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**Financial Adviser**

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February 2023

**This notice contains important information that requires your immediate attention. Should you have any query about this notice, please seek independent professional advice. RL360 Insurance Company Limited (“RL360”) accepts responsibility for the accuracy of the information contained in this notice.**

Dear &lt;Salutation&gt;

**CHANGES IMPACTING TEMPLETON CHINA A ACC USD (THE “AFFECTED INVESTMENT OPTION”) PREFERENCE (the “Scheme”) – <<Policy number>>**

We are writing to you as your policy holds units in the above Affected Investment Option.

We have been notified by Franklin Templeton Investments (Asia) Limited, as Hong Kong Representative of Franklin Templeton, of the following changes which impact the Templeton China Fund which is the underlying fund (“Underlying Fund”) of the Affected Investment Option.

These changes will take effect from **8 March 2023** (the “Effective Date”) and will be available to view in the updated Franklin Templeton Hong Kong prospectus Explanatory Memorandum after the Effective Date.

**Changes to the investment policy**

With a view to provide greater flexibility for investment, from the Effective Date, the investment policy of the Underlying Fund will change to remove the 20% limit of investments in China A-Shares and in China B-Shares.

As a result of the changes, the Underlying Fund may invest in up to 100% of its net assets in China A-Shares and up to 20% of its net assets direct in China B-Shares. Please refer to the enclosed **Appendix** for details of the amended portion of the Investment Policy of the Explanatory Memorandum of the Underlying Fund’s profile.

As a result of the Underlying Fund’s increased exposure in China A-Shares and China B-Shares, the Underlying Fund will be subject of a higher level of “China QFI Risk”, “Chinese Market risk” and Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk” as described under the “Risk Considerations” section of the Underlying Fund Explanatory Memorandum. In addition, “China A-Shares Market risk”, “Mainland China Tax risk” and “RMB Currency and Conversion risk” shall be added to the list of risks pertaining to the Underlying Fund in the Explanatory Memorandum. These additional risk sections are also set out in the enclosed Appendix.

**The above changes will happen automatically within your policy and you do not need to take any action.**

### How to switch the Affected Investment Option if you wish

If you are not happy with the changes, you are free to switch your existing holdings out of the Affected Investment Option to other investment options available under the Scheme, free of charge. You may visit the interactive fund centre for your product to help you decide on new investment option(s) - [www.rl360.com/row/products/closed-products/preference/fundcentre.htm](http://www.rl360.com/row/products/closed-products/preference/fundcentre.htm)

Please note that our website contains investment options marked with '#' which are not available to Hong Kong policyholders. You will only be able to switch your existing holdings to other investment options available under the Scheme which are available to Hong Kong policyholders. Once you have decided, complete the enclosed Fund Switch instruction form and return the same to us **by email, fax or post.**

**You should consider your attitude to risk and speak to a financial adviser before making any investment decision. Investment involves risk. Performance can go up and down. Past performance may not be repeated and should not be used as a guide to future performance.**

**You should read the corresponding offering documents (including Product Key Facts Statement) of the underlying funds (including, without limitation, their investment objectives and policies, risk factors and charges), which will be made available by our Hong Kong office upon request.**

### Who to contact if you have any queries

If you have questions regarding this letter or any general queries, please don't hesitate to get in touch. Call our Customer Service Team on +852 3929 4333 or send an email to [hongkong@rl360.com](mailto:hongkong@rl360.com) and one of our team will be happy to help.

Kind regards



Chris Corkish  
Investment Marketing Manager

**Please note that our website contains products that are not authorised by the SFC and are not available to Hong Kong investors. The information in the website has not been reviewed by the SFC. Investment options marked with '#' are not available to Hong Kong policyholders.**

**Appendix**

<b>Investment Objective/Policy of the Underlying Fund before the Effective Date:</b>	<b>Investment Objective/Policy of the Underlying Fund from the Effective Date:</b>
<p>The Underlying Fund's investment objective is capital appreciation, which it seeks to achieve through a policy of investing primarily in equity securities of companies: (i) organised under the laws of or with their principal offices in the Mainland China ("China"), Hong Kong or Taiwan or (ii) which derive the principal portion of their revenue from goods or services sold or produced, or have the principal portion of their assets in China, Hong Kong or Taiwan.</p> <p>The Underlying Fund may also invest in equity securities of companies (i) for which the principal market for the trading of securities is China, Hong Kong or Taiwan or (ii) that are linked to assets or currencies in China, Hong Kong or Taiwan.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Underlying Fund may also seek investment opportunities in other types of securities such as preferred stock, securities convertible into common stock, and corporate and government debt obligations which are US dollar and non-US dollar denominated.</p> <p>The Underlying Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Underlying Fund under prevailing laws and regulations) and in China B-Shares.</p> <p>The Underlying Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.</p> <p>For the purpose of generating additional capital or income or for reducing costs or risks, the Underlying Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Underlying Fund only.</p> <p>Investments in emerging market countries are subject to a higher degree of risk, as described in the section "RISK CONSIDERATIONS".</p>	<p>The Underlying Fund's investment objective is capital appreciation, which it seeks to achieve through a policy of investing primarily in equity securities of companies: (i) organised under the laws of or with their principal offices in the Mainland China ("China"), Hong Kong or Taiwan or (ii) which derive the principal portion of their revenue from goods or services sold or produced, or have the principal portion of their assets in China, Hong Kong or Taiwan.</p> <p>The Underlying Fund may also invest in equity securities of companies (i) for which the principal market for the trading of securities is China, Hong Kong or Taiwan or (ii) that are linked to assets or currencies in China, Hong Kong or Taiwan.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Underlying Fund may also seek investment opportunities in other types of securities such as preferred stock, securities convertible into common stock, and corporate and government debt obligations which are US dollar and non-US dollar denominated.</p> <p>The Underlying Fund may invest up to 100% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Underlying Fund under prevailing laws and regulations) and up to 20% of its net assets directly in China B-Shares. For the avoidance of doubt, the Underlying Fund will not invest 70% or more of its net assets in China A-Shares solely via the QFI channel and may invest up to 10% of its net assets in other collective investment schemes such as UCITS or other UCIs.</p> <p>For the purpose of generating additional capital or income or for reducing costs or risks, the Underlying Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Underlying Fund only.</p> <p>Investments in emerging market countries are subject to a higher degree of risk, as described in the section "RISK CONSIDERATIONS".</p>

## **Additional risks pertaining to the Underlying Fund from the Effective Date:**

### **RISK CONSIDERATIONS (extracted directly from the Underlying Fund's Explanatory Memorandum)**

#### **"China A-Shares Market risk**

The China A-Shares market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). High market volatility and potential settlement difficulties in the China A-Shares market may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the net asset value of the Fund. Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

#### **Mainland China Tax risk**

There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realized on the relevant Funds' disposals of the fixed income securities traded on the CIBM and via the QFI status, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect or access products on the Funds' investments in the PRC (which may have retrospective effect). Any changes in the Mainland Chinese tax law, future clarifications thereof, and/or subsequent retroactive enforcement by the Mainland Chinese tax authorities of any tax may result in a material loss to the relevant Funds. Based on professional and independent tax advice, currently, no tax provision is made on the capital gains from the relevant Funds' investments in the PRC. The Management Company, the relevant Investment Manager and/or the relevant Sub-Manager will keep the provisioning policy for tax liability under review, and may, in their discretion from time to time, make a provision for potential tax liabilities, if in their opinion such provision is warranted, or as further clarified by the Mainland Chinese authorities in notifications. If tax provision has been made by the relevant Funds, any shortfall between the provision and the actual tax liabilities, which will be debited from the relevant Funds' assets, will adversely affect the relevant Funds' Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

#### **RMB Currency and Conversion risk**

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example USD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB."