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IMPORTANT: This notice is important and requires your immediate attention. If you are in doubt about the contents of this notice, you should seek independent professional advice.

IMPORTANT



**TRACKER FUND OF HONG KONG
a Hong Kong unit trust authorized under
Section 104 of the Securities and Futures Ordinance (Cap 571) of Hong Kong
Stock Code: 2800**

NOTICE TO UNITHOLDERS

(1) Change of Manager; (2) Reduction in Fees of the New Manager and the Trustee; (3) Addition of a new RMB Counter of TraHK under the Dual Counter model; and (4) Other Changes

Reference is made to the Notice to Unitholders issued by State Street Bank and Trust Company as the trustee (the "**Trustee**") of Tracker Fund of Hong Kong ("**TraHK**") on 29 March 2022 in relation to the change of manager of TraHK (the "**March Notice**") (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0329/2022032900505.pdf>)¹.

¹ This website has not been reviewed by the Securities and Futures Commission.

Unless otherwise defined in this notice, terms and expressions used in this notice shall have the same meanings ascribed to them under the prospectus dated 24 December 2019, as amended by the First Addendum dated 28 April 2020, the Second Addendum dated 7 September 2020, the Third Addendum dated 9 September 2020, the Fourth Addendum dated 28 April 2021, the Fifth Addendum dated 29 July 2021 and the Sixth Addendum dated 28 April 2022 (together, the "**Prospectus**") in relation to TraHK.

1. Change of Manager

We, State Street Global Advisors Asia Limited, the manager of TraHK, ("**SSGAAL**" or the "**Existing Manager**") write to inform you that the following changes will be made:

With effect on and from 19 September 2022 (the "**Effective Date for Change of Manager**"), the manager of TraHK will be changed from SSGAAL to Hang Seng Investment Management Limited ("**HSVM**" or the "**New Manager**"). The change of manager of TraHK is pursuant to a manager review which was detailed in the March Notice.

The New Manager is a wholly-owned subsidiary of Hang Seng Bank Limited. The New Manager was incorporated in Hong Kong on 1 April 1993 and is currently licensed by the Securities and Futures Commission (CE Reference: ABT330) to conduct Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities in Hong Kong. Further details about the New Manager, including its directors and its obligations and liabilities, will be set out in the Prospectus (as amended to reflect the change of manager of TraHK to be dated as of the Effective Date for Change of Manager) (the "**Revised Prospectus**"). The New Manager and the Trustee are independent of each other.

On the Effective Date for Change of Manager, the New Manager will be appointed simultaneously with the retirement of SSGAAL as the manager of TraHK. TraHK's trust deed (the "**Trust Deed**") will be amended and restated between the New Manager and the Trustee to reflect the above changes and certain non-related additional amendments described under the heading "Other Changes" below as at the Effective Date for Change of Manager (the "**Second Amended and Restated Trust Deed**"). The Second Amended and Restated Trust Deed will also incorporate all previous changes made to the Trust Deed. Upon the appointment of the New Manager taking effect on the Effective Date for Change of Manager, the New Manager will assume the rights and duties as manager of TraHK at the same time as SSGAAL is released from such rights and duties, but without prejudice to any rights or obligations accrued by (or against) SSGAAL prior to the Effective Date for Change of Manager.

The existing internal investment delegation arrangement of SSGAAL with State Street Global Advisors, Australia, Limited (the "**Existing Delegation Arrangement**"), will cease from the Effective Date for Change of Manager.

The costs and expenses (including, for example, legal fees and other administrative expenses) arising as a result of the above changes will be borne by the New Manager or as otherwise agreed between the Trustee, the New Manager and the Existing Manager. Such costs and expenses will not be borne by TraHK.

The selection of the New Manager by the Supervisory Committee, the retirement of the Existing Manager and the appointment of the New Manager by the Trustee are pursuant to Clauses 31.3, 31.4 and 33.2.5 of the Trust Deed. The Trustee considers that appointment of the New Manager and the process by which the Existing Manager will retire and the New Manager will be appointed are in compliance with the Trust Deed.

2. Reduction in Fees of the New Manager and the Trustee

A new management fee schedule will apply to TraHK, where the current tiered management fee of TraHK as specified in the Trust Deed will be lowered.

In addition, upon the Effective Date for Change of Manager, the current tiered trustee fee of TraHK as specified in the Trust Deed will also be lowered to the same new tiered fee rates that will apply to the management fee of TraHK.

Please refer to the table below for the new tiered fee rates schedule:

Management Fee	The annual management fee is calculated as the sum of: (a) 0.045% per annum on the first HK\$15 billion of TraHK's NAV; (b) 0.030% per annum on the next HK\$15 billion of TraHK's NAV; (c) 0.020% per annum on the next HK\$15 billion of TraHK's NAV; and (d) 0.015% per annum on the remaining balance of TraHK's NAV.
Trustee Fee	The annual trustee fee is calculated as the sum of: (a) 0.045% per annum on the first HK\$15 billion of TraHK's NAV; (b) 0.030% per annum on the next HK\$15 billion of TraHK's NAV; (c) 0.020% per annum on the next HK\$15 billion of TraHK's NAV; and (d) 0.015% per annum on the remaining balance of TraHK's NAV.

Other than as set out above, the fees payable by TraHK and the Unitholders will remain unchanged.

3. Addition of a new RMB Counter of TraHK under the Dual Counter model

In anticipation of HSVM's appointment as the manager of TraHK, HSVM wishes to inform you that HSVM will introduce a new RMB trading counter for TraHK. The Trustee is aware of this change and has been consulted in relation thereto.

Introduction

The units of TraHK (the "**Units**") are currently denominated and traded in Hong Kong dollars ("**HKD**"). HSVM has applied for approval by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the Units to be available for trading on the Stock Exchange. TraHK complies with the stock admission requirements of Hong Kong Securities Clearing Company Limited for clearing and settlement in the Central Clearing and Settlement System ("**CCASS**") under a dual counter (the "**Dual Counter**") arrangement which is expected to take effect on the same date as the Effective Date for Change of Manager on 19 September 2022 (the "**Dual Counter Model Effective Date**"). A further notice to Unitholders will be issued should there be any changes to the Dual Counter Model Effective Date. As such, Units will, from the Dual Counter Model Effective Date, be traded on the Stock Exchange in HKD and Renminbi ("**RMB**"). No amendment to the Trust Deed is required for implementing this Dual Counter arrangement according to the Trust Deed and therefore Unitholders' approval for the Dual Counter arrangement is not required under the terms of the Trust Deed. Further details as to how the Dual Counter will operate are set out below.

Dual Counter Model

Investors should note that (i) the Units – whether traded in either currency – remain denominated in HKD and of the same class, with the same rights attaching thereto, and (ii) the board lot size of 500 Units remains the same for RMB traded Units, and (iii) in-kind creation and redemption for Units traded in the HKD counter will remain as described in the Prospectus and product key facts statement of TraHK (the "**KFS**") (the "**Hong Kong Offering Document**") and will be unaffected by the Dual Counter arrangement adopted in respect of the Units.

With regard to dividends, investors should note that each Unitholder will receive dividends in HKD only (whether holding HKD traded Units or RMB traded Units).

With the new introduction of additional RMB counter for TraHK, it is important to note that, there will be no change in the current primary market operations and all creation / redemption will continue to be settled in HKD only and no creation and redemption under the RMB counter will be accepted by TraHK.

Participating Dealers are required to ensure sufficient available HKD traded Units for settlement of the creation and redemption order with HKSCC. If necessary, Participating Dealers are also

responsible for the inter-counter transfer (from RMB counter to HKD counter) via CCASS to facilitate the creation / redemption order before the cut-off on the settlement date.

The new RMB counter is offered for secondary market trading and settlement purposes only and RMB traded Units are interchangeable with the current physical certificate issued for HKD traded Units of TraHK. No physical certificates in respect of the RMB traded Units will be issued so physical deposit and withdrawal of the same will not be available.

General information with regard to the Dual Counter model is available on the website of Hong Kong Exchanges and Clearing Limited https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en¹.

Different Counters

Investors will, from the Dual Counter Model Effective Date, be able to distinguish the different currency traded Units as follows: HKD counter and HKD traded Units have a Stock Exchange stock code 2800, an English stock short name "TRACKER FUND" and a Chinese stock short name "盈富基金" whilst the RMB counter and RMB traded Units have a Stock Exchange stock code 82800, an English stock short name "TRACKER FUND-R" and a Chinese stock short name "盈富基金-R". The ISIN for the HKD counter and HKD traded Units is HK2800008867 and the ISIN for the RMB counter and RMB traded Units is HK0000871464.

Investors should note that the market price on the Stock Exchange of HKD traded Units and of RMB traded Units may deviate significantly due to different factors such as market liquidity, supply and demand in each counter and the exchange rate between HKD and RMB (in both the onshore and offshore markets).

Further details will be provided in the Revised Prospectus and updated KFS ("**Revised KFS**") to be issued on the Effective Date for Change of Manager.

Inter-Counter Transfer

From the Dual Counter Model Effective Date, the Dual Counter arrangement will, subject to the relevant broker or CCASS participant offering an inter-counter transfer service (as well as any associated fees), allow Unitholders to transfer Units from the RMB counter to the HKD counter and vice versa. Such inter-counter transfers are effected and processed within CCASS only. However, it should be noted that not all brokers and CCASS participants will be able to offer an inter-counter service.

Market Making

As with all exchange traded funds listed on the Stock Exchange, the New Manager will ensure that there is at all times at least one market maker for Units traded in HKD and, from the Dual Counter Model Effective Date, at least one market maker for Units traded in RMB as well (although the same entity can act as the market maker for both counters). The New Manager will seek to ensure that at least one market maker per counter is required to give not less than 3 months' prior notice to terminate the relevant market making arrangement.

For a list of the market makers for each counter (which will be made available from the Dual Counter Model Effective Date), please refer to TraHK's website <http://www.trahk.com.hk>¹.

Dual Counter Risks

From the Dual Counter Model Effective Date, TraHK will be a collective investment scheme with Dual Counter traded Units under the Stock Exchange's Dual Counter model in Hong Kong, which means that Units are traded and settled in RMB under the RMB counter and traded and settled in HKD under the HKD counter. The nature of the Dual Counter for exchange traded funds may make investment in the Units riskier than in single counter units or shares of a listed issuer on the Stock Exchange, for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving insufficient time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the RMB counter due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly, it should be noted that the inter-counter transfers may not always be available.

There is a risk that the market price on the Stock Exchange of Units traded in HKD may deviate significantly from the market price on the Stock Exchange of Units traded in RMB due to market liquidity, supply and demand in each counter and the exchange rate between RMB and HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so it will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly, when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly, this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfers.

For further risks associated with TraHK, please refer to the Revised Prospectus and Revised KFS to be issued on the Effective Date for Change of Manager.

Stamp Duty

No Hong Kong stamp duty is payable on an issue or redemption of Units (which is only available for HKD counter) or on the sale and purchase of Units (both HKD counter and RMB counter) in the secondary market.

Website

From the Dual Counter Model Effective Date, TraHK's website <http://www.trahk.com.hk>¹ will be updated. In particular the near real-time Net Asset Value (the "NAV") per Unit and the last closing NAV per Unit will also be provided in RMB.

The near real-time estimated NAV per Unit in RMB is indicative and for reference only. The near real-time indicative NAV per Unit in RMB uses a real-time HKD:RMB (CNH) foreign exchange rate – it is calculated using the near real-time indicative NAV per Unit in HKD multiplied by a real-time HKD:RMB (CNH) foreign exchange rate provided by ICE Data Services.

The last closing NAV per Unit in RMB is indicative and for reference only and is calculated using the last closing NAV per Unit in HKD multiplied by an assumed foreign exchange rate using 4:00 p.m. Hong Kong time mid-rate quoted by Reuters for offshore RMB (CNH) as of the same Dealing Day.

For details, please refer to TraHK's website <http://www.trahk.com.hk>¹.

The Revised Prospectus and Revised KFS will provide enhanced disclosure with regard to the Dual Counter arrangements described above. In particular (i) additional risk factors relating to the Dual Counter and RMB will be added, (ii) further disclosures will be inserted under "Overview of TraHK and the Investment Process" and (iii) consequential changes will be made to the text of the Hong Kong Offering Document to make it consistent with the Dual Counter arrangements generally.

The costs incurred in connection with the addition of a new RMB counter of TraHK under the Dual Counter model (including the costs of preparing the Revised Prospectus, Revised KFS and other ancillary documents as well as the legal fees in relation to the foregoing) will be borne by the New Manager.

4. Other Changes

The New Manager and the Trustee wish to inform you of certain other changes to TraHK as described below, which shall be effective from the Effective Date for Change of Manager:

(i) The Revised Prospectus and the Revised KFS

The Revised Prospectus and the Revised KFS will also include other non-material factual and drafting updates. The Revised Prospectus and the Revised KFS will be available at TraHK's website <http://www.trahk.com.hk>¹ from the Effective Date for Change of Manager (reflecting the change of manager, the cessation of the Existing Delegation Arrangement, the addition of a new RMB counter with effect from the Dual Counter Model Effective Date and other changes set out in this notice).

(ii) Additional Amendments to the Trust Deed

In addition to the amendments necessary to reflect the change in manager, the Second Amended and Restated Trust Deed will also implement certain amendments described below (together, the "**Additional Amendments**") that are unrelated to the change of manager of TraHK. The Trustee and the New Manager have jointly determined that the Additional Amendments are expedient for the more convenient, economical, simple, advantageous or profitable working or management of TraHK, as required by the Trust Deed for amendments which do not require the approval of the unitholders of TraHK (the "**Unitholders**") passing an Extraordinary Resolution. In addition, the Trustee has determined that the Additional Amendments can be made without the approval of the Unitholders passing an Extraordinary Resolution because, in its opinion, the Additional Amendments do not: (i) have a materially prejudicial effect on the interests of the Unitholders; (ii) release to any material extent any liability owed by any person (including the Trustee, SSGAAL or the New Manager) to the Unitholders; or (iii) increase the costs and charges payable out of TraHK.

The Additional Amendments are as follows:

- a) (**Extraordinary Resolution**) The definition of "Extraordinary Resolution" will be amended so that the voting threshold for passing an Extraordinary Resolution will consist of not less than 75% of the total number of votes present and entitled to vote in person or by proxy at a duly convened meeting of Unitholders, which will bring the Trust Deed in line with current market practice and the SFC Code on Unit Trusts and Mutual Funds;

- b) **(Electronic Meetings and Voting)** The provisions concerning the conduct of meetings of Unitholders will be amended to permit meetings to be held (and votes to be cast) by video conference, teleconference or other electronic means;
- c) **(Marketing Materials)** The obligations on the Promoter with respect to marketing materials relating to TraHK will be streamlined so that the Promoter's prior approval is only required where there is express mention of the Promoter or any entity related to the Promoter in such materials;
- d) **(Appointment of Service Providers)** The process by which service providers are appointed by the Manager or the Trustee will be made less prescriptive by removing the positive obligation imposed on the Supervisory Committee to review the terms of service provider appointments so as to allow greater flexibility; and
- e) **(Regulatory References)** An amendment to clarify that in interpreting the Trust Deed any references to a statute or statutory instrument shall be construed to mean that statute or statutory instrument only to the extent applicable in accordance with its terms.

Other than the changes mentioned under sections 1 (Change of Manager), 2 (Reduction in Fees of the New Manager and the Trustee), 3 (Addition of a new RMB Counter of TraHK under the Dual Counter model) and 4 (Other Changes) above, there will be no change in the existing features of TraHK, such as: (i) the risk profile applicable to TraHK; (ii) the investment objective, policies and restrictions; (iii) the operations and/or the manner in which TraHK is being managed; or (iv) the dealing and pricing arrangements.

Availability of Documents

A copy of the Revised Prospectus, the Revised KFS and the Second Amended and Restated Trust Deed with the above-mentioned changes incorporated will be available from the Effective Date for Change of Manager for inspection free of charge during normal business hours at the offices of the New Manager at 83 Des Voeux Road Central, Hong Kong.

Unitholders who have any questions concerning this notice may contact (i) SSGAAL, as the Existing Manager, at 68/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong or at telephone number +852 2103 0100; (ii) HSVM, as the New Manager, at 83 Des Voeux Road Central, Hong Kong, or at telephone number +852 2198 5890; or (iii) State Street Bank and Trust Company, as the Trustee, at 68th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, or at the email address of TraHK-Trustee@statestreet.com.

By

**State Street Global Advisors Asia Limited
as the Existing Manager**

**STATE STREET GLOBAL
ADVISORS**

The Existing Manager accepts full responsibility for the accuracy of the information contained in this notice (with respect to the information relating to section 1 (Change of Manager) only) as at the date of publication, 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 in this notice (with respect to the information relating to section 1 (Change of Manager)) misleading.

**Hang Seng Investment Management Limited
as the New Manager**



恒生投資

HANG SENG INVESTMENT

The New Manager accepts full responsibility for the accuracy of the information contained in this notice concerning the New Manager (and with respect to the information relating to sections 2 (Reduction in Fees of the New Manager and the Trustee), 3 (Addition of a new RMB Counter of TraHK under the Dual Counter model) and 4 (Other Changes)) as at the date of publication, 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 in this notice (with respect to the information relating to sections 2 (Reduction in Fees of the New Manager and the Trustee), 3 (Addition of a new RMB Counter of TraHK under the Dual Counter model) and 4 (Other Changes)) misleading.

**State Street Bank and Trust Company
as the Trustee**

19 August 2022