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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”)**

*a Hong Kong unit trust authorised under
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong*

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

**Announcement of Conversion Ratio for the Conversion of
Units of the Sub-Fund into units of TraHK[^]**

A. Introduction

Reference is made to (1) the Announcement and Notice dated 13 June 2022 and entitled “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 and Notice of Extraordinary General Meeting” (the “**Announcement and Notice**”) and (2) the Announcement dated 14 July 2022 and entitled “Poll Results of the Extraordinary General Meeting Held on 13 July 2022”, both issued by Hang Seng Investment Management Limited (the “**Manager**”), the manager of the Trust and the Sub-Fund.

Capitalised terms used herein shall, unless otherwise defined, have the same meanings ascribed to them in the Announcement and Notice. This Announcement should be read in conjunction with the Announcement and Notice, in particular Section 6.2 thereof.

According to the Announcement and Notice, as part of the proposal relating to the delisting of the Sub-Fund from the SEHK, investors may alternatively request the Manager to convert all of the Units held by them 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 (i.e. 7 September 2022). This notice is not applicable to unitholders who opted for the Unlisted Fund Route.

B. Conversion Ratio and Residual Proceeds

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 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. As of 7 September 2022, the Net Asset Value per Unit of the Sub-Fund and the net asset value per unit of TraHK are HK\$19.7677 and HK\$19.6609, respectively.

Accordingly, the Manager hereby announces the Conversion Ratio per Unit of the Sub-Fund used to calculate the number of units in TraHK an investor will receive is as follows:

$$\frac{\text{HKD}19.7677 \text{ (Note 1)}}{\text{HKD}19.6609 \text{ (Note 2)} + 0.0434\% \times \text{HKD}19.6609 \text{ (Note 3)}} = 1 \text{ ("Conversion Ratio") (Note 4)}$$

Note 1: being the Net Asset Value per Unit of the Sub-Fund as of 7 September 2022

Note 2: being the net asset value per unit of TraHK as of 7 September 2022

Note 3: being the costs associated with the conversion of Units to units in TraHK, including the brokerage fees and transaction fees arising from the conversion of each Unit of the Sub-Fund to a unit in TraHK, which are borne by the relevant investors

Note 4: the Conversion Ratio is subject to a cap of one

The Conversion Ratio will 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. The residual proceeds per Unit of the Sub-Fund upon conversion will be **HK\$0.10**.

Such residual proceeds calculated on a unit basis will then be 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. 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.

Assuming the relevant investor converts a board lot of 100 Units of the Sub-Fund into units of TraHK, below is an illustrative example showing how the Conversion Ratio will be calculated and applied to the holdings of this relevant investor:

Number of units in TraHK to be received by the relevant investor:	100 Units of the Sub-Fund × 1 being the Conversion Ratio = 100 units in TraHK
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Residual proceeds in cash to be received by the relevant investor:	100 Units of the Sub-Fund × HK\$0.10 being residual proceeds per Unit = HK\$10
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C. General Information

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 financial intermediaries and stockbrokers 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. Investors are advised to consult their stockbroker or other financial intermediary accordingly.

From the Delisting Day (i.e. 13 September 2022) of the Sub-Fund onwards, 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.

If investors have any queries in relation to the contents of this Announcement, please direct them to his/her stockbrokers or financial intermediaries or contact the Manager at (852) 2198 5890 during office hours.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement 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
Hong Kong,

8 September 2022

^ The Tracker Fund of Hong Kong (stock code: 2800) ("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. Please refer to the offering documents of TraHK, which are available from 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.