

China Life Franklin Diversified Income Fund (the “Trust”)

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

China Life Franklin Asset Management Co., Limited (the “**Manager**”) accepts full responsibility for the accuracy of the information contained in this announcement 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.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Explanatory Memorandum for the Trust dated 29 April 2020, as may be amended and supplemented from time to time (the “**Explanatory Memorandum**”).

21 December 2020

Dear Investor,

RESULTS OF EXTRAORDINARY GENERAL MEETING HELD ON 18 DECEMBER 2020

The Manager is pleased to announce that the extraordinary resolution as set out in the notice of extraordinary general meeting dated 27 November 2020 was duly passed at the extraordinary general meeting held on 18 December 2020. The Manager will therefore proceed to take all necessary steps to implement the proposed changes as set out in the announcement and notice dated 27 November 2020.

Investors should exercise caution and consult with their professional and financial advisers before dealings in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

Reference is made to the announcement and notice dated 27 November 2020 and entitled “Announcement and Notice of Proposed Change of Performance Fee, Management Fee, Trustee Fee, Proposed Amendment of Trust Deed and Implementation of Subscription Charge” and “Notice of Extraordinary General Meeting” (the “**First Announcement**”), issued by China Life Franklin Asset Management Co., Limited (the “**Manager**”), the manager of the Trust. Capitalised terms used herein shall, unless otherwise defined, have the same meanings ascribed to them in the First Announcement.

The following are the voting results in respect of the Resolution proposed at the extraordinary general meeting held on 18 December 2020 of the Trust (the “**EGM**”):

	FOR	AGAINST
Extraordinary Resolution to approve: The trust deed of the Trust (the “ Trust Deed ”) be amended by deleting and replacing Clause 29.5 of the Trust Deed as follows: “29.5 A performance fee will be payable to the Manager if the Net Asset Value per Unit of the relevant Class (as defined below), calculated on the relevant Performance Fee Valuation Day, is greater than the Base Net Asset Value per Unit of that Class (as defined below). The fee payable shall be calculated as follows:	367,932,445.1886 (100%)	0 (0%)

$\frac{(A - B) \times C \times D}{E}$ <p>where:</p> <p>A = the Net Asset Value per Unit of the relevant Class, calculated on the relevant Performance Fee Valuation Day, after deduction of all fees (excluding the performance fee payable in the Relevant Performance Period, if any) and distributions which has been declared or paid in respect of the Relevant Performance Period.</p> <p>B = the Base Net Asset Value per Unit of the relevant Class which shall be 102.8 per cent. (or such other percentage as may from time to time be determined by the Manager with the approval of the Trustee and with not less than one months' notice to the relevant Unitholders of the relevant Class) of the greater of HK\$10 and the Net Asset Value per Unit of the relevant Class as at the Performance Fee Valuation Day of the preceding Relevant Performance Period in relation to which a performance fee was last calculated and paid (after deduction of all fees (including the performance fee paid in the preceding Relevant Performance Period, if any) and all distributions which have been declared or paid in respect of such preceding Relevant Performance Period).</p> <p>C = the aggregate number of Units of the relevant Class in issue during the Relevant Performance Period, calculated by adding the total number of Units of that Class in issue as at the Valuation Point on each Valuation Day of the Relevant Performance Period.</p> <p>D = 10 per cent. per annum or, subject to the approval of the Unitholders of Units of the relevant Class by Extraordinary Resolution (which approval shall, for the avoidance of doubt, only be required in connection with a proposal to increase such rate), such other percentage figure as the Manager may from time to time specify.</p> <p>E = the number of Valuations Days in the Relevant Performance Period.</p>		
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Note:

- *As at the date of the EGM, the number of Units in issue was 372,467,870.5150.*
- *The Manager of the Trust has abstained from casting any vote in respect of Units beneficially owned by it and all beneficially owned Units owned by it have been ignored for purposes in establishing whether or not a quorum is present, as if such Units were not then in issue. The*

total number of Units entitling the Unitholders to vote for or against the Resolution was therefore 367,932,445.1886.

On the basis of the votes set out above, the Resolution was duly passed as an extraordinary resolution. The Manager will therefore proceed to take all necessary steps to implement the proposed changes as set out in the First Announcement (the “**Proposed Changes**”), including amending the Trust Deed in accordance with the Resolution by way of execution of a supplemental deed on 1 January 2021 (the “**Effective Date**”).

The Explanatory Memorandum and the KFS will be updated to reflect the Proposed Changes and will be published on the Manager’s website at <http://www.clamc.com.hk> (this website has not been reviewed by the SFC) after the Effective Date on 4 January 2021, being the first business day following the Effective Date. Copies of the Explanatory Memorandum and KFS will be available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager (set out below).

Copies of the Trust Deed, as amended, will also be available for inspection from 4 January 2021 onwards at the office of the Trustee at 17th Floor, CLI Building, No.313 Hennessy Road, Wan Chai, Hong Kong, during normal business hours free of charge and copies may be purchased at a reasonable charge.

If you have any questions or require further information, please contact the Manager at Unit 301 Cheung Kong Centre, 2 Queen’s Road Central, Hong Kong or by telephone at 3944 5588.

Yours faithfully,
China Life Franklin Asset Management Co., Limited
as Manager of the Trust