions or arrangements of the distributor(s)).

**Please note that account opening with Hang Seng Bank is subject to compliance with the normal client acceptance rules and procedures of Hang Seng Bank. There is no assurance that an investor may duly satisfy the client acceptance rules and procedures and transfer procedures of Hang Seng Bank. Any inaccurate or incomplete information provided in the relevant transfer instruction by an investor under the Unlisted Fund Route may result in failure of transfer of Units, in which case any instruction received from such an investor would be treated as never been received. Unless agreed by the Manager and subject to the onboarding requirements of the Manager under applicable laws and regulations, investors cannot open their accounts directly with the Manager and must open an investment fund account with Hang Seng Bank.**

Investors are therefore urged to liaise with his/her financial intermediary to arrange for the Units to be transferred from CCASS to Hang Seng Bank. Investors can open an investment fund account directly with Hang Seng Bank free of charge. Investors should note that no transfer of ownership of the Units in the Sub-Fund is allowed by way of the Unlisted Fund Route (i.e. the relevant investor must open an investment fund account directly with Hang Seng Bank in the name and with the identification details identical to those of his/her securities account held with the relevant stockbroker or financial intermediary). If the relevant investor has an existing investment fund account opened directly with Hang Seng Bank, such account must be in the name and with the identification details identical to those of his/her securities account held with the relevant stockbroker or financial intermediary. As the account opening process with Hang Seng Bank will take time and subject to its normal client acceptance rules and procedures, investors who intend to sell or continue to hold the Units in the Sub-Fund after the Delisting Day and do not have a valid investment fund account directly with Hang Seng Bank are urged to open an investment fund account with Hang Seng Bank as soon as possible. Investors should contact the Manager directly if they are not able to open an investment fund account with Hang Seng Bank to transfer the Units from CCASS.

**Costs associated with the transfer of Units from CCASS to Hang Seng Bank will be borne by the Manager. Investors' stockbrokers or financial intermediaries may however levy certain fees and charges and/or pass on any fees or charges incurred by HKSCC for any transfer of Units in the Sub-Fund to Hang Seng Bank which may be borne by the investors.**

**The Unlisted Fund Route will remain available after the Delisting Day.** The investors who wish to obtain more information about the transfer process and the fees and charges chargeable by their stockbrokers or financial intermediaries should contact their respective stockbrokers or financial intermediaries.

## 6.2 Conversion Route

Assuming the Extraordinary Resolution in respect of the Proposal is passed at the Meeting in accordance with the Trust Deed, on any trading day from the EGM Result Announcement Date up to and including the Application Deadline, an investor may alternatively request the Manager to convert all of the Units held by him/her into units of the TraHK by providing a conversion instruction to the HKSCC (if such investor is a CCASS Participant) or indirectly via his/her stockbroker or financial intermediary on or before the Application Deadline. Investors should note that their stockbrokers or financial intermediaries may impose earlier deadlines than the Application Deadline or a minimum number of units to be converted. Investors should also note that no partial conversion of holdings of the Units will be allowed.

TraHK is a collective investment fund structured as a unit trust established under Hong Kong law. It is an index tracking ETF authorised by the SFC. The units of TraHK are listed and traded on the SEHK like listed stocks. A comparison table showing the differences and similarities between the Sub-Fund after the Delisting and TraHK is set out in Appendix B to this Announcement and Notice. Please also refer to the offering documents of TraHK, which are available from [www.trahk.com.hk](http://www.trahk.com.hk) (this website has not been reviewed by the SFC), for further information on TraHK including its investment objective and the risks associated with investing in TraHK. Please note that SFC authorisation 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 that the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

A conversion of Units (whether previously traded in the HKD counter or the RMB counter in the secondary market on SEHK) between the Sub-Fund and TraHK will be effected in the following manner. The Manager may, on receipt of the conversion request, effect the redemption of the relevant investor's Units in the Sub-Fund and require the Trustee to transfer from the portfolio of the Sub-Fund the corresponding number of units of TraHK according to the Conversion Ratio and a cash payment (if any) in Hong Kong Dollars, being the Sub-Fund's base currency to the relevant investor.

The conversion ratio used to calculate the number of units in TraHK an investor will receive is based on the Net Asset Value per Unit of the Sub-Fund in its base currency (i.e. Hong Kong Dollars) relative to the net asset value per unit of TraHK (plus the Conversion Costs) as calculated on the Application Deadline (the "Conversion Ratio"):

$$\frac{\text{Net Asset Value per Unit of the Sub-Fund}}{\text{Net asset value per unit of TraHK plus Conversion Costs}} = \text{Conversion Ratio}$$

The Conversion Ratio will be truncated to the nearest two decimal places and subject to a cap of one. Such Conversion Ratio will then be applied to the number of Units held by the relevant investor in the Sub-Fund to calculate and determine the number of units the relevant investor will receive in TraHK.

In addition to the units in TraHK, a relevant investor may also receive residual proceeds from the conversion of each Unit in the Sub-Fund into a unit in TraHK in the form of cash payment in Sub-Fund's base currency, i.e. Hong Kong Dollars. Such residual proceeds per Unit of the Sub-Fund upon conversion will be the difference between (i) the Net Asset Value per Unit of the Sub-Fund and (ii) the net asset value per unit of TraHK (after applying the conversion ratio and taking into account the Conversion Costs), rounded to the nearest two decimal places with any amount of 0.005 or above being rounded up. Such residual proceeds calculated on a unit basis will then applied to the number of Units held by relevant investor in the Sub-Fund to calculate the total amount of residual proceeds to be distributed to the relevant investor. Investors should therefore note that the total amount of the residual cash proceeds may exceed the net asset value of one unit of TraHK and, depending on the holding of the Units of the relevant investor, may potentially be substantial.

No fractional units in TraHK will be distributed.

Below are two illustrative examples showing how the Conversion Ratio will be calculated and applied when the Net Asset Value per Unit of the Sub-Fund is higher than the net asset value per unit of TraHK *and vice versa*, assuming the relevant investor is holding a board lot of 100 Units of the Sub-Fund immediately before the conversion.

	<b>Scenario A</b>	<b>Scenario B</b>
Net Asset Value per Unit of the Sub-Fund and the net asset value per unit of TraHK	Based on net asset value information on <b>2 June 2022</b> Net Asset Value per Unit of the Sub-Fund: HKD21.5693 Net asset value per unit of TraHK: HKD21.3394  Conversion Costs are assumed to be 0.15% of the net asset value per unit of TraHK*	Based on net asset value information on <b>28 October 2021</b> Net Asset Value per Unit of the Sub-Fund: HKD25.9728 Net asset value per unit of TraHK: HKD26.2236  Conversion Costs are assumed to be 0.15% of the net asset value per unit of TraHK*
Conversion Ratio calculation	$21.5693 / (21.3394 \times 1.0015)$ = 1 (the Conversion Ratio is capped at one)	$25.9728 / (26.2236 \times 1.0015)$ = 0.98 (truncated to the nearest two decimal places)
Number of units in TraHK to be received by the relevant investor	100 Units of the Sub-Fund $\times$ 1 = 100 units in TraHK	100 Units of the Sub-Fund $\times$ 0.98 = 98 units in TraHK
	plus residual proceeds in cash	

\* For each Unit of the Sub-Fund to be converted to a unit in TraHK, the Conversion Costs are expected to be an amount within an indicative range of 0.10% and 0.20% of the net asset value per unit of TraHK. For illustrative purposes only, Conversion Costs are assumed to be 0.15% of the net asset value per unit of TraHK in both scenarios.

Investors should note that the above is for illustration purposes only and the actual Conversion Ratio will be calculated based on the Net Asset Value per Unit of the Sub-Fund and the net asset value per unit of TraHK (after taking into account the Conversion Costs) as of the Application Deadline and will be announced by the Manager on 8 September 2022.

Investors may find the latest Net Asset Value per Unit of the Sub-Fund and the latest net asset value per unit of TraHK on the Manager's website [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) and TraHK's website [www.trahk.com.hk](http://www.trahk.com.hk) (this website has not been reviewed by the SFC) respectively.

Despite the similar investment objective and strategy between the Sub-Fund and TraHK, the aggregate value of the units in TraHK and the residual proceeds distributed to an investor will, as near as practicable, be equal to the aggregate value of the Units held by him/her in the Sub-Fund as of the Application Deadline (any minor difference in the aggregate value will be due to rounding adjustments, Conversion Costs and the cap and/or the truncating treatment in the calculation of the Conversion Ratio). Please note that due to the difference in the board lot size between the Sub-Fund and TraHK, the units in TraHK distributed to an investor may not be a round lot of TraHK, hence affecting the investor's ability to sell the units of TraHK in the secondary market on the SEHK. For example, the relevant investors may sell the odd lots at a discount. The Units (whether previously traded in HKD counter or RMB counter in the secondary market on SEHK) which are converted to units in TraHK will only be traded in HKD counter of TraHK.

The conversion will be effected and units in TraHK will be distributed after trading hours on 9 September 2022 via CCASS to whom have provided the conversion instruction during the Application Period. Investor should note that the time and date of receipt of the units in TraHK may differ subject to the arrangements of the stockbrokers and financial intermediaries through whom the investors hold the units in TraHK. The stockbrokers and financial intermediaries may also have their own rounding treatment for the residual proceeds to be distributed to the investors. The Investors are advised to consult their stockbroker or other financial intermediary accordingly. From the Delisting Day of the Sub-Fund onwards, the investors may trade the converted units of TraHK in the secondary market on the SEHK during normal trading hours in accordance with the usual trading arrangements currently in place as set out in the offering documents of TraHK.

The Trustee and/or the Manager may at any time and from time to time by written notice require the relevant investor to provide to the Trustee and/or the Manager such information and evidence as it or they shall require in respect of any matter concerned with or in relation to such investor's holding of the Units and the conversion instruction.

**The Conversion Costs will be borne by the relevant investors and will be taken into account in calculating the applicable Conversion Ratio. For each Unit of the Sub-Fund to be converted to a unit in TraHK, the Conversion Costs are expected to be an amount within an indicative range of 0.10% and 0.20% of the net asset value per unit of TraHK. Investors should also note that stockbrokers or other financial intermediaries may impose a fee and/or pass on any fees or charges incurred by HKSCC for each conversion.**

Investors should contact their respective stockbrokers or financial intermediaries for more information about the conversion process and the fees and charges chargeable by their stockbrokers or financial intermediaries.

#### 7. **Potential courses of action(s) to be taken by investors after the Last Trading Day**

Assuming the Extraordinary Resolution in respect of the Proposal is passed at the Meeting in accordance with the Trust Deed, investors who do not sell their Units at the prevailing market price on the SEHK on or before the Last Trading Day, nor submit a conversion instruction to convert his/her Units to units in TraHK will remain as investors in the Sub-Fund, which will be delisted from the SEHK. Consequently, any such investor will no longer be able to sell his/her Units on the SEHK after the Last Trading Day. Effective from the Trading Cessation Date, the Units will cease trading on the SEHK, that is, investors will only be allowed to buy or sell Units on the SEHK until (and including) the Last Trading Day which is 2 September 2022 and will not be allowed to do so from the Trading Cessation Date onwards.

After the Delisting, the Units will no longer be recognised as eligible securities by the HKSCC as operator of CCASS. **The Units will no longer be tradable at a market price during trading sessions on the SEHK and can no longer be settled through CCASS after the Delisting.** The delisted Units will be transferred from CCASS to Hang Seng Bank on the Delisting Day for the investors who have selected the Unlisted Fund Route, subject to the investors having a valid investment fund account with Hang Seng Bank on or before the Application Deadline.

**If an investor continues to hold Units after the Last Trading Day and does not indicate any intention to transfer or convert the Units by the Application Deadline, or if the investor intends to select the Unlisted Fund Route but does not have a valid investment fund account with Hang Seng Bank on or before the Application Deadline, or if the investor does not otherwise take any action before the Delisting Day, the Units will remain in CCASS after the Delisting Day and will no longer be tradeable on the SEHK nor be otherwise dealt with. As the Units of the Sub-Fund will no longer be recognised as eligible securities by the HKSCC as the operator of CCASS after the Delisting Day, the HKSCC will cease to provide any services (including nominee services) relating to the Units in accordance with the CCASS rules. Investors will need to first complete the investment fund account opening process with Hang Seng Bank and liaise with his/her stockbroker or other financial intermediary directly to arrange for the Units to be transferred from CCASS to Hang Seng Bank after the Delisting Day before he/she can redeem the Units at the Net Asset Value. Investors should contact the Manager directly if they are not able to open an investment fund account with Hang Seng Bank to transfer the Units from CCASS. If no action is otherwise taken after the Delisting Day or if there is any**

**delay or failure in transferring the Units to Hang Seng Bank, it will adversely affect the ability of the investors from the Delisting Day to (i) redeem the Units, (ii) receive dividend distribution, and (iii) exercise his/her rights as a Unitholder. In the worst scenario, investors will not be able to redeem the Units from the Delisting Day.**

Investors who wish to obtain more information about the transfer of delisted Units to Hang Seng Bank and the fees and charges chargeable by their stockbrokers or financial intermediaries should contact their respective stockbrokers or financial intermediaries.

Investors who remain as investors of the Sub-Fund after the Last Trading Day are reminded that they will bear all risks associated with the reduced liquidity for the Units. Investors whose Units remain on CCASS after the Delisting Day are reminded that they will bear all risks associated with the inability to redeem the Units. Investors should note and consider the risk factors as set out in section 10.1 below. **Investors are urged to consider the adverse impact of inaction in respect of their Units and the limitations on retaining the Units with CCASS after the Delisting Day and to promptly take all necessary actions where appropriate.**

## 8. **Consequences of the Delisting**

### 8.1 **Continued existence of the Sub-Fund**

Assuming the Extraordinary Resolution is passed at the Meeting in accordance with the Trust Deed, the Sub-Fund will maintain its SEHK listing status until the Delisting Day. Subject to the SEHK's approval, the Delisting will take place on the Delisting Day.

Investors who remain as investors of the Sub-Fund after the Last Trading Day should take note that once Delisting has occurred, the Units of the Sub-Fund will no longer be tradeable in the secondary market on the SEHK. This means that the Sub-Fund will no longer be an index tracking ETF, its Units will no longer be tradable at a market price during trading sessions on the SEHK and can no longer be settled through CCASS.

The delisted Units (whether previously traded in HKD counter or RMB counter in the secondary market on SEHK) which are transferred from CCASS to Hang Seng Bank will remain in the same class with Hong Kong Dollar as the class currency (i.e. the Units will no longer be traded in RMB after the Units are delisted on the Delisting Day). Hang Seng Bank will be appointed as the designated authorised distributor of the Sub-Fund.

For the avoidance of doubt, after the Delisting, the Sub-Fund will remain a sub-fund of the Trust and authorised by the SFC as an unlisted index fund as defined under Chapter 8.6 of the Code and will continue to be subject to Hong Kong regulation by the SFC under the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structural Products including the Code.

Save as otherwise provided in this Announcement and Notice (i.e. the proposed voluntary cessation of trading and Delisting, the proposed amendments to the Trust Deed, and the proposed adoption of Ancillary Investment Strategy), the Manager confirms that:

- (i) there will be no change in the operation and/or manner in which the Sub-Fund is being managed. The investment objective, investment strategy, underlying index and underlying investments of the Sub-Fund will remain unchanged;
- (ii) there is no material change to the risk profile of the Sub-Fund; and
- (iii) the Delisting will not give rise to any matter or impact that may materially prejudice the rights or interests of the existing Unitholders of the Sub-Fund.

Investors who remain as investors of the Sub-Fund after the Last Trading Day are reminded that they will bear all risks associated with the reduced liquidity for the Units. Investors should note and consider the risk factors as set out in section 10.1 below.

An updated offering document including an updated product key facts statement of the Sub-Fund will be published on the Manager's website at [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) from the Delisting Day.

## 8.2 **Change of name of the Sub-Fund**

Subject to the approval of the Proposal by the Extraordinary Resolution at the Meeting, the name of the Sub-Fund will be changed to Hang Seng Index Tracking Fund with effect from the Delisting Day.

## 8.3 **Reduction of Management Fee**

Currently, the Manager is entitled to receive a management fee of 0.05% per annum of the Net Asset Value of the Sub-Fund.

Subject to the approval of the Proposal by the Extraordinary Resolution at the Meeting, the management fee schedule of the Sub-Fund will be changed with effect from the Delisting Day as follows:

- (a) 0.045% per annum on the first HKD15 billion of the Net Asset Value;
- (b) 0.030% per annum on the next HKD15 billion of the Net Asset Value;
- (c) 0.020% per annum on the next HKD15 billion of the Net Asset Value; and
- (d) 0.015% per annum on the remaining balance of the Net Asset Value.

## 9. **Costs**

Costs associated with the Proposal will be borne by the Manager. Costs associated with the transfer of Units from CCASS to Hang Seng Bank will be borne by the Manager. The Conversion Costs will be borne by the relevant investors and such costs will be taken into account in calculating the Conversion Ratio and the Conversion Costs, for each Unit of the Sub-Fund to be converted to a unit in TraHK, are expected to be an amount within an indicative range of 0.10% and 0.20% of the net asset value per unit of TraHK.

Investors' stockbrokers or financial intermediaries may levy certain fees and charges for (i) any orders to dispose of Units on or before the Last Trading Day, (ii) any transfer of Units in the Sub-Fund to Hang Seng Bank and/or (iii) any request for conversion of Units to units in TraHK. If an investor sells his/her Units (either in the secondary market on the SEHK or in the primary market through a Participating Dealer or the Manager) before the Delisting Day, Participating Dealer's fees, SFC transaction levy, FRC transaction levy and SEHK trading fees may also be payable by the investor. For the avoidance of doubt, investors can open an investment fund account directly with Hang Seng Bank free of charge.

## 10. **Other matters**

### 10.1 **Other implications of the proposed voluntary cessation of trading and Delisting**

In consequence of this Announcement and Notice and the proposed voluntary cessation of trading and Delisting, investors should note and consider the following risks. Investors should also refer to the risks disclosed in the Hong Kong Offering Document and, if applicable, the risks disclosed in the offering documents of TraHK.

**"Liquidity risk"** - Trading of Units in the Sub-Fund on the SEHK from the date of this Announcement and Notice may become less liquid.



**“Units trading at a discount or premium and Market Maker’s inefficiency risk”** - The Unit may trade at a discount or premium of its Net Asset Value. Although up to and including the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Sub-Fund in accordance with the Trading Rules of the SEHK, Units in the Sub-Fund may trade at a discount compared to its Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after the proposed Delisting has been announced but there may not be many investors in the market who are willing to purchase the Units. In particular, should there be a large demand for selling the Units before the Trading Cessation Date, the Market Makers 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.

**“Lack of voting right risk”** - Only investors who are determined as beneficial owners of Units in the Sub-Fund as at the Record Date will be entitled to vote at the Meeting. However, as the trading of Units will continue from the Record Date through the Last Trading Day, investors who purchase the Units after the Record Date but before the Last Trading Day will not be entitled to vote at the Meeting. By contrast, investors who sell their Units after the Record Date but before the Last Trading Day will remain entitled to vote at the Meeting.

**“Inability to redeem the Units risk”** - Subject to the approval of the Proposal by the Extraordinary Resolution at the Meeting, the Units will no longer be recognised as eligible securities by the HKSCC as operator of CCASS after the Delisting Day.

If an investor continues to hold Units after the Last Trading Day and does not indicate any intention to transfer or convert the Units by the Application Deadline, or if the investor intends to select the Unlisted Fund Route but does not have a valid investment fund account with Hang Seng Bank on or before the Application Deadline, or if the investor does not otherwise take any action before the Delisting Day, the Units will remain in CCASS after the Delisting Day and will no longer be tradeable on the SEHK nor be otherwise dealt with. As the Units of the Sub-Fund will no longer be recognised as eligible securities by the HKSCC as the operator of CCASS after the Delisting Day, the HKSCC will cease to provide any services (including nominee services) relating to the Units in accordance with the CCASS rules. Investors will therefore need to first complete the investment fund account opening process with Hang Seng Bank and liaise with his/her stockbroker or other financial intermediary directly to arrange for the Units to be transferred from CCASS to Hang Seng Bank after the Delisting Day before he/she can redeem the Units at the Net Asset Value. Investors should contact the Manager directly if they are not able to open an investment fund account with Hang Seng Bank to transfer the Units from CCASS. If no action is otherwise taken after the Delisting Day or if there is any delay or failure in transferring the Units to Hang Seng Bank, it will adversely affect the ability of the investors from the Delisting Day to (i) redeem the Units, (ii) receive dividend distribution, and (iii) exercise his/her rights as a Unitholder. In the worst scenario, investors will not be able to redeem the Units from the Delisting Day.

**“Transitional risks”** - Conditional upon the Proposal being approved by the Extraordinary Resolution at the Meeting, the Sub-Fund will no longer be an ETF and its Units will no longer be tradable at a market price during trading sessions on the SEHK. The Units of the Sub-Fund will cease trading from Trading Cessation Date and there will be no further buying or selling Units on the SEHK from the Trading Cessation Date onwards. The liquidity of the Units may also be reduced as a result. The investors who remain as investors of the Sub-Fund may also bear the risk relating to the transfer of Units from CCASS to Hang Seng Bank, the settlement risk of Hang Seng Bank and the risk in connection with the subsequent custody of the Units. The investor may also be unable to satisfy the client acceptance rules and requirements, or the transfer procedures of Hang Seng Bank, in which case the Units may not be transferred from CCASS to Hang Seng Bank.

**“Risks associated with the black-out period”** - Investors whose transfer instruction or conversion instruction remains valid and effective after the Application Deadline will not be able to sell or otherwise deal in their units at all notwithstanding any market fluctuation during the black-out period from the Trading Cessation Date to the day immediately preceding the Delisting Day. Investors may only trade their units in TraHK on the SEHK or deal in the unlisted Units of the Sub-Fund (as the case may be) from the Delisting Day onwards. Investors may suffer losses as a result of any market fluctuation during the black-out period.

**“Net Asset Value downward adjustment risk”** – Investors should note that dealing in the Sub-Fund either before or after the Delisting may continue to be subject to general market risks. Changes in economic environment, consumption pattern and investors’ expectations may have significant impact on the value of the investments and there may be a significant drop in value of the securities. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit.

## 10.2 **Tax implications**

Please note that the tax implications on each investor arising from the different options in handling the Sub-Fund’s Units as a result of the Delisting would vary depending on the law and regulations of the relevant investor’s country of residence, citizenship or domicile. **Investors should consult their professional financial advisers for tax advice.**

In general, investors will not be subject to Hong Kong profits tax on any gains / losses arising from the different options in handling the Sub-Fund’s Units as a result of the Delisting. However, if such gains / losses are regarded as arising from a trade, profession or business carried on in Hong Kong, then such gains / losses may be subject to Hong Kong profits tax.

No Hong Kong stamp duty is payable by an investor on the issuance and redemption of the Sub-Fund’s Units or the conversion of the Sub-Fund’s Units into TraHK’s units. Investors should also refer to the section “Taxation” in the Hong Kong Offering Document for the Hong Kong stamp duty implications in general.

## 10.3 **Connected party transaction**

Paragraph 22 of Schedule 2 of the Trust Deed provide that neither the Trustee, the Manager, any investment delegate nor any of their Connected Persons shall in relation to any Units beneficially owned by them be entitled to vote at, or be counted in the quorum of, any meeting of Unitholders in respect of which the Trustee, the Manager, the investment delegate or (as the case may be) such Connected Person has a material interest in the business transacted or to be transacted at such meeting.

Therefore none of the Trustee, the Manager or any of their respective Connected Persons shall cast any vote in respect of Units beneficially owned by it in relation to the Extraordinary Resolution as it or its Connected Persons has a material interest in the Extraordinary Resolution. Furthermore, all Units beneficially owned by the Trustee or the Manager (as the case may be) and any of their respective Connected Persons shall be ignored for all purposes in establishing whether or not a quorum is present as if such Units were not then in issue.

The Manager, in consultation with the Trustee, will use its best efforts to take all necessary steps and make all reasonable enquiries prior to the Meeting to confirm that no investor beneficially owns any Units in the Sub-Fund who is also a Connected Person of the Manager or the Trustee will cast any vote on the Extraordinary Resolution at the Meeting nor will such an investor be counted in the quorum of the Meeting.

Any investor who beneficially owns any Units in the Sub-Fund and is a Connected Person of the Manager and/or the Trustee shall not cast any vote on the Extraordinary Resolution at the Meeting and he/she shall not be counted in the quorum of the Meeting.

## 11. **Procedures**

### 11.1 **Extraordinary General Meeting**

The implementation of the Proposal is subject to the approval by the Unitholders at the Meeting to be held on 13 July 2022 of the Extraordinary Resolution (as set out in the accompanying EGM Notice) to approve the Proposal.

The quorum for passing the Extraordinary Resolution shall be one or more Unitholder(s) present in person or by proxy registered as holding not less than one-quarter of the Units for the time being in issue. If the Meeting is adjourned because a quorum is not present, one or more Unitholder(s) present in person or by proxy shall be a quorum at such adjourned meeting.

The Extraordinary Resolution must be passed by 75% or more of the votes of those present and entitled to vote in person or by proxy. According to Paragraph 22 in Schedule 2 of the Trust Deed and Chapter 6.15(h) of the Code, none of the Trustee, the Manager or any of their respective Connected Persons shall cast any vote in respect of Units beneficially owned by it at, or be counted in the quorum for, a meeting at which it has a material interest in the business to be contracted.

According to the Manager's understanding as at the date of this Announcement and Notice, each of the Trustee, the Manager and their respective Connected Persons are the parties which shall abstain from voting at the Meeting in respect of Units beneficially owned by it and whose Units have to be ignored for purposes in establishing whether or not a quorum is present at the Meeting as if such Units were not then in issue as it has a material interest in the Extraordinary Resolution.

## 11.2 Recommendation

Taking into account various factors, namely (i) the majority of investors of the Sub-Fund are institutional professional investors who typically deal in the primary market, (ii) the trading activity of the Sub-Fund on the SEHK has been relatively low considering the asset under management of the Sub-Fund, and (iii) the delisting from SEHK will lower the operational costs (i.e. listing related costs) and streamline the operational arrangement of the Sub-Fund which is conducive to the proposed reduction of the management fee of the Sub-Fund (as detailed in section 8.3 above), the Manager considers the Proposal to be in the best interest of investors and recommends investors to vote in favour of the Extraordinary Resolution.

## 11.3 Action to be taken

If you would like to vote and/or to attend the Meeting personally and/or appoint a representative to attend the Meeting to vote on your behalf, you will need to follow Procedure (A) if you hold an investor participant account with CCASS and your Units are held in that account as at the Record Date; or Procedure (B) if your Units are held by or through your broker or custodian who is a participant of CCASS as at the Record Date.

### *Procedure (A)*

- If you personally hold an account with CCASS, HKSCC will notify you of the Meeting.
- If you wish to vote but do not wish to attend the Meeting, you simply need to instruct HKSCC whether you wish to vote in favour of the Extraordinary Resolution or against them on or before the date as may be informed by HKSCC through CCASS channels to be the last day for an investor who personally holds an account with CCASS to instruct HKSCC whether he/she wishes to vote in favour of the Extraordinary Resolution or against them (the "CCASS Deadline"). HKSCC will then vote on your behalf according to your wishes.
- If you wish to vote in person or appoint a representative to attend the Meeting to vote on your behalf, you need to notify HKSCC that you or your representative (as the case may be) would like to attend and vote at the Meeting. You will need to do so on or before the CCASS Deadline. HKSCC will appoint you or your representative (as the case may be) as its proxy in respect of your own Units and then provide the Manager and HSBC Institutional Trust Services (Asia) Limited (the "Registrar") with a list of proxies who will attend and vote at the Meeting. You or your representative (as the case may be) will only be permitted to attend the Meeting if your name or your representative's name (as the case may be) is on HKSCC's list.

### *Procedure (B)*

- If you hold your Units through a broker or custodian who is a participant of CCASS, HKSCC will only notify your broker or custodian of the Meeting.
- Your broker or custodian should then notify you of the Meeting. If you do not hear from your broker or custodian about the Meeting, we recommend that you contact your broker or custodian.
- If you wish to vote but do not wish to attend the Meeting, you simply need to instruct your broker or custodian whether you wish to vote in favour of the Extraordinary Resolution or against it on or before the deadline as determined by your broker or custodian. Your broker or custodian should then make arrangements with HKSCC to vote on your behalf according to your wishes.
- If you wish to vote in person or appoint a representative to attend the Meeting to vote on your behalf you need to notify your broker or custodian that you or your representative (as the case may be) would like to attend and vote at the Meeting. You will need to do so on or before the deadline as determined by your broker or custodian. Your broker or custodian should then make arrangements with HKSCC for your name or your representative's name (as the case may be) to be added to the list of proxies who will attend the Meeting. HKSCC will then provide the Manager and the Registrar with that list. You or your representative (as the case may be) will only be permitted to attend the Meeting if your name or your representative's name (as the case may be) is on HKSCC's list.

Please note that whether you follow Procedure (A) or Procedure (B) your ability or your representative's ability (as the case may be) to attend the Meeting will depend on HKSCC being notified of your wish to attend the Meeting in person or to appoint a representative to attend the Meeting (as the case may be). The list, prepared by HKSCC, of proxies who notified their wish to attend the Meeting in person or to appoint a representative to attend the Meeting (as the case may be) will be conclusive and persons not named on the list will not be permitted to attend. This means whether or not a person will be admitted to the Meeting is beyond the control of the Manager, the Trustee or the Registrar.

The Extraordinary Resolution shall be decided by a poll. On a poll every Unitholder who is present in person or by representative shall have one vote for every Unit of which he/she is the Unitholder.

An announcement informing you of the results of the Meeting will be published on the Manager's website [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) and HKEX's website on the EGM Result Announcement Date.

### 12. **What will happen if the Extraordinary Resolution is not passed at the Meeting?**

In the event the Extraordinary Resolution is not passed at the Meeting or any adjourned meeting, the Manager will publish an announcement on the Manager's website [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) and HKEX's website to confirm that the Units will continue to be created and redeemed in the primary market through a Participating Dealer, and continue to be bought or sold in the secondary market on the SEHK, unless and until the Trust or the Sub-Fund is terminated by the Manager under the relevant provisions of the Trust Deed. For the avoidance of doubt, neither the Amended Trust Deed nor the Ancillary Investment Strategy will be adopted in such circumstances.

13. **Documents available for inspection**

Investors may inspect a copy of the following documents free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Manager, 83 Des Voeux Road Central, Hong Kong and copies may be purchased at that address on payment of a reasonable fee:

- the Trust Deed;
- agreement with HK Conversion Agency Services Limited;
- the audited annual financial reports and the interim unaudited financial reports of the Sub-Fund; and
- the Hong Kong Offering Document.

14. **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 (852) 2198 5890 during office hours.

For investment fund account opening enquiries, please contact Hang Seng Bank at (852) 2822 0228 or visit Hang Seng Bank's branch directly.

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.

**Hang Seng Investment Management Limited**

as Manager of the Sub-Fund

13 June 2022

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Hang Seng Investment Index Funds Series II**  
*a Hong Kong unit trust authorised under*  
*Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong*  
**(the “Trust”)**

**Hang Seng Index ETF**  
**(HKD Counter Stock Code: 02833 / RMB Counter Stock Code: 82833)**  
**(the “Sub-Fund”)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an extraordinary meeting (the “Meeting”) of the Sub-Fund will be held at 24/F, 83 Des Voeux Road Central, Hong Kong on 13 July 2022 at 4:30p.m. for the purpose of considering and, if thought fit, passing the following resolution:

**EXTRAORDINARY RESOLUTION**

THAT:

the voluntary cessation of trading and the voluntary withdrawal of the listing of the units of the Sub-Fund from The Stock Exchange of Hong Kong Limited, the Unlisted Fund Route and the Conversion Route (as detailed in the Announcement and Notice of the Sub-Fund dated 13 June 2022), the amendments to the Trust Deed of the Trust and the Sub-Fund (further details of which are set out in Appendix A attached to this Notice), and the ancillary investment strategy of investment of up to 10% of the Net Asset Value of the Sub-Fund in the units or shares in other index tracking exchange traded fund(s) which are authorised by the SFC under Chapter 8.6 of the Code and listed and regularly traded on the SEHK provided that the investment objective, policy and underlying investments of the ETF(s) invested by the Sub-Fund shall be in line with that of the Sub-Fund, are hereby approved and Hang Seng Investment Management Limited is authorised to take all necessary steps to effect the same.

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The quorum for passing the extraordinary resolution shall be one or more Unitholder(s) of the Sub-Fund present in person or by proxy registered as holding not less than one-quarter of the Units for the time being in issue.

The extraordinary resolution must be pass by 75% or more of the votes of those present and entitled to vote in person or by proxy. The vote of the Meeting shall be decided on a poll, meaning that every Unitholder who is present in person or by representative or by proxy at the Meeting shall have one vote for every Unit which is registered in the name of such Unitholder.

Please refer to section 11 “Procedures” of the Announcement and Notice if you wish to attend and/or vote at the Meeting.

In view of the ongoing COVID-19 pandemic, we encourage Unitholders to exercise your voting rights by proxy instead of attending the Meeting in person. As a precautionary safety measure, physical attendance at the Meeting may be restricted and there may be limited capacity for Unitholders to attend the Meeting.

Any person who will physically attend the Meeting must comply with the following COVID-19 preventive measures:

- wearing a surgical face mask at all times;
- following seating arrangements set at the Meeting;
- carrying out compulsory temperature screening/checks;
- scanning the “LeaveHomeSafe” venue QR code;
- producing valid Vaccine Pass; and
- no eating and drinking.

Any person who physically attends the Meeting but refuses to comply with the above measures or has any symptoms of COVID-19 or otherwise feels unwell will be declined entry into or be required to leave the Meeting at the absolute discretion of the Manager as permitted by law.

There will be no distribution of gifts and no refreshments will be served at the Meeting.

The Manager also urges attendees who will attend the Meeting physically to conduct a rapid antigen test on the same day before joining the Meeting.

If Typhoon Signal No.8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force at any time between 12:00 noon and 4:30 pm on the day of the Meeting, then the Meeting will be postponed and the Unitholder(s) will be informed of the date, time and venue of the postponed meeting by a supplementary notice.

If Typhoon Signal No.8 or above or a Black Rainstorm Warning Signal is cancelled at or before 12:00 noon on the day of the Meeting and, where conditions permit, the Meeting will be held as scheduled.

**Hang Seng Investment Management Limited**  
as Manager of the Sub-Fund  
Hong Kong,  
13 June 2022

## Appendix A

Please see below the proposed amendments to the Trust Deed.

1. The definition of "Application Unit" in Schedule 5 (Authorised ETF) will be amended as follows:

"Application Unit" means, in relation to each Sub-Fund, such number of Units of a class or whole multiples thereof as specified in the Offering Document for the relevant Sub-Fund or such other multiple of Units of a class from time to time determined by the Manager and approved by the Trustee **or, in respect of Hang Seng Index ETF only, such other number of Units of a class from time to time determined by the Manager, approved by the Trustee and notified by the Manager to the relevant Participating Dealers;**

2. Paragraph 4.6(b) in Schedule 5 (Authorised ETF) will be amended as follows:

(b) specify the number (which must be in an Application Unit size or whole multiples thereof **or, in respect of Hang Seng Index ETF only, such other number of Units from time to time determined by the Manager, approved by the Trustee and notified by the Manager to the relevant Participating Dealers)** and class of Units which is the subject of the Redemption Application; and

3. Paragraph 4.24(c) in Schedule 5 (Authorised ETF) will be amended as follows:

(c) In the event that a Person requesting the redemption of Units pursuant to this paragraph 4.24 is not a Participating Dealer and/or the Units to be redeemed are insufficient in number to constitute an Application Unit (or whole multiples thereof **or, in respect of Hang Seng Index ETF only, such other number of Units from time to time determined by the Manager, approved by the Trustee and notified by the Manager to the relevant Participating Dealers)**), the Manager may effect such redemption according to the Special Operating Guidelines for the redemption of Units, with adjustments thereto as the Manager deems appropriate.

4. New paragraph 7.2A will be inserted immediately after paragraph 7.2 in Schedule 5 (Authorised ETF) as follows:

**7.2A In respect of Hang Seng Index ETF only, subject to the fulfillment of the conditions set out in paragraph 7.2 and all necessary approvals of the Relevant Regulator having been obtained, where Hang Seng Index ETF is proposed to be withdrawn from listing on SEHK, the Manager may, in consultation with the Trustee and taking into account the best interests of the Holders of the relevant Units, implement any arrangement in such manner as the Manager thinks advisable for the purpose of facilitating an orderly delisting of Hang Seng Index ETF, provided always that the terms of each of the proposed arrangement shall be set out in the Notice referred to in paragraph 7.2(c) and approved by an Extraordinary Resolution of a meeting of Holders of the relevant Units.**



## Appendix B

### Differences and similarities between the Sub-Fund after the Delisting and TraHK (Stock code: 2800)

Investment involves risk. Investors should not make any investment decision solely based on information contained in this comparison table. You should read the relevant offering document (including the key facts statement) of the TraHK for further details including the risk factors involved.

	<b>The Sub-Fund (upon being delisted as approved by the Unitholders by Extraordinary Resolution at the Meeting)</b>	<b>TraHK (Stock code: 2800)</b>
<b>Legal structure</b>	Sub-fund of an umbrella unit trust domiciled in Hong Kong	Sub-fund of an umbrella unit trust domiciled in Hong Kong
<b>Listing status</b>	Unlisted	Listed and traded on the SEHK
<b>Manager</b>	Hang Seng Investment Management Limited	State Street Global Advisors Asia Limited ( <i>Note 1</i> )
<b>Trustee</b>	Cititrust Limited	State Street Bank and Trust Company
<b>Benchmark</b>	Hang Seng Index (Total return i.e. dividends are reinvested after deduction of PRC withholding tax)	Hang Seng Index (Price return i.e. dividends are not included in the index returns)
<b>Net asset value as of 10 June 2022 (<i>Note 3</i>)</b>	HKD44,223 million	HKD118,982 million
<b>Net asset value per unit as of 10 June 2022 (<i>Note 3</i>)</b>	HKD22.3575	HKD22.1198
<b>Board lot</b>	N/A	500 units
<b>Dealing method(s)</b>	Cash subscription and redemption directly with the Manager or through distributors	(i) In-kind creation and redemption through participating dealers in the primary market and (ii) trading in the secondary market on the SEHK
<b>Liquidity</b>	On each trading day	(i) On each Dealing Day at net asset value in primary market (ii) During trading hours at market price on SEHK
<b>Minimum trading amount</b>	Nil (distributors may impose minimum trading amount on end investors)	(i) Application unit size of one million units in primary market and (ii) board lot of 500 units in secondary market on the SEHK

	<b>The Sub-Fund (upon being delisted as approved by the Unitholders by Extraordinary Resolution at the Meeting)</b>	<b>TraHK (Stock code: 2800)</b>
<b>Management fee</b>	Proposed fee schedule:  (a) 0.045% per annum on the first HKD15 billion of the Net Asset Value;  (b) 0.030% per annum on the next HKD15 billion of the Net Asset Value;  (c) 0.020% per annum on the next HKD15 billion of the Net Asset Value; and  (d) 0.015% per annum on the remaining balance of the Net Asset Value.	Current fee schedule ( <i>Note 2</i> ):  (a) 0.050% per annum on the first HKD15 billion of the Net Asset Value;  (b) 0.045% per annum on the next HKD15 billion of the Net Asset Value;  (c) 0.030% per annum on the next HKD15 billion of the Net Asset Value; and  (d) 0.025% per annum on the remaining balance of the Net Asset Value.
<b>Ongoing charges figure for the year ended 31 December 2021</b>	0.10%	0.10%
<b>Distribution policy</b>	Quarterly (March, June, September and December)	Semi-annually (May and November)

Note:

- (1) Subject to fulfilment of conditions under the trust deed of TraHK (the "TraHK Trust Deed") and all relevant regulatory approval, Hang Seng Investment Management Limited ("HSVM") will be appointed as the manager of TraHK in the third quarter of 2022.
- (2) Upon the effective date of the appointment of HSVM as the manager of TraHK, a new management fee schedule will apply to TraHK where the current tiered management fee of TraHK as specified in the TraHK Trust Deed of 0.025% to 0.05% per annum will be adjusted to 0.015% to 0.045% per annum. HSVM will further reduce the effective management fee to 0.019% per annum from the fourth year of appointment onwards.
- (3) The figures of net asset value and net asset value per unit are sourced from the Manager's website [www.hangsenginvestment.com](http://www.hangsenginvestment.com) (this website has not been reviewed by the SFC) and TraHK's website [www.trahk.com.hk](http://www.trahk.com.hk) (this website has not been reviewed by the SFC).