FWD 富衛

FWD Life Insurance Company (Bermuda) Limited
富衛人壽保險(百慕達)有限公司

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This Notice is important. It requires your immediate attention. If you have any doubt about the contents of this Notice, you should seek independent professional financial advice. Capitalised terms, unless otherwise specified herein, shall have the same meanings as defined in the explanatory memorandum of FWD Multi-Funding Provident Plan (the "Plan").

FWD Life Insurance Company (Bermuda) Limited ("FWD Life") has taken all reasonable care to ensure that the facts stated in this Notice are true and accurate in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading and accepts responsibility for the accuracy of the contents of this Notice accordingly.

Dear Employers,

We would like to inform you of certain changes to be made in relation to the Plan. Unless otherwise provided, these changes will take immediate effect.

The Explanatory Memorandum of the Plan ("**EM**") has been amended to reflect updated and enhanced disclosures regarding the details, including the investment objective, of the Underlying Funds, as summarized below:-

(i) Enhancement on the disclosure of the use of financial derivative instruments by the Managed Funds other than Asia Opportunities Equity Fund

The investment objectives of the Underlying Funds of the Managed Funds (other than Asia Opportunities Equity Fund) will be enhanced to include the extent of the use of financial derivative instruments by the Underlying Funds.

Please note that these changes are an enhancement of disclosures only. There has been no change to the use of financial derivatives instruments by the respective Underlying Funds or the investment objectives of the Managed Funds.

(ii) Clarification of investment objective of Templeton Global Fund, the underlying fund of Global Fund

The EM currently states that Templeton Global Fund seeks capital appreciation through a policy of investing in equity and debt obligations of companies and governments of any nation throughout the world, including emerging markets, and that Templeton Global Fund invests principally in common stocks, and may also seek investment opportunities in other types of securities such as preferred stock, securities convertible into common stock and fixed income securities, which are US dollar and non-US dollar denominated.

With effect from 30 December 2016, it has been clarified that Templeton Global Fund aims to increase the value of its investments over the medium to long term, and that it invests principally (that is, at least two-thirds of its net assets) in equity securities issued by companies of any size located in any country, including emerging markets. Templeton Global Fund can invest on an ancillary basis in preferred stock, securities convertible into common stock and fixed income securities. The investment team uses in-depth analysis to select individual equity securities that it believes are undervalued and will provide the best opportunities for increased value over the long term.

(iii) Change of investment manager of Templeton Global Balanced Fund, the underlying fund of Global Balanced Fund

The EM currently states that the co-investment managers of Templeton Global Balanced Fund are Franklin Templeton Investment Management Limited and Franklin Advisors, Inc. With effect from 4 June 2018, the co-investment managers have been changed to Franklin Templeton Investments Australia Limited and Franklin Advisors, Inc pursuant to an internal reorganisation of investment personnel responsible for the investment management of the Templeton Global Balanced Fund.

The EM of the Plan has been updated to reflect the foregoing change.

(iv) Clarification of investment objective of Templeton Global Balanced Fund

The EM currently states that Templeton Global Balanced Fund seeks capital appreciation and current income, consistent with prudent investment management by investing principally in equity securities and government debt securities issued by entities throughout the world, including emerging markets. The investment managers anticipate that the majority of Templeton Global Balanced Fund's portfolio will normally be invested in equity or equity-linked securities, including debt or preferred stock convertible or exchangeable into equities securities, selected principally on the basis of their capital growth potential. Templeton Global Balanced Fund seeks income by investing in fixed or floating rate debt securities (including up to 5% of Templeton Global Balanced Fund's net assets in non-investment grade securities) and debt obligations issued by government and government-related issuers or corporate entities worldwide. Templeton Global Balanced Fund may also purchase debt obligations issued by supra-national entities organized or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. Templeton Global Balanced Fund may purchase equities, fixed income securities and debt obligations. Notwithstanding the foregoing, at no time will the investment managers invest more than 40% of Templeton Global Balanced Fund's total net assets into fixed income securities.

With effect from 30 December 2016, it has been clarified that Templeton Global Balanced Fund aims to increase the value of its investments and to earn income over the medium to long term by investing principally (that is, at least two-thirds of its net assets) in (i) equity and equity-related securities (including convertible securities) issued by companies of any size located in any country, including emerging markets; and (ii) debt securities issued by government and government-related issuers or corporate issuers located in any country, including emerging markets. Templeton Global Balanced Fund may also invest on an ancillary basis in debt securities of supranational entities organized or supported by several national governments, such as the European Investment Bank and non-investment grade securities (limited to 5% of its net assets).

(v) Clarification of investment objective of Templeton Global Bond Fund, the underlying fund of Global Bond Fund

The EM currently states that the investment objective of Templeton Global Bond Fund is to maximize, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains by investing principally in a portfolio of fixed or floating rate debt securities (including non-investment grade securities) and debt obligations issued by government or government-related issuers worldwide. Templeton Global Bond Fund may also invest in debt securities (including non-investment grade securities) of corporate issuers. Templeton Global Bond Fund may also purchase debt obligations issued by supra-national entities organized or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. Templeton Global Bond

Fund may hold up to 10% of its total net assets in securities in default. It may purchase fixed income securities and debt obligations denominated in any currency, and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation.

With effect from 30 December 2016, it has been clarified that Templeton Global Bond Fund aims to maximise total investment return by achieving an increase in the value of its investments, earning income and profiting from currency movement over the medium to long term. Templeton Global Bond Fund invests principally (that is, at least two-thirds of its net assets) in debt securities of any quality (including non-investment grade securities) issued by governments and government-related entities worldwide. Templeton Global Bond Fund may also invest on an ancillary basis in (i) debt securities of any quality issued by corporations located in any country; (ii) debt securities of supranational entities, organized or supported by several national governments, such as the European Investment Bank; (iii) structured products (such as credit-linked securities); (iv) securities in default (limited to 10% of net assets); (v) equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation.

(vi) Change of name of Baring Hong Kong China Fund, the underlying fund of Hong Kong China Fund

With effect from 30 April 2018, the name of Baring Hong Kong China Fund, the underlying fund of Hong Kong China Fund, was changed to "Barings Hong Kong China Fund".

There is no change to the name of Hong Kong China Fund as a result of the foregoing change to the name of its Underlying Fund.

(vii) Clarification of investment manager of Barings Hong Kong China Fund

The EM currently states that the investment manager of Baring Hong Kong China Fund is Baring International Fund Managers (Ireland) Limited, which is sub-advised by Baring Asset Management (Asia) Limited. With immediate effect, the EM of the Plan has been enhanced to disclose that Barings Hong Kong China Fund is also sub-advised by Baring Asset Management Limited.

Please note that the foregoing amendment is for enhancement of disclosure only. There is no change to the investment management delegation arrangement of Barings Hong Kong

China Fund, and no change to the manner in which Barings Hong Kong China Fund is managed.

(viii) <u>Clarification of investment objective of Barings Hong Kong China Fund</u>

The EM currently states that Barings Hong Kong China Fund seeks to achieve long-term capital growth in the value of assets by investing in Hong Kong, China or Taiwan, and that it invests at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominated part of their economic activity in Hong Kong or China, or quoted or traded on the stock exchanges in those countries. For this purpose, total assets exclude cash and ancillary liabilities. The investment manager may also invest in companies incorporated in, or exercising the predominant part of the economic activity in Taiwan or quoted or traded on the Taiwan stock exchange.

With effect from 6 September 2017, it has been clarified that Barings Hong Kong China Fund seeks to achieve long-term capital growth in the value of assets by investing in Hong Kong, China and Taiwan. Barings Hong Kong China Fund will invest at least 70% of its total assets at any one time, either directly in equities or through equity-related securities (such as structured notes, participation notes, equity-linked notes or depositary receipts) of companies (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges in markets in Hong Kong or China. The investment manager of Barings Hong Kong China Fund may also invest up to 30% of the total assets of Barings Hong Kong China Fund outside its principal geographies (including but not limited to Taiwan), market sectors, currency or asset classes. With regard to investment in debt securities, Barings Hong Kong China Fund does not have any specific restrictions or limits on the credit rating of the underlying debt securities.

Barings Hong Kong China Fund may also invest in collective investment schemes up to a maximum of 10% of the net asset value of Barings Hong Kong China Fund.

With regard to investment in China, no more than 10% of the net asset value of the Barings Hong Kong China Fund may at any one time be invested directly or indirectly in China A shares and B shares. It is anticipated that this exposure will be obtained either directly through investment in China A shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Shanghai-Hong Kong Stock Connect Scheme and Shenzhen-Hong Kong Stock Connect Scheme or indirectly through investment in other eligible collective investment schemes or participation notes.

(ix) Clarification of investment objective of Fidelity Funds – American Growth Fund, the underlying fund of American Growth Fund

The EM currently states that Fidelity Funds – American Growth Fund seeks to provide investors with long-term capital growth from diversified and actively managed portfolios of securities, and that the income from Fidelity Funds – American Growth Fund is expected to be low. Fidelity Funds – American Growth Fund will invest at least 70% of its net asset value (and normally 75%) in a focused portfolio of the shares of companies having their head office or main activities in the U.S..

With immediate effect, it is clarified that Fidelity Funds – American Growth Fund is an equity fund and aims to provide long-term capital growth with the level of income expected to be low. At least 70% of Fidelity Funds – American Growth Fund’s net asset value (and normally 75%) will be invested in a focused portfolio of the shares of companies having their head office or main activities in the US. For the remaining assets, the investment manager has the freedom to invest outside Fidelity Funds – American Growth Fund’s principal geographies, market sectors, currency or asset classes. In selecting securities for Fidelity Funds – American Growth Fund, several factors are considered in the investment process; for example, consideration may include, but is not limited to, a company’s financials, including revenue and profit growth, return on capital, cash flows and other financial measures. In addition, company management, industry and economic environment, and other factors may be considered in the investment process.

Please note that this change is an enhancement of disclosures only. There has been no change to the investment objective of American Growth Fund.

(x) Clarification of investment objective of Fidelity Funds – European Growth Fund, the underlying fund of European Growth Fund

The investment objective of Fidelity Funds – European Growth Fund is currently disclosed as to provide investors with long-term capital growth from diversified and actively managed portfolios of securities. The income from Fidelity Funds – European Growth Fund is expected to be low. Fidelity Funds – European Growth Fund will invest at least 70% of its net asset value (and normally 75%) in equities securities quoted on European stock exchanges.

With immediate effect, it is clarified that Fidelity Funds – European Growth Fund is an equity fund and aims to provide long-term capital growth with the level of income expected to be low. At least 70% of Fidelity Funds – European Growth Fund's net asset value (and normally 75%) will be invested in equity securities quoted on European stock exchanges. For the remaining assets, the investment manager has the freedom to invest outside Fidelity Funds – European Growth Fund's principal geographies, market sectors, currency or asset classes. In selecting securities for Fidelity Funds – European Growth Fund, several factors are considered in the investment process; for example, consideration may include, but is not limited to, a company's financials, including revenue and profit growth, return on capital, cash flows and other financial measures. In addition, company management, industry and economic environment, and other factors may be considered in the investment process.

Please note that this change is an enhancement of disclosures only. There has been no changes to the investment objective of European Growth Fund.

The costs in respect of the foregoing changes, if any, will be borne by FWD Life.

You should refer to the latest fund fact sheet and offering document of the respective Underlying Fund for details in respect of its investment objectives and policies, investment restrictions, risk factors, subscription and redemption procedures, valuation policies, fees and charges and its management structure. Copies of the latest fund fact sheet and offering document of the respective Underlying Fund are available from FWD Life's website www.fwd.com.hk and are also available for inspection during normal working hours at the office of FWD Life (see below for details). Please note that the above website has not been reviewed or authorized by the SFC.

Copies of the EM (as amended from time to time) and the endorsement to the Policy are available on request from FWD Life at 1/F., FWD Financial Centre, 308 Des Voeux Road Central, Sheung Wan, Hong Kong, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted).

Please contact FWD Life (by telephone at +852 2850 2333 or by fax at +852 2850 3999) or the enquiry hotline: +852 3183 1900 if you have any questions regarding the above.

Please disseminate the content of this Notice to your employees.

FWD Life Insurance Company (Bermuda) Limited
11 March 2019