

Important: THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

VL Asset Management Limited (the “**Manager**”) accepts full responsibility for the information contained in this Notice as being accurate as at the date of issuance 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 herein misleading. If you are in any doubt about the contents of this Notice, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

Investments involve risks, including the loss of principal. You are advised to consider your investment objectives and circumstances in determining the suitability of an investment in the Trust. An investment in the Trust may not be suitable for everyone.

Authorisation by the Securities and Futures Commission (the “**SFC**”) is not a recommendation or an endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean that the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Capitalized terms used herein not otherwise defined have the meaning ascribed to those terms in the Explanatory Memorandum of the Trust dated November 2023, as may be amended and supplemented from time to time (“**Explanatory Memorandum**”).

VL TRUSTS (the “Trust”)

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

VL China Fund (the “Sole Sub-Fund”)

Notice to Unitholders

Dear Unitholders,

Termination of the Trust and the Sole Sub-Fund

We, as the Manager of the Trust and the Sole Sub-Fund, are writing to inform you that with effect from 21 August 2024 (the “**Termination Date**”), the Trust and the Sole Sub-Fund will be terminated as detailed below.

Reasons for termination

Pursuant to Clause 35.4(A) of the Trust Deed, and as disclosed in the Explanatory Memorandum, the Manager may, in its discretion, cause a Sub-Fund to be terminated if the aggregate Net Asset Value of the Units outstanding hereunder in respect of such Sub-Fund shall be less than HK\$100 million. As at 25 May 2024, the Net Asset Value of the Sole Sub-Fund was HK\$91,250,000.00.

Due to the small fund size of the Sole Sub-Fund, we believe it is increasingly difficult to continue to manage the Sole Sub-Fund in a cost efficient manner and as such, it would be in the best interest of Unitholders to terminate the Sole Sub-Fund on the Termination Date. In addition, given that the Sole Sub-Fund is the sole sub-fund of the Trust, the termination of the Sole Sub-Fund will also result in the termination of the Trust.

Implication of termination

Please note that from the date of this Notice, the Trust and the Sole Sub-Fund are no longer allowed to be

marketed to the public in Hong Kong and shall not accept subscription from new investors.

We will apply to the SFC for the withdrawal of authorization of the Trust and the Sole Sub-Fund in due course following the termination of the Sole Sub-Fund.

Options available to Unitholders

You may redeem your Units in the Sole Sub-Fund free of charge in accordance with the provisions of the Explanatory Memorandum on any Dealing Day before the Dealing Deadline (i.e. 5:00 p.m. (Hong Kong time)) on 14 August 2024 (i.e. 5 Business Days before the Termination Date) (the “**Last Dealing Day**”). Redemption proceeds would be paid using the methods and within the time frame described in the Explanatory Memorandum.

As there is no other SFC authorized fund under the Trust, switching to another Sub-Fund under the Trust is not an option.

Redemption of Units of the Sole Sub-Fund will cease after the Dealing Deadline on the Last Dealing Day. The distributors may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for redemption of Units. Investors should confirm the arrangements with the distributors concerned. For the avoidance of doubt, any fees charged by the distributors may still apply.

From the Last Dealing Day onwards, the Manager will start to realise the underlying investments of the Sole Sub-Fund and the Sole Sub-Fund will mainly hold cash. Therefore, from the Last Dealing Day onwards, the Sole Sub-Fund will not be able to meet its investment policy of primarily investing in equity securities issued by companies carrying on business or with business exposure in the China region with long term growth prospects.

On the Termination Date, all Units in the Sole Sub-Fund remaining in issue will be compulsorily redeemed at the Redemption Price applicable as at the Termination Date, free of any redemption charge. The Manager will realise all the remaining underlying investments of the Sole Sub-Fund to satisfy the final compulsory redemption.

In respect of Units that are compulsorily redeemed on the Termination Date as mentioned above, redemption proceeds would be paid on or around 5 Business Days after the Termination Date, in proportion to the Unitholders' respective interests in their holdings in the Sole Sub-Fund as at the Termination Date, and in any event no later than 1 calendar month after the Termination Date. No further notice will be given to Unitholders whose Units are compulsorily redeemed for the final compulsory redemption.

Costs and ongoing charges

The costs and expenses (such as legal and administrative expenses) in connection with the termination and withdrawal of authorisation of the Trust and the Sole Sub-Fund are estimated to be approximately HK\$388,120.00. These costs and expenses are to be borne by the Manager.

The normal operating expenses and the transaction costs for realizing the underlying investments of the Sole Sub-Fund will continue to be borne by the Sole Sub-Fund. These costs are estimated to be 0.325% of the Net Asset Value of the Sole Sub-Fund.

As of 30 June 2024, the ongoing charges figures for the Units of the Sole Sub-Fund (as a % of the Sole Sub-Fund's Net Asset Value) are as follows:

Class A Units: 3.41% (without performance fee)*

Class A Units: 3.41% (with performance fee)*

Class B Units: 2.61% (without performance fee)*

Class B Units: 2.61% (with performance fee)*

*The figures are based on the actual expenses over the 12-month period ended 30 June 2024. Those

expenses are chargeable to the relevant class expressed as a percentage of the average Net Asset Value of such class over the 12-month period ended 30 June 2024. The ongoing charges figure incorporating performance fees is calculated based on financial information as at the interim financial period end and the performance fees to be paid as at the financial year end may vary subject to the market conditions. Also, certain expenses paid/borne by investors (such as brokerage fees and costs of dealing in securities) are excluded from the calculation of ongoing charges figure.

There are no unamortized preliminary expenses associated with the Sole Sub-Fund as at the date of this Notice.

Termination audit report

Under Chapter 11.6 of the Securities and Futures Commission's (the "SFC") Code on Unit Trusts and Mutual Funds (the "UT Code"), the Manager is required to publish and distribute annual reports containing the information provided under Appendix E to the UT Code to Unitholders within 4 months of the end of the Sole Sub-Fund's financial year (which ends on 30 June in each year). As an alternative to the distribution of printed financial reports, Unitholders may be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

As the Termination Date falls within 4 months of the immediate past financial year ended on 30 June 2024, in order to minimize the operational costs, the Manager will rely on explanatory note (2) to Chapter 11.6 of the UT Code which permits extension of reporting period for the annual report in the case of fund termination and combine the annual report for the preceding financial year with the termination audit of the Sole Sub-Fund covering the period from 1 July 2023 to the Termination Date (i.e. 21 August 2024) (the "**Termination Audit Period**").

The Manager will publish the annual reports as follows:

- (i) the contents of the annual report for the Termination Audit Period (the "**Termination Audit Report**") shall comply with the requirements under 4.5(f) and Appendix E to the UT Code and all other applicable provisions of the UT Code and other applicable laws and regulations; and
- (ii) the Manager shall notify Unitholders of the Sole Sub-Fund as at the date of this Notice on or before the original due date for issuance of the annual report for the year ended 30 June 2024 (i.e. on or before 31 October 2024) of, among other things: (a) when the Termination Audit Report will be published and (b) where the Termination Audit Report, in printed and electronic forms, can be obtained. The Termination Audit Report shall be published on the Manager's website as soon as practicable and in any event no later than 4 months after the Termination Date, and will remain published on the Manager's website for a period of at least 1 year after the date on which the authorization of the Trust and the Sole Sub-Fund are withdrawn from the SFC. Hard copies of the Termination Audit Report may also be obtained from the Manager upon request, free of charge, within the same period.

The Manager confirms, save as otherwise set out above, the Manager will continue to comply with all other applicable provisions of the UT Code, the applicable provisions of the Trust Deed and all other applicable laws and regulations in respect of the Trust and the Sole Sub-Fund. In addition, the Manager confirms that Unitholders will not be prejudiced from the above arrangement under Chapter 11.6 of the UT Code.

Tax implications

Unitholders should note that under current law and practice in Hong Kong, profits of the Sole Sub-Fund, in respect of its authorized activities, are exempt from Hong Kong Profits Tax.

Unitholders should not be subject to any Hong Kong Profits Tax on distributions by the Sole Sub-Fund in accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Notice). Hong Kong Profits Tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business) will arise on any gains or profits made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by a Unitholder in Hong Kong and such Units are not capital assets to the Unitholders. Unitholders should take

advice from their own professional advisers as to their particular tax position.

Availability of documents

Copies of the Explanatory Memorandum, Product Key Facts Statement of the Sole Sub-Fund and the latest audited annual financial report and unaudited interim financial report (if any) of the Sole Sub-Fund may be obtained upon request, free of charge, by contacting VL Asset Management Limited (as the Manager) at Unit 1807, 308 Central Des Voeux, 308 Des Voeux Road Central, Hong Kong, or at +852 2851 0885.

The Manager accepts full responsibility for the accuracy of the information contained in this 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 in this Notice misleading as at the date of issuance.

Yours sincerely,

VL Asset Management Limited

Date: 15 July 2024