

## FIFTH REMINDER

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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS NAMED BELOW**

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

*If you have sold or transferred all your units in the Sub-Funds (as defined below), 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.*

**IMPORTANT:** *The Stock Exchange of Hong Kong Limited (the “SEHK”), the Hong Kong Exchanges and Clearing Limited (the “HKEX”), the Hong Kong Securities and Futures Commission (the “SFC”) and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.*

*Vanguard Investments Hong Kong Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.*

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

### **Vanguard ETF Series (the “Trust”)**

*(A Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong) (the “SFO”)*

#### **Vanguard FTSE Asia ex Japan Index ETF**

**Stock code: 2805 – HKD counter**

**Stock code: 82805 – RMB counter**

**Stock code: 9805 – USD counter**

#### **Vanguard FTSE Developed Europe Index ETF**

**Stock code: 3101 – HKD counter**

**Stock code: 83101 – RMB counter**

**Stock code: 9101 – USD counter**

#### **Vanguard FTSE Japan Index ETF**

**Stock code: 3126 – HKD counter**

**Stock code: 83126 – RMB counter**

**Stock code: 9126 – USD counter**

#### **Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF**

**Stock code: 3085 – HKD counter**

**Stock code: 83085 – RMB counter**  
**Stock code: 9085 – USD counter**

**Vanguard S&P 500 Index ETF**  
**Stock code: 3140 – HKD counter**  
**Stock code: 83140 – RMB counter**  
**Stock code: 9140 – USD counter**

**Vanguard Total China Index ETF**  
**(RMB Counter Stock Code: 83169)**  
**(HKD Counter Stock Code: 3169)**  
**(USD Counter Stock Code: 9169)**

(each a “Sub-Fund”, together the “**Sub-Funds**”)

**ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION  
OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION  
AND DELISTING AND NON-APPLICABILITY OF CERTAIN  
PROVISIONS OF THE CODE ON UNIT TRUSTS AND MUTUAL  
FUNDS (“CODE”)**

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus dated 10 December 2019 as amended and supplemented from time to time (the “**Prospectus**”).

**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 cessation of trading of units of each Sub-Fund (the “Units”) on the SEHK, proposed termination and proposed deauthorisation of the Trust and the Sub-Funds, and proposed delisting of the Sub-Funds from the SEHK and the non-applicability of certain provisions of the Code for the period from 11 May 2021 (the “Trading Cessation Date”) to the date of deauthorisation of the Trust and the Sub-Funds, i.e. on or around 15 October 2021 (the “Deauthorisation Date”). In particular, investors should note that:**

- **taking into account the relevant factors, including, in particular, the best interests of investors as a whole, the Manager’s publicly stated intention to implement an orderly exit from its exchange traded funds business in Hong Kong and the exhaustion of a process to identify a new investment manager (see details of the factors in section 1 below), the Manager has, by means of a resolution of the board of directors of the Manager dated 24 February 2021, decided to exercise its power under Clause 30.3 of the trust deed of the Trust dated 10 December 2019, as amended and restated from time to time (“Trust Deed”) to terminate the Trust and the Sub-Funds;**
- **the Last Trading Day (as defined in section 2.4) of the Units will be 10 May 2021;**
- **the Units will cease trading on the Trading Cessation Date (as defined in section 2.4), 11 May 2021;**

- the Manager, after having consulted the Trustee and the Sub-Funds' auditor, will aim to realise all of the assets of each of the Sub-Funds after the close of secondary market trading of the relevant Sub-Funds on the Last Trading Day, save for any Suspended Stocks (as defined in section 2.5 of this Announcement and Notice). Each of the Sub-Funds will therefore cease to track its respective index ("Index") and will not be able to meet its investment objective of tracking the performance of such Index. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units and no further creation and redemption of Units; (ii) the Trust and the Sub-Funds will no longer be marketed or offered to the public; (iii) the Sub-Funds will mainly hold cash; and (iv) the Sub-Funds will only be operated in a limited manner;
- the Manager will, after having consulted the Trustee and the Sub-Funds' auditor, declare a cash proceeds distribution (being the relevant Sub-Fund's then Net Asset Value, excluding (i) the value of any unrealised assets held by the relevant Sub-Fund; (ii) any minimum cash required to facilitate the Further Cash Proceeds Distribution (if any); and (iii) any taxes or expenses payable by the relevant Sub-Fund ("Cash Proceeds Distribution") to the investors who are still holding Units as at 14 May 2021 (the "Final Record Date"). The Cash Proceeds Distribution is expected to be payable on or around 9 June 2021 (the "Cash Proceeds Distribution Date"). The amount available for distribution by way of Cash Proceeds Distribution will be the relevant Sub-Fund's then Net Asset Value, excluding (i) the value of any unrealised assets held by the relevant Sub-Fund; (ii) any minimum cash required to facilitate the Further Cash Proceeds Distribution (if any); and (iii) any taxes and expenses payable by the relevant Sub-Fund;
- if a Sub-Fund holds Suspended Stocks (as defined in section 2.5 of this Announcement and Notice) after the Cash Proceeds Distribution Date, the Manager (in conjunction with the Trustee) will consider what options, if any, are available at the time to seek to avoid undue delay in the payment of any further cash proceeds distribution (being (i) the value of any unrealised assets held by the relevant Sub-Fund after the Cash Proceeds Distribution Date; and (ii) any minimum cash required to facilitate the Further Cash Proceeds Distribution (if any) less any taxes and expenses payable) ("Further Cash Proceeds Distribution"), having regard, inter alia, to the level of Suspended Stocks held by such Sub-Fund, the fair value of those Suspended Stocks and whether those Suspended Stocks are permitted to be transferred off-market. For details of the Suspended Stocks held by each Sub-Fund and available options to the Manager to avoid undue delay, please refer to section 2.5 of this Announcement and Notice.
- if a Sub-Fund is entitled to receive declared dividends or tax reclaims (in relation to securities held (or which used to be held) by the Sub-Fund, any such amounts the "Outstanding Receivables") after the Cash Proceeds Distribution Date, waiting for such amounts may delay the payment of any further cash proceeds distribution. The Manager (in conjunction with the Trustee) will consider what options, if any, are available at the time to seek to avoid undue delay in the payment of the

**Further Cash Proceeds Distribution (if any).** For further details of such available options, please refer to section 2.5 of this Announcement and Notice;

- **the Manager will, after having consulted with the Trustee and the Sub-Funds' auditor, declare a Further Cash Proceeds Distribution to the investors who are still holding Units as at the Final Record Date. The Further Cash Proceeds Distribution is expected to be paid on or around 16 July 2021 (the "Further Cash Proceeds Distribution Date"). The amount of Further Cash Proceeds Distribution (if any) will be equal to the (i) value of any unrealised assets held by the relevant Sub-Fund; and (ii) any minimum cash required to facilitate the Further Cash Proceeds Distribution (if any) less any taxes and expenses payable;**
- **when the net cash proceeds of each Sub-Fund have been fully distributed and the Trustee and the Manager form an opinion that the Sub-Funds cease to have any respective outstanding contingent or actual assets or liabilities, the Trustee and the Manager will commence the completion of the termination of the Trust and the Sub-Funds. The Manager expects that the termination process will be completed on or around 15 October 2021 (i.e. the Final Termination Date). The Manager will publish an announcement on the Final Termination Date about the termination and deauthorisation of the Trust and the Sub-Funds, and delisting of the Sub-Funds from SEHK;**
- **from the Trading Cessation Date until the Final Termination Date, the Manager will maintain the Trust's and each Sub-Fund's authorisation by the SFC and will maintain each Sub-Fund's listing on the SEHK. Subject to the SEHK's approval, delisting of the Sub-Funds from the SEHK should take effect at or around the same time as the deauthorisation of the Trust and the Sub-Funds;**
- **the Manager expects the deauthorisation of the Trust and the Sub-Funds and the delisting of the Sub-Funds from the SEHK will take place either on, or shortly after, the Final Termination Date; and**
- **investors should pay attention to the risk factors as set out in section 5.1 below. Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.**

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

- **forward a copy of this Announcement and Notice to each of their clients holding any Units, and inform them of the contents of this Announcement and Notice as soon as possible;**
- **assist those clients who want to dispose of Units on or before the Last Trading Day;**
- **inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be**

applicable in respect of the provision of their services in connection with any disposal of Units; and

- inform their clients of the distribution of net cash proceeds arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

Any product documents of the Trust and the Sub-Funds, including the Prospectus and Product Key Facts Statements (the “KFSs”) should be retained for personal use only and not for public circulation. 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 (please refer to section 7 for further information).

## 1. Termination, cessation of trading and realisation of assets

### 1.1. Termination

Pursuant to Clause 30.3 of the Trust Deed, the Trust and each Sub-Fund may be terminated by the Manager by notice in writing if the Manager considers it to be in the best interests of its Unitholders to terminate the Trust and the Sub-Funds. The Trust Deed does not require Unitholders’ approval for terminating the Trust and the Sub-Funds on the ground set out in Clause 30.3.

As at 29 March 2021, the Net Asset Value and the Net Asset Value per Unit of each of the Sub-Funds were as follows:

<b>Sub-Fund</b>	<b>Net Asset Value</b>	<b>Net Asset Value per Unit</b>
Vanguard FTSE Asia ex Japan Index ETF	HKD 552,330,612.69	HKD 30.5155
Vanguard FTSE Developed Europe Index ETF	HKD 1,009,438,191.19	HKD 21.2513
Vanguard FTSE Japan Index ETF	HKD 218,787,121.24	HKD 30.8151
Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF	HKD 377,957,454.95	HKD 25.7114
Vanguard S&P 500 Index ETF	HKD 1,921,083,015.55	HKD 28.3346
Vanguard Total China Index ETF	RMB 337,920,348.59	RMB 10.2400

Having taken into account factors regarded by the Manager as relevant, including but not limited to, the Manager’s publicly stated intention to implement an orderly exit from its exchange traded funds business in Hong Kong and the exhaustion of a process to identify a new investment manager, the Manager is of the view that the proposed termination of the Trust and the Sub-Funds would be in the best interests of the Unitholders of the Sub-Funds as a whole. Therefore, the Manager has by means of a resolution of the board of directors of the Manager, decided to

exercise its power under Clause 30.3 of the Trust Deed to terminate the Trust and the Sub-Funds, which termination shall be complete once the net cash proceeds of each Sub-Fund have been fully distributed and the Trustee and the Manager form an opinion that the Sub-Funds cease to have any respective outstanding contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Trust and the Sub-Funds pursuant to Clause 30.3 of the Trust Deed, and the Trustee does not object to such proposal (and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice).

As required under Clause 30.4 of the Trust Deed, notice is hereby given to investors, notifying them of the proposed termination of the Trust and the Sub-Funds. Also, as required under Chapters 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to Unitholders, notifying them that each of the Sub-Funds will cease to track its respective Index and cease trading of Units from the Trading Cessation Date.

## **1.2. Proposed cessation of trading of Units on the SEHK**

The Manager will apply to the SEHK to have the Units cease trading on the SEHK with effect from the Trading Cessation Date. The Manager will aim to realise all of the assets of the Sub-Funds save for any Suspended Stocks after the close of secondary market trading of the relevant Sub-Funds on the Last Trading Day. The realisation of assets of the Sub-Funds as part of the termination process will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

10 May 2021 will be the Last Trading Day when investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, and no creation and redemption of Units through Participating Dealers will be allowed after such date.. Creation and redemption of Units by Participating Dealers will continue to be permitted until the Last Trading Day. Creation of Units will be limited to the creation of Units by Participating Dealers for market making activities to provide liquidity of the trading of the Units on the SEHK. There will be no creation of Units for other purposes after this Announcement and Notice has been published.

Investors should note that they cannot create or redeem Units directly in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager. Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

## **1.3. Impact of the realisation of the assets**

After realisation of the assets of each of the Sub-Funds by the Manager, the Sub-Funds will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of each of the Sub-Funds). It therefore follows that, after the close of secondary market trading of the relevant Sub-Funds on the Last Trading Day, each of the Sub-Funds will cease to track its corresponding Index, and will not be able to meet its respective investment objective of tracking the performance of such corresponding Index.

## **2. What will happen on or before the Last Trading Day and from the Trading Cessation Date?**

### **2.1. Trading on the SEHK up to and including the Last Trading Day**

On any trading day up to and including the Last Trading Day, an investor may continue to buy or sell its Units on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The Market Makers of the Sub-Funds will continue to perform their market making functions in accordance with the Trading Rules of the SEHK in respect of each Sub-Fund up to and including the Last Trading Day.

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 transaction levy (at 0.0027% of the price of the Units) and a trading fee (at 0.005% of the price of the Units) will be payable by the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of any sale or purchase of the Units on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the “Units trading at a discount or premium and Market Makers’ inefficiency risk” in section 5.1 below.

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

### **2.2. Distribution of net cash proceeds**

For investors who are still holding Units as of the Final Record Date (such investors, the “**Relevant Investors**”), the Manager will, after consulting the Trustee and the Sub-Funds’ auditor, determine the Cash Proceeds Distribution payable to the Relevant Investors. Such Cash Proceeds Distribution is expected to be made on or around 9 June 2021.

Each Relevant Investor will be entitled to share in the Cash Proceeds Distribution pro rata to the number of Units held by such investor relative to the total number of Units still in issue in the relevant Sub-Fund as at the Final Record Date. The amount of the Cash Proceeds Distribution will be the relevant Sub-Fund’s then Net Asset Value, excluding (i) the value of any unrealised assets held by the relevant Sub-Fund; (ii) any minimum cash required to facilitate the Further Cash Proceeds Distribution (if any); and (iii) any taxes or expenses payable by the relevant Sub-Fund.

The Cash Proceeds Distribution in respect of a Sub-Fund payable to each Relevant Investor is expected to be paid on or around 9 June 2021 to the account of such investor’s financial intermediary or stockbroker maintained with CCASS, based on the Trustee’s records as at the Final Record Date. The Manager will issue a further announcement to inform the investors of the exact day of payment of the Cash Proceeds Distribution, together with the amount of Cash Proceeds Distribution per Unit for each Sub-Fund in due course.

Any Further Cash Proceeds Distribution in respect of a Sub-Fund payable to Relevant Investors is expected to be paid on or around 16 July 2021 to the account of such investor's financial intermediary or stockbroker maintained with CCASS, based on the Trustee's records as at the Final Record Date. The Manager will issue a further announcement to inform the investors of the exact day of payment of any Further Cash Proceeds Distribution, together with the amount of any such Further Cash Proceeds Distribution per Unit for each Sub-Fund in due course.

The Cash Proceeds Distribution and Further Cash Proceeds Distribution (if any) will be calculated and paid in the relevant base currency of the Sub-Fund.

If there is any change, including to the dates mentioned in this section, the Manager will issue an announcement informing the Relevant Investors.

**IMPORTANT NOTE: Investors should consider the risk factors as set out in section 5.1 below and consult their professional and financial advisers before disposing of their Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Cash Proceeds Distribution or Further Cash Proceeds Distribution (if any) in respect of any Units so disposed. Investors should exercise caution and consult their professional and financial advisers before dealing in their Units or otherwise deciding on any course of action to be taken in relation to their Units.**

### **2.3. Between the Trading Cessation Date and Final Termination Date**

Following the realisation of the assets and the Cash Proceeds Distribution and Further Cash Proceeds Distribution (if any), when the net cash proceeds of each Sub-Fund have been fully distributed and the Trustee and the Manager form an opinion that the Sub-Funds cease to have any respective outstanding contingent or actual assets or liabilities, the Manager and the Trustee will commence the completion of the termination of the Trust and the Sub-Funds.

During the period from the Trading Cessation Date until, at least, the Final Termination Date, although each Sub-Fund will continue to have listing status on the SEHK and the Trust and the Sub-Funds will remain authorised by the SFC, the Sub-Funds will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Sub-Funds will have no investment activities from the Trading Cessation Date onwards. As such, pursuant to Chapter 8.6(t) of the Code and question 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds issued by the SFC dated 16 December 2019 ("**ETF FAQs**"), the Trust and the Sub-Funds will continue to remain authorised by SFC without the need to strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in section 3 below.

The deauthorisation of the Trust and the Sub-Funds and delisting of the Sub-Funds from the SEHK will take place either on the Final Termination Date or shortly after the Final Termination Date, subject to the SFC's and SEHK's respective approvals. The Manager expects that the delisting of the Sub-Funds from the



SEHK will take place at or around the same time of the deauthorisation of the Trust and the Sub-Funds.

The proposed termination and proposed deauthorisation of the Trust and the Sub-Funds and proposed delisting of the Sub-Funds from the SEHK will be subject to the payment of all outstanding fees and expenses (please refer to section 4 below), discharge of all outstanding liabilities of the Trust and each of the Sub-Funds, as well as the final approvals by the SFC and the SEHK respectively.

Following deauthorisation, the Trust and the Sub-Funds will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Trust and the Sub-Funds previously issued to investors, including the Prospectus and any KFSs in respect of each of the Sub-Funds, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Trust and the Sub-Funds to the public in Hong Kong as this may be in breach of the SFO.

#### 2.4. Important dates

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

<b>Event</b>	<b>Expected date</b>
Dispatch of Announcement and Notice	31 March 2021 (Wednesday)
<p>Last day on which requests for creation by Participating Dealers for market making activities and redemption by Participating Dealers of Units in the primary market may be accepted</p> <p>Last day for dealings in the Units on the SEHK (the "<b>Last Trading Day</b>")</p> <p>After the close of secondary market trading on the Last Trading Day, the Manager will aim to realise all the investments of the Sub-Funds save for any Suspended Stocks. Each of the Sub-Funds will therefore cease to track its respective Index and will not be able to meet its investment objective of tracking the performance of such Index</p>	10 May 2021 (Monday)
<p>No further requests for creation and redemption of Units in the primary market will be accepted.</p> <p>Cessation of trading in the Units on the SEHK in the secondary market.</p>	11 May 2021 (Tuesday)

<p>The date from which the Trust and the Sub-Funds shall no longer be marketed or offered to the public in Hong Kong</p> <p>(the “<b>Trading Cessation Date</b>”)</p>	
<p>Record date for determining the eligibility of entitlement for the Cash Proceeds Distribution and any Further Cash Proceeds Distribution</p> <p>(the “<b>Final Record Date</b>”)</p>	<p>By close of business on 14 May 2021 (Friday)</p>
<p>Dispatch of an announcement on the Cash Proceeds Distribution and the distribution rate per Unit</p>	<p>On or around 7 June 2021 (Monday)</p>
<p>Cash Proceeds Distribution, after the Manager having consulted the Trustee and the Sub-Funds’ auditor, will be paid to the investors who are still holding Units as at the Final Record Date</p> <p>(the “<b>Cash Proceeds Distribution Date</b>”)</p>	<p>On or around 9 June 2021 (Wednesday)</p>
<p>Dispatch of an announcement on the Further Cash Proceeds Distribution and the distribution rate per Unit (if any)</p>	<p>On or around 14 July 2021 (Wednesday)</p>
<p>Further Cash Proceeds Distribution (if any) will be paid to the investors who are still holding Units as at the Final Record Date</p> <p>(the “<b>Further Cash Proceeds Distribution Date</b>”)</p>	<p>On or around 16 July 2021 (Friday)</p>
<p>Termination of the Trust and the Sub-Funds when the net cash proceeds of each Sub-Fund have been fully distributed and the Trustee and the Manager form an opinion that the Sub-Funds cease to have any respective outstanding contingent or actual assets or liabilities</p> <p>(the “<b>Final Termination Date</b>”)</p>	<p>Expected to be on or around 15 October 2021 (Friday)</p>
<p>Deauthorisation of the Trust and the Sub-Funds and delisting of the Sub-Funds from the SEHK.</p> <p>The date of deauthorisation and delisting will be the date which the SFC and SEHK approve the deauthorisation and delisting respectively.</p>	<p>On or shortly after the Final Termination Date</p>

The Manager will issue the following:

- (i) on a weekly basis from the date of this Announcement and Notice to the Last Trading Day, reminder announcements informing and reminding investors of the Last Trading Day and the Trading Cessation Date and the Final Record Date;
- (ii) in due course, an announcement to inform the investors of the Cash Proceeds Distribution Date and any Further Cash Proceeds Distribution Date; and
- (iii) shortly before the Final Termination Date, an announcement informing investors about the Final Termination Date, Deauthorisation Date and the date for the delisting of the Sub-Funds from the SEHK,

in accordance with the applicable regulatory requirements.

If there is any change, including to the dates mentioned in this section, the Manager will issue an announcement to the investors.

## 2.5. Treatment of Suspended Stocks (if any), and sale of certain receivables (i.e. declared dividends and tax reclaims)

### *Suspended Stocks*

Certain stock(s) held by a Sub-Fund could be suspended from trading on the exchange which they are listed (the “**Suspended Stocks**”) on or after the Trading Cessation Date.

As of 29 March 2021, details of the Suspended Stocks which each Sub-Fund holds is as follows:

<b>Sub-Fund</b>	<b>Number of Suspended Stocks</b>	<b>Total holdings of Suspended Stocks</b>	<b>% of Net Asset Value of the Sub-Fund</b>
Vanguard FTSE Asia ex Japan Index ETF	2	534	0.00570%
Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF	1	1,200	0.00588%
Vanguard FTSE Developed Europe Index ETF	0	0	0%
Vanguard FTSE Japan Index ETF	0	0	0%
Vanguard S&P 500 Index ETF	0	0	0%
Vanguard Total China Index ETF	1	3,600	0.01667%

If there is no active market on (or off) any stock exchange or current market price for such Suspended Stocks, the payment of the Further Cash Proceeds Distribution (if any) could be delayed if a Sub-Fund holds Suspended Stocks.

If a Sub-Fund still holds Suspended Stocks after the Cash Proceeds Distribution Date, the Manager (in conjunction with the Trustee) will consider what options, if any, are available at the time to seek to avoid undue delay in the payment of the Further Cash Proceeds Distribution referable to the Suspended Stocks (if any), having regard, inter alia, to the level of Suspended Stocks held by such Sub-Fund,

the fair value of those Suspended Stocks and whether those suspended stocks are permitted to be transferred off-market.

An option the Manager may pursue to seek to avoid undue delay in the payment of any Further Cash Proceeds Distribution referable to the Suspended Stocks is to arrange for third party stockbroker(s) to purchase the Suspended Stocks (that are permitted to be transferred off-market) from the relevant Sub-Fund(s) at the fair value of those Suspended Stocks ("**Stockbroker Purchase Arrangement**").

The fair value of those Suspended Stocks is determined in accordance with the Manager's fair valuation policy. Under this policy, circumstances which can give rise to fair value pricing include but are not limited to suspension of trading of a listed stock for more than 5 business days. Fair value pricing under this policy are performed with due care, skill and diligence and in good faith, in consultation with the Trustee. Relevant factors in considering whether to (and how to) apply fair value pricing to Suspended Stocks include and are not limited to the type of Suspended Stocks involved, the amount and duration of the suspension of the Suspended Stocks owned by the relevant Sub-Fund(s), the potential impact on the NAV of the relevant Sub-Fund(s), the method to be used to perform the fair valuation and the reliability of the fair value price to be used.

In order to facilitate the Stockbroker Purchase Arrangement, the Manager (i.e. at a cost to the Manager in its corporate capacity) may subsidize some or all of the cost incurred by the third party stockbroker(s) to purchase the Suspended Stocks from the relevant Sub-Fund(s) at the fair value of those Suspended Stocks ("**Stockbroker Purchase Arrangement Subsidy**"). Such Stockbroker Purchase Arrangement Subsidy would be entirely funded by the Manager and the Manager will not seek reimbursement from any Sub-Fund, the Trustee or the Relevant Investors for this cost. For the avoidance of doubt, the Manager will not profit from the Stockbroker Purchase Arrangement as the third party stockbroker(s) under this arrangement will purchase outright (rather than merely borrow or otherwise take temporary possession of) the Suspended Stocks from the relevant Sub-Fund(s).

The Manager considers that the Stockbroker Purchase Arrangement set out above (if implemented), would be in the best interest of the Relevant Investors as a whole, as it avoids undue delay in making any Further Cash Proceeds Distribution. As noted above, the Manager will make a decision whether or not to implement the Stockbroker Purchase Arrangement having regard to inter alia, to the level of Suspended Stocks held by such Sub-Fund, the fair value of those Suspended Stocks and whether the those suspended stocks are permitted to be transferred off-market.

For completeness, please be aware that the Stockbroker Purchase Arrangement is only available in relation to Suspended Stocks that are permitted to be transferred off-market. If a Sub-Fund still holds Suspended Stocks after the Cash Proceeds Distribution Date and those Suspended Stocks are not permitted to be transferred off-market, in the absence of any other options available to the Manager, this will result in the relevant Sub-Fund(s) holding the Suspended Stocks until they resume trading. If trading of the Suspended Stocks has not resumed by the Further Cash Proceeds Distribution Date, the Manager will publish an announcement on or about such date to inform the Relevant Investors of the next steps it will proceed with.

The Trustee does not have any objection to such arrangement.

The Manager will provide further update(s) on the status of Suspended Stocks held by a Sub-Fund (if any) by way of an announcement(s) after the Cash Proceeds Distribution Date and what options the Manager will take at the time to avoid undue delay in the payment of any Further Cash Proceeds Distribution.

*Sale of certain receivables (i.e. declared dividends and tax reclaims)*

If a Sub-Fund is still entitled to receive Outstanding Receivables after the Cash Proceeds Distribution Date, waiting for such amounts to become payable may delay the payment of the Further Cash Proceeds Distribution (if any).

In such situation, the Manager (in conjunction with the Trustee) will consider what options, if any, are available at the time to seek to avoid undue delay in the payment of the Further Cash Proceeds Distribution (if any), having regard, inter alia, to the total amount of the Outstanding Receivables and the date on which they are expected to be received.

An option the Manager may pursue to seek to avoid undue delay in the payment of any Further Cash Proceeds Distribution is to enter into a purchase agreement with the Trustee (acting on behalf of the relevant Sub-Fund(s)) (the “**Receivables Purchase Agreement**”), pursuant to which the Manager (i.e. at a cost to the Manager in its corporate capacity) will purchase the Outstanding Receivables at face value (such amount, the “**Receivables Purchase Price**”).

The Manager will pay the Receivables Purchase Price to the Trustee (on behalf of the relevant Sub-Fund(s)) at the relevant time before the Further Cash Proceeds Distribution Date, so that such Receivables Purchase Price will form part of the Further Cash Proceeds Distribution payable to the Relevant Investors. The Receivables Purchase Price will be made as a cash payment in immediately available funds to the Trustee in the base currency of the relevant Sub-Fund(s). Under the Receivables Purchase Agreement, the Trustee will pay the Manager (in its corporate capacity) the proceeds from the Outstanding Receivables covered by the Receivables Purchase Agreement (“**Actual Proceeds**”) within 5 days of the date of actual receipt by the Trustee. There will be no adjustment to (or clawback of any part of) the Receivables Purchase Price if any of the Outstanding Receivables are not in fact received by the Trustee for any reason.

The Manager considers that the arrangements set out above (if implemented), which allow Relevant Investors to receive any Further Cash Proceeds Distribution referable to the Outstanding Receivables in full and without undue delay, would be in the best interest of the Relevant Investors as a whole. For the avoidance of doubt, the Manager has no intention of profiting from the Receivables Purchase Agreement. However, certain amounts under the Receivables Purchase Agreement will be subject to fluctuations (including due to foreign exchange fluctuations or inaccuracies between the estimated amount of any tax reclaim and the actual amount received) that are beyond the control of the Manager. This may result in the Manager (in its corporate capacity) incurring unintended gains or losses under this arrangement caused by, for example, foreign exchange fluctuations between the Receivables Purchase Price (which is paid to the relevant Sub-Fund(s) in its base currency) and the Actual Proceeds (that are payable to the Manager in a foreign currency).

The Manager (in its corporate capacity) will bear any losses and retain any gains (which, if any, are expected to be immaterial relative to the Net Asset Value of the relevant Sub-Fund as at the Trading Cessation Date) under the Receivables Purchase Agreement (including foreign exchange gains or losses). The Manager as the purchaser under the Receivables Purchase Agreement has no recourse to the Trustee, the Trust or any Sub-Fund in connection with any non-receipt (in part or full) of the Outstanding Receivables, therefore there is no liability exposure for the Relevant Investors in connection with the arrangements established by the Receivables Purchase Agreement.

As noted above, the Manager will make a decision whether or not to implement the Receivables Purchase Arrangement having regard, inter alia, to the total amount of the Outstanding Receivables and the date on which they are expected to be received.

For completeness, please be aware that if the Receivables Purchase Arrangement is not implemented, this can cause undue delay in the payment of the Further Cash Proceeds Distribution and correspondingly, undue delay in completing the termination and deauthorisation of the Trust and the Sub-Funds and delisting of the Sub-Funds from the SEHK.

The Trustee does not have any objection to such arrangement.

The Manager will provide further update(s) on the status of any Outstanding Receivables in any Sub-Fund by way of an announcement(s) after the Cash Proceeds Distribution Date and what options the Manager will take at the time to avoid undue delay in the payment of any Further Cash Proceeds Distribution referable to such Outstanding Receivables.

### **3. Non-applicability of certain provisions of the Code**

#### **3.1. Background**

As set out in section 2.3 above, while the Units will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Sub-Funds, the Trust and the Sub-Funds will remain in existence after the Trading Cessation Date until the Final Termination Date. During such period, the Trust and the Sub-Funds will remain authorised by the SFC and the Sub-Funds will maintain their SEHK listing status, until the completion of the proposed termination, proposed deauthorisation and proposed delisting.

Pursuant to Chapter 8.6(t) of the Code and question 13 of the ETF FAQs, the Trust and the Sub-Funds may not strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 3.

#### **3.2. Updating of the Prospectus and KFSs**

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFSs in respect of the Trust and the Sub-Funds must be up-to-date and must be updated to incorporate any relevant changes to the Trust and the Sub-Funds.

The Manager will continue to manage the Trust and the Sub-Funds without updating the Prospectus and the KFSs as required under Chapter 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (i) the Manager shall promptly notify investors of any changes to the Trust and the Sub-Funds or to the Prospectus or the KFSs by means of publishing further announcement(s) on its website [www.vanguard.com.hk](http://www.vanguard.com.hk) (this website has not been reviewed by the SFC) and the HKEX's website (each, a "**Relevant Future Announcement**"); and
- (ii) the Manager shall ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFSs, and any other Relevant Future Announcement(s).

### **3.3. Provision of real time or near-real time indicative Net Asset Value per Unit and last Net Asset Value**

Under Chapter 8.6(u)(i) and (ii) of the Code, the Manager is required to provide real time or near-real time indicative Net Asset Value per Unit of the Sub-Funds (updated at least every 15 seconds during trading hours) and last Net Asset Value per Unit and last Net Asset Value of the Sub-Funds (updated on a daily basis) on the Sub-Funds' website or such other channels as the SFC considers appropriate.

The Manager will continue to manage the Sub-Funds without strict compliance with Chapter 8.6(u)(i) and (ii) of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (i) the Manager shall ensure that the Net Asset Value per Unit of each Sub-Fund as of 10 May 2021 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of each Sub-Fund, will be published on the Manager's website: [www.vanguard.com.hk](http://www.vanguard.com.hk) (this website has not been reviewed by the SFC); and
- (ii) the Manager shall update the latest available Net Asset Value per Unit of each Sub-Fund on the Manager's website [www.vanguard.com.hk](http://www.vanguard.com.hk) (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of each Sub-Fund, including but not limited to changes arising from (i) the Cash Proceeds Distribution (please see further in section 2.2 above); (ii) the Further Cash Proceeds Distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Sub-Fund concerned (if any) of the underlying stocks; and (iv) any deduction of transaction costs or taxes relating to the realisation of assets of each of the Sub-Funds.

### **3.4. Publication of suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that

dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Sub-Funds without strict compliance with Chapter 10.7 of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the condition that a statement shall be posted in a prominent position of the Manager's website [www.vanguard.com.hk](http://www.vanguard.com.hk) (this website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units have ceased trading on the SEHK from 11 May 2021 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, any subsequent reminder announcements and all other relevant announcements.

As each of the Sub-Funds will maintain its listed status with the SEHK during the period from and including the Trading Cessation Date until the date of delisting of the Sub-Funds from the SEHK, which should take effect at or around the same time as the deauthorisation of the Trust and the Sub-Funds, investors may continue to access further announcements in relation to the Sub-Funds via the HKEX's website and the Manager's website [www.vanguard.com.hk](http://www.vanguard.com.hk) (this website has not been reviewed by the SFC) during such period.

### **3.5. Other related matters**

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and applicable laws and regulations in respect of the Trust and the Sub-Funds.

## **4. Costs**

### **4.1. Trading on the SEHK**

As indicated in section 2.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

### **4.2. Creation and redemption by Participating Dealers**

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

### **4.3. Costs of termination, deauthorisation and delisting and ongoing charges**

The Manager will bear all costs and expenses associated with the termination and deauthorisation of the Trust and each Sub-Fund as well as the delisting of each Sub-Fund from the SEHK (other than normal operating expenses such as transaction costs, and any taxes relating to the liquidation of assets of a Sub-Fund) from the date of this Announcement and Notice up to and including the Final



Termination Date. As such, no provision will be set aside for such costs and expenses.

For your information, the ongoing charges over a year as disclosed in the KFSs dated 30 April 2020 for each Sub-Fund is as follows:

<b>Sub-Fund</b>	<b>Ongoing charges figure</b>
Vanguard FTSE Asia ex Japan Index ETF	0.20%
Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF	0.35%
Vanguard FTSE Developed Europe Index ETF	0.18%
Vanguard FTSE Japan Index ETF	0.18%
Vanguard S&P 500 Index ETF	0.18%
Vanguard Total China Index ETF	0.40%

The ongoing charges figure is expressed as a percentage of the relevant Sub-Fund's average Net Asset Value, and is a sum of the actual expenses charged to each Sub-Fund for the year ended 31 December 2019.

The Manager will waive its entitlement to the Manager's Fee from the Trading Cessation Date up to the Final Termination Date.

The Manager does not expect that the termination of the Trust and the Sub-Funds will impact the ongoing charges figure disclosed above. Please note for completeness the ongoing charges figure shown above is calculated in accordance with the guidance under the relevant SFC circular, and excludes the following costs and expenses associated with the termination of the Trust and the Sub-Funds (which are to be borne by each relevant Sub-Fund and by extension, the investors): (i) normal operation expenses such as transaction costs; and (ii) any taxes, relating to the realisation of assets of the Sub-Funds.

#### **4.4. Unamortised preliminary expenses**

As at the date of this Announcement and Notice, the Sub-Funds do not have any unamortised preliminary expenses or contingent liabilities.

### **5. Other matters**

#### **5.1. Other implications of the proposed cessation of trading of Units on the SEHK, the proposed termination and proposed deauthorisation of the Trust and the Sub-Funds and proposed delisting of the Sub-Funds**

In consequence of this Announcement and Notice and the proposed cessation of trading of Units on the SEHK, the proposed termination and proposed deauthorisation of the Trust and the Sub-Funds and proposed delisting of the Sub-Funds from the SEHK, investors should note and consider the following risks:

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

*Units trading at a discount or premium and Market Makers' inefficiency risk* – The Units may trade at a discount or premium of its Net Asset Value. Although the Manager expects that up to (and including) the Last Trading Day, the Market

Makers will continue to perform their market making functions in respect of the Sub-Funds in accordance with the Trading Rules of the SEHK, Units 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 this Announcement and Notice but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units of each of the Sub-Funds may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. In particular, should there be a large demand for Units before the Trading Cessation Date, the Market Makers may not be able to effectively perform their market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day;

*Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk* – It is possible that the size of the relevant Sub-Fund may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfil the investment objective of a Sub-Fund and result in significant tracking error. In the extreme situation where the size of the relevant Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the relevant Sub-Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the relevant Sub-Fund into cash deposits in order to protect the interest of the investors of that Sub-Fund;

*Net Asset Value downward adjustment risk* – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the investments. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day;

*Failure to track the Sub-Fund Index risk* – All assets of the Sub-Funds, to the extent possible, will be liquidated after the close of secondary market trading of the relevant Sub-Funds on the Last Trading Day. Thereafter, the Sub-Funds' assets will mainly be cash and the Sub-Funds will operate in a limited manner. It therefore follows that, after the close of secondary market trading on the Last Trading Day, each of the Sub-Funds will cease to track its corresponding Index, and will not be able to meet its respective investment objective of tracking the performance of such corresponding Index; and

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

Investor attention is also drawn to the risks disclosed in the Prospectus.

## **5.2. Tax implications**

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Trust and the Sub-Funds are collective investment schemes authorised under Section 104 of the SFO, profits of the Trust and the Sub-Funds derived from realisation of their assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Trust and the Sub-Funds derived from realisation of its assets are exempt from Hong Kong profits tax, the Trust and the Sub-Funds may be subject to tax in certain jurisdictions where investments are made, on income and/or capital gains derived from such investments.

The Cash Proceeds Distribution and Further Cash Proceeds Distribution (if any) (to the extent such amounts represent profits and/or capital of the Sub-Funds) should generally not be subject to Hong Kong profits tax. For investors carrying on a trade, profession or business in Hong Kong, profits derived from the redemption or disposal of Units may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong and the Units are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### **5.3. Connected party transaction**

As at the date of this Announcement and Notice, other than stated in section 2.5 above and below, none of the connected persons of the Manager and/or the Trustee are involved in any transaction as principal in relation to the Trust and the Sub-Funds other than in the ordinary and normal course of business and executed at arm's length, nor holds any interest in the Sub-Funds.

A related entity of the Manager, Zealous, Inc. ("**Vanguard Seeding Entity**"), which seeded the Vanguard Total China Index ETF, currently holds Units in the Vanguard Total China Index ETF. The Vanguard Seeding Entity is a connected person of the Manager. The Vanguard Seeding Entity has no intention to dispose of its Units, either by selling the Units on the SEHK or by redeeming the Units in the primary market, before the Trading Cessation Date. Accordingly, the Vanguard Seeding Entity expects to be an investor as at the Trading Cessation Date (no different to other investors who chose not to redeem prior to the Trading Cessation Date) and will be entitled to receive the Cash Proceeds Distribution and Further Cash Proceeds Distribution (if any) paid to Relevant Investors.

The Manager will provide further update(s) by way of an announcement(s) if any connected persons of the Manager holds Units in any other Sub-Fund prior to the Final Termination Date.

## **6. Documents available for inspection**

Copies of the following documents are available for inspection free of charge at the place of business of the Manager at 48/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours:

- Trust Deed and any supplemental deed;
- Audited accounts and unaudited interim reports of the Trust and the Sub-Funds; and

- the Prospectus and the KFS of each of the Sub-Funds.

Copies of the above documents may be obtained from the Manager at a reasonable fee upon request (other than the financial statements, the Prospectus and the KFSs which may be obtained free of charge).

## 7. **Enquiries**

If you have any questions in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager by calling +852 3409 8444 during normal business hours (except Hong Kong statutory holidays), or visiting the Manager's website: [www.vanguard.com.hk](http://www.vanguard.com.hk) (this website has not been reviewed by the SFC).

The Manager accepts full responsibility for the accuracy of the contents of 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.

**Vanguard Investments Hong Kong Limited**  
as Manager of the Trust and the Sub-Funds

**31 March 2021**