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CHINA LIFE

MPF Scheme Brochure for
China Life MPF Master Trust Scheme

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China Life Trustees Limited
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SECOND ADDENDUM TO THE MPF SCHEME BROCHURE OF CHINA LIFE MPF MASTER TRUST SCHEME

This is the second addendum ("Second Addendum") dated 21 June 2022 to the MPF Scheme Brochure dated 4 December 2020 ("MPF Scheme Brochure 4 December 2020 Edition") of China Life MPF Master Trust Scheme ("Scheme"). Capitalized terms used in this Second Addendum bear the same meaning as in the MPF Scheme Brochure 4 December 2020 Edition. The First Addendum dated 23 November 2021 ("First Addendum") and this Second Addendum together with the MPF Scheme Brochure 4 December 2020 Edition form the latest version of the MPF Scheme Brochure of the Scheme. The First Addendum, this Second Addendum and the latest version of the MPF Scheme Brochure can be obtained free of charge by accessing our website www.chinalife.com.hk. The First Addendum and this Second Addendum must only be distributed and read with the MPF Scheme Brochure 4 December 2020 Edition of the Scheme.

With effect from 26 September 2022, the following amendments will be made to the MPF Scheme Brochure 4 December 2020 Edition:

1. Page 2 under the chapter "INTRODUCTION", the part after "Below is the structure of the Scheme" will be substituted by the following:

"

Master Trust Scheme	China Life MPF Master Trust Scheme									
Constituent Funds	China Life MPF Conservative Fund	China Life Growth Fund	China Life Balanced Fund	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund[6]	China Life Hong Kong Equity Fund	China Life Core Accumulation Fund	China Life Age 65 Plus Fund	China Life Greater China Equity Fund	China Life US Equity Fund
Underlying Funds	Direct Investment[1]	Fidelity Global Investment Fund – Growth Fund[2]	Fidelity Global Investment Fund – Balanced Fund[2]	China Life Retire-Easy Guarantee (PIF) Fund investing in China Life Retire-Easy Stable Return Unit Trust (PIF) Fund[1]	two or more approved ITCISs	Fidelity Global Investment Fund – Hong Kong Equity Fund[2]	Core Accumulation Fund of Invesco Pooled Investment Fund[3]	Age 65 Plus Fund of Invesco Pooled Investment Fund[3]	JPMorgan SAR Funds – JPMorgan SAR Greater China Fund[4]	The Templeton MPF Investment Funds – Franklin MPF US Opportunities Fund[5]

[1] managed by investment manager Taiping Assets Management (HK) Company Limited
[2] managed by investment manager FIL Investment Management (Hong Kong) Limited
[3] managed by investment manager Invesco Hong Kong Limited
[4] managed by investment manager JPMorgan Asset Management (Asia Pacific) Limited
[5]managed by investment manager Franklin Templeton Investments (Asia) Limited
[6]managed by investment manager China Asset Management (Hong Kong) Limited"

2. Page 3 in section 3 under the chapter "DIRECTORY" will be amended as follows:

   (a) "China Life Retire-Easy Global Equity Fund" will be deleted from the second paragraph immediately after "Investment Manager of the Approved Pooled Investment Funds invested into by the following Constituent Funds:"

   (b) the following will be added after "China Life US Equity Fund":

"

Investment Manager of the following Constituent Fund: • China Life Retire-Easy Global Equity Fund	China Asset Management (Hong Kong) Limited 37/F, Bank of China Tower, 1 Garden Road, Hong Kong

"

3. Page 4 in the section titled “CONSTITUENT FUNDS” under the chapter “FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES” will be amended as follows:

(a) the second sentence of the second paragraph will be substituted by the following:

“Except for China Life MPF Conservative Fund (which makes direct investments) and China Life Retire-Easy Global Equity Fund (which is a portfolio management fund), all other Constituent Funds are feeder funds, each of which will invest in a single approved pooled investment fund.”

(b) the standardized table will be substituted by the following:

“

No.	Name of Constituent Fund	Investment Manager*	Fund Structure	Fund Descriptor	Investment Focus
1	China Life MPF Conservative Fund	Taiping Assets Management (HK) Company Limited	Direct Investment	Money Market Fund (Hong Kong)	0% to 100% in bank deposits and commercial paper, 0% to 12% in short-term notes
2	China Life Growth Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) – Maximum equity around 90%	90% in equities, 7% in bonds, 3% in cash
3	China Life Balanced Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) – Maximum equity around 70%	70% in equities, 25% in bonds, 5% in cash
4	China Life Joyful Retirement Guaranteed Fund	N/A	Investing in a single approved pooled investment fund through a Policy APIF	Guaranteed Fund	0% to 30% in global equities, 50% to 80% in fixed income securities, 0% to 50% in cash/bank deposit
5	China Life Retire-Easy Global Equity Fund	China Asset Management (Hong Kong) Limited	Investing in two or more approved ITCISs	Equity Fund (Global)	100% in global equities
6	China Life Hong Kong Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (Hong Kong)	100% in equities (this only represents the target allocations and the actual asset allocations will at times vary considerably.)
7	China Life Core Accumulation Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) - Maximum equity (namely, higher risk assets) - 65%	around 60% in higher risk assets (such as global equities), with the remainder in lower risk assets (such as global bonds, cash and money market instruments)
8	China Life Age 65 Plus Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) - Maximum equity (namely, higher risk assets) - 25%	around 20% in higher risk assets (such as global equities), with the remainder in lower risk assets (such as global bonds, cash and

					money market instruments)
9	China Life Greater China Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (Greater China Region)	70% to 100% in Greater China equities, 0% to 30% in other equities, 0% to 30% in bonds (for cash management purpose only)
10	China Life US Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (U.S.)	Invests principally in equity securities of US companies.

* N/A means there is no investment manager appointed at the Constituent Fund level.

”

4. “except risk in investment in Approved ITCIS” will be added after ‘ “Risks” ’ in the third sentence under item (vii) “Risk inherent and Expected Return” in page 8 in “ANNEXURE A – 2” of “ANNEXURE A” under the chapter “FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES”.

5. “except risk in investment in Approved ITCIS” will be added after ‘ “Risks” ’ in the third sentence under item (vii) “Risk inherent and Expected Return” in page 9 in “ANNEXURE A – 3” of “ANNEXURE A” under the chapter “FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES”.

6. The following new “Annexure A-5” will be added after “Annexure A-4” in page 17 in the section “ANNEXURE A” under the chapter “FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES”:

“ANNEXURE A – 5

(a) **Name of Constituent Fund**
China Life Retire-Easy Global Equity Fund

(b) **Type of Fund**
It is an equity fund.

(c) **Structure of The Fund**
Portfolio Management Fund.

(d) **Statement of Investment Policy**

(i) Investment Objectives
The investment objective of the Fund is to maximize capital appreciation over the long term through investments in global equities.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will achieve its investment objectives through investing in two or more index-tracking collective investment schemes duly approved by MPFA for the purposes of section 6A of Schedule 1 to the Regulation (“Approved ITCISs”) which will invest up to 100% of net asset value in global equities. The Fund will maintain a minimum effective currency exposure of 30% of its Net Asset Value in Hong Kong dollars.

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in two or more Approved ITCISs selected by the Investment manager having regard to the investment objective and policy. Investments in general may cover a global range of markets in Asia, Japan, Europe and North America.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund itself will not enter into any financial futures and option contract. However, the relevant Approved ITCIS may enter into financial futures and option contracts.

(v) Security Lending

The Fund itself will not enter into any security lending activity. However, the relevant Approved ITCIS may enter into security lending activity.

(vi) Investment in one or more approved pooled investment funds

It will be invested in two or more Approved ITCISs.

(vii) Risk inherent and Expected Return

Member should regard the Fund as a high risk investment. The performance of the Fund is subject to a number of risks, such as equities risk, financial derivative instruments risk, political, economic and social factors, concentration risk, emerging markets risk, liquidity risk, currency risk, hedging risk, Eurozone risk, counterparty risk, custodial risk, risk in investment in Approved ITCISs and early termination risk. Please refer to Part I of the chapter "Risks" for detailed description of the risks mentioned.

The Fund expects a return over the long term to follow the trend of growth of the global equity markets.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up."

7. "except risk in investment in Approved ITCIS" will be added after ' "Risks" ' in the second sentence under item (viii) "Risk inherent and Expected Return" in page 20 in "ANNEXURE A – 7" of "ANNEXURE A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES".

8. "except risk in investment in Approved ITCIS" will be added after ' "Risks" ' in the second sentence under item (viii) "Risk inherent and Expected Return" in page 22 in "ANNEXURE A – 8" of "ANNEXURE A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES".

9. Page 23 in Part I under the chapter "RISKS", "or Approved ITCISs" will be added after "pooled investment funds" in line 1 of the first sentence under section (c).

10. "and China Life Retire-Easy Global Equity Fund" will be added after "China Life MPF Conservative Fund" in both the first and third sentences under section (m) in page 24 in Part I under the chapter "RISKS" respectively.

11. The following new section (q) will be added after section (p) in page 25 in Part I of the chapter "RISKS":

" (q) **Risk in investment in Approved ITCISs**

Investments in Approved ITCISs are subject to the risks associated with the underlying funds. Investors in the Approved ITCISs do not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved, which may adversely affect the value of the investments and investors may as a result suffer loss. There may be additional costs involved when investing in these underlying Approved ITCISs. There is also no guarantee that the underlying Approved ITCISs will always have sufficient liquidity to meet redemption requests as and when made.

(i) Tracking error risk

Underlying Approved ITCISs seek to track as closely as possible their respectively stated equity market indices. However, due to inherent tracking errors brought about by various factors, including, without limitation, the fees and charges payable by the underlying Approved ITCISs, the performance of the underlying Approved ITCISs may not track exactly the performance of the respective equity market indices.

The Investment Manager of the relevant Constituent Fund will monitor the extent of the tracking errors of the underlying Approved ITCISs on an ongoing basis. In the situation where the performance of an underlying Approved ITCIS deviates significantly from the performance of the relevant equity market index, the Investment Manager of the relevant Constituent Fund may take any appropriate actions.

(ii) Market makers risk for Approved ITCISs

There can be no assurance that an active trading market for Approved ITCISs will be maintained. If Approved ITCISs' pricing is provided by only a few market makers, such pricing might not be close to the NAV of the underlying Approved ITCISs, which may cause the underlying Approved ITCISs' performance to deviate from their actual NAV. Decisions by market makers to reduce their role in market making activities in times of market stress may inhibit the effectiveness of the market making process in maintaining the relationship between the underlying value of an Approved ITCIS's holdings and the Approved ITCIS's NAV. Because market makers provide stability to a market, the significant reduction in market maker's activities could potentially lead to decreased liquidity and increased volatility in the markets. In the event where market makers cease to provide pricing with short notice, the underlying Approved ITCISs may be traded without market makers. There is also no guarantee that any market making activity will be effective. Such events may result in the underlying Approved ITCIS trading above (at a "premium") or below (at a discount") its NAV, which could result in significant losses on the part of the Constituent Fund(s) when investing in the underlying Approved ITCISs in these circumstances.

(iii) Index-related risk

Index providers may change their process and basis of computing and compiling the relevant underlying indices and related formulae, constituent companies, and factors anytime without notice. The accuracy of the relevant underlying indices and its computation and related information cannot be guaranteed. Errors in index data may have an adverse impact on a Constituent Fund or its underlying Approved ITCISs. The MPFA authorization of the underlying Approved ITCISs may be withdrawn if the relevant indices are no longer considered acceptable. Securities which constitute the indices may be changed by the index provider and may be de-listed. The above events could result in significant losses on the part of the Constituent Fund(s) when investing in the underlying Approved ITCIS.

(iv) Financial Derivatives and security lending risk

The Approved ITCISs may acquire futures contracts, options and forward currency transactions, and may enter into securities lending transactions or repurchase agreements. There can be no assurance, however, that the objective sought to be attained from the use of these techniques and instruments will be achieved. Entering into such instrument is subject to key risk factors including counterparty and liquidity risks. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, an Approved ITCIS in which a Constituent Fund invests could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. In the worst case scenario, the Approved ITCIS may not be able to recover the securities loaned, which could result in significant losses on the part of the Constituent Fund.

(v) Passive investment risk

The Approved ITCISs are not actively managed. Accordingly, the Approved ITCISs may be affected by a decline in the market segments relating to the relevant index or indices. The investment manager will not take defensive positions in declining markets. Investors may lose a significant part of their respective investments if the index falls."

12. Pages 27 to 31 in the chapter "FEES AND CHARGES" will be amended as follows:

    (a) The following part of "Management fees" under the column "Types of fees, expenses & charges" in Part "(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS" of the section "FEE TABLE" in page 27 will be substituted by the following:

"

Type of fees, expenses & charges	Name of constituent fund	Current level	Deducted from
Management fees[7]	China Life Retire-Easy Global Equity Fund	0.90% p.a. of Net Asset Value	Fund assets

"

    (b) The title of part "(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (i.e. the Approved Pooled Investment Funds)" of the section "FEE TABLE" in page 28 will be substituted by "(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (i.e. the Approved Pooled Investment Funds and/or the Approved ITCISs)".

(c) The following part of "Management fees" under the column "Types of fees, expenses & charges" in Part "(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (i.e. the Approved Pooled Investment Funds)" of the section "FEE TABLE" in page 28 will be substituted by the following:

"

Type of fees, expenses & charges	Name of constituent fund	Current level	Deducted from
Management fees[7]	China Life Retire-Easy Global Equity Fund	Up to 0.5% p.a. of Net Asset Value of the underlying funds (See Note##)	Fund assets of the underlying fund

"

(d) The following paragraph will be added immediately after the table under Part "(E) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES" of the section "FEE TABLE" in page 29:

"Note[##] Breakdown of the fees at underlying fund level is not available. The Constituent Fund invests in multiple underlying Approved ITCISs which may have different management fees or adopt all-in-fee charging mechanism and the weighting of such underlying Approved ITCISs may vary. In any event, the Management fees at underlying fund level will be up to 0.5% p.a. of the weighted average of Net Asset Value of the underlying funds."

(e) The following parts "Administration Fee" and "Investment Management Fee" under the column "Types of fees, expenses & charges" of the section "ADDITIONAL INFORMATION" below "The breakdown of Management fees for existing and additional Constituent Funds in Part (C) of the Fee Table and the respective current and maximum level are shown below:" in page 30 will be substituted by the following:

(i) "

Type of fees, expenses & charges	Name of constituent fund	Current level	Maximum level
Administration Fee	China Life Retire-Easy Global Equity Fund	0.40% p.a. of Net Asset Value	1% p.a. of Net Asset Value

"

(ii) "

Type of fees, expenses & charges	Name of constituent fund	Current level	Maximum level
Investment Management Fee	China Life Retire-Easy Global Equity Fund	0%	1% p.a. of Net Asset Value

"

(f) The following parts "Investment Management Fee*" and "Trustee Fee" under the column "Types of fees, expenses & charges" under the section "ADDITIONAL INFORMATION" below "The breakdown of Management fees for the underlying funds of existing and additional Constituent Funds in Part (D) of the Fee Table and the respective current and maximum level are shown below:" in page 31 will be substituted by the following:

"

Type of fees, expenses & charges	Name of constituent fund	Current level	Maximum level
Investment Management Fee*	China Life Growth Fund China Life Balanced Fund China Life Hong Kong Equity Fund	0.45% p.a. of Net Asset Value of the underlying fund	2% p.a. of Net Asset Value of the underlying fund
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.08% p.a. of Net Asset Value of the underlying fund	0.08% p.a. of Net Asset Value of the underlying fund

	China Life Greater China Equity Fund	0.55% p.a. of Net Asset Value of the underlying fund	0.55% p.a. of Net Asset Value of the underlying fund
	China Life US Equity Fund	0.52% p.a. of Net Asset Value of the underlying fund	0.52% p.a. of Net Asset Value of the underlying fund
	China Life Retire-Easy Global Equity Fund	See Note##	See Note##
Trustee Fee	China Life Growth Fund China Life Balanced Fund China Life Hong Kong Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	0.5% p.a. of Net Asset Value of the underlying fund
	China Life Retire-Easy Global Equity Fund	See Note##	See Note##
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.08% p.a. of Net Asset Value of the underlying fund	0.08% p.a. of Net Asset Value of the underlying fund
	China Life Greater China Equity Fund	0.03% p.a. of Net Asset Value of the underlying fund	0.03% p.a. of Net Asset Value of the underlying fund
	China Life US Equity Fund	Up to 0.07% p.a. of Net Asset Value of the underlying fund#	0.07% p.a. of Net Asset Value of the underlying fund

”

(g) The following paragraph will be added after the paragraph marked with "#" below the table of the section "ADDITIONAL INFORMATION" in page 31:

"## Breakdown of the fees at underlying fund level is not available. The Constituent Fund invests in multiple underlying Approved ITCISs which may have different management fees or adopt all-in-fee charging mechanism and the weighting of such underlying Approved ITCISs may vary. In any event, the Management fees at underlying fund level will be up to 0.5% p.a. of the weighted average of Net Asset Value of the underlying funds."

(h) Paragraph (c) under the section "EXPLANATORY NOTES" in page 31 will be deleted and the subsequent paragraphs (d) to (f) will be renumbered to paragraphs (c) to (e) respectively.

FIRST ADDENDUM TO THE MPF SCHEME BROCHURE OF CHINA LIFE MPF MASTER TRUST SCHEME

This is the first addendum ("First Addendum") dated 23 November 2021 to the MPF Scheme Brochure dated December 2020 ("MPF Scheme Brochure December 2020 Edition") of China Life MPF Master Trust Scheme ("Scheme"). Capitalized terms used in this First Addendum bear the same meaning as in the MPF Scheme Brochure December 2020 Edition. This First Addendum together with the MPF Scheme Brochure December 2020 Edition form the latest version of the MPF Scheme Brochure of the Scheme. This First Addendum and the latest version of the MPF Scheme Brochure can be obtained free of charge by accessing our website www.chinalife.com.hk. This First Addendum must only be distributed and read with the MPF Scheme Brochure December 2020 Edition of the Scheme.

With effect from 13 December 2021, the following amendments will be made to the MPF Scheme Brochure December 2020 Edition:

1. On page 2 of the chapter "INTRODUCTION", the diagram below "Below is the structure of the Scheme" will be substituted by the following:

"

Master Trust Scheme	China Life MPF Master Trust Scheme									
Constituent Funds	China Life MPF Conservative Fund	China Life Growth Fund	China Life Balanced Fund	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund	China Life Hong Kong Equity Fund	China Life Core Accumulation Fund	China Life Age 65 Plus Fund	China Life Greater China Equity Fund	China Life US Equity Fund
Underlying Funds	Direct Investment[1]	Fidelity Global Investment Fund – Growth Fund[2]	Fidelity Global Investment Fund – Balanced Fund[2]	China Life Retire-Easy Guarantee (PIF) Fund investing in China Life Retire-Easy Stable Return Unit Trust (PIF) Fund[1]	Invesco Global Equities Fund[3]	Fidelity Global Investment Fund – Hong Kong Equity Fund[2]	Core Accumulation Fund of Invesco Pooled Investment Fund[3]	Age 65 Plus Fund of Invesco Pooled Investment Fund[3]	JPMorgan SAR Funds – JPMorgan SAR Greater China Fund[4]	The Templeton MPF Investment Funds – Franklin MPF US Opportunities Fund[5]

[1] managed by investment manager Taiping Assets Management (HK) Company Limited
[2] managed by investment manager FIL Investment Management (Hong Kong) Limited
[3] managed by investment manager Invesco Hong Kong Limited
[4] managed by investment manager JPMorgan Asset Management (Asia Pacific) Limited
[5]managed by investment manager Franklin Templeton Investments (Asia) Limited"

2. On page 3 in section 3 under the chapter "DIRECTORY", the following will be added after "China Life Hong Kong Equity Fund":

"

Investment Manager of the Approved Pooled Investment Fund invested into by the following Constituent Fund: • China Life Greater China Equity Fund	JPMorgan Asset Management (Asia Pacific) Limited 21/F, Chater House, 8 Connaught Road Central Hong Kong
Investment Manager of the Approved Pooled Investment Fund invested into by the following Constituent Fund: • China Life US Equity Fund	Franklin Templeton Investments (Asia) Limited 17/F, Chater House, 8 Connaught Road Central Hong Kong

"

3. On page 4 in the section titled "CONSTITUENT FUNDS" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES":

   (a) The first sentence will be substituted by the following:

   "The Scheme offers 10 Constituent Funds as specified in the Annexure A of this chapter which are set up for the choice by Members as their investments."

   (b) The following ninth and tenth rows will be added after the eighth row of the table:

"

9	China Life Greater China Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (Greater China Region)	70% to 100% in Greater China equities, 0% to 30% in other equities, 0% to 30% in bonds (for cash management purpose only)
10	China Life US Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (U.S.)	Invests principally in equity securities of US companies.

"

4. The following new "Annexure A-9" will be added after "Annexure A-8" in page 22 in the section "ANNEXURE A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES":

"**ANNEXURE A – 9**

(a) **Name of Constituent Fund**
China Life Greater China Equity Fund

(b) **Type of Fund**
It is an equity fund.

(c) **Structure of The Fund**
Feeder Fund.

(d) **Statement of Investment Policy**

(i) Investment Objective
The investment objective of the Fund is to provide long term capital growth in HK dollar terms.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will achieve its investment objectives through investing in an approved pooled investment fund ("relevant APIF") which invests in a portfolio consisting primarily of securities of companies based or operating principally in the People's Republic of China , Hong Kong, Macau or Taiwan ("Greater China Region") and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan.

Asset Class	**Allocation**
Greater China equities	70%-100%
Other equities	0%-30%
Bonds (for cash management purpose only)	0%-30%

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in JPMorgan SAR Funds – JPMorgan SAR Greater China Fund, the relevant APIF. The value of the relevant APIF's holding of securities of companies which are based or operating principally in the Greater China Region shall not be less than 70% of its net asset value. The relevant APIF may invest less than 30% of its net asset value in China A-shares and/or China B-shares.

The Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund itself will not enter into any financial futures and option contracts. However, the Fund may through the relevant APIF enter into forward contracts and futures and options contracts for hedging purposes only.

(v) Security Lending
The Fund will not enter into any security lending activity.

(vi) Investment in one or more approved pooled investment funds
It will be invested in ONE approved pooled investment fund.

(vii) Risk inherent and Expected Return
Members should regard the Fund as a high risk investment. The performance of the Fund is subject to a number of risks, such as equities risk, fixed income instruments risk, financial derivative instruments risk, political, economic and social factors, concentration risk, emerging markets risk, liquidity risk, currency risk, hedging risk, counterparty risk, custodial risk, risk in investment in underlying APIFs, China market related risk and early termination risk. Please refer to Part I of the chapter "RISKS" for detailed description of the risks mentioned.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up."

5. The following new "Annexure A-10" will be added after the above "Annexure A-9":

"**ANNEXURE A – 10**

(a) **Name of Constituent Fund**
China Life US Equity Fund

(b) **Type of Fund**
It is an equity fund.

(c) **Structure of The Fund**
Feeder Fund.

(d) **Statement of Investment Policy**

(i) Investment Objective
The investment objective of the Fund is to provide capital appreciation in the long term through investment in US equities.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will achieve its investment objectives through investing in an approved pooled investment fund ("relevant APIF") which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company's general operating results. Equity securities include common stocks, convertible securities and warrants on securities to the extent permissible under the relevant requirement as set out in the MPF Regulations.

Investments of the relevant APIF will be made principally in small, medium and large capitalization companies with strong growth potential across a wide range of sector. In selecting equity investments, the investment manager of the relevant APIF utilizes fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. It will focus on sectors that have exceptional growth potential and fast growing, innovative companies within these sectors. In addition, solid management and sound financial records are factors that investment manager of the relevant APIF also considers. Although the investment manager of the relevant APIF under normal circumstances, searches for diversified investments across different sectors, the investment manager of the relevant APIF shall take into account the prevailing market conditions and investment opportunities and may, at its discretion, invest more than 15% of the relevant APIF's assets in a particular sector (such as information technology), but in any event, such sector allocation shall not be more than 45% of the relevant APIF's assets.

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in The Templeton MPF Investment Funds – Franklin MPF US Opportunities Fund, the relevant APIF.

The Fund has no prescribed allocation for investments in any single country or specified industry. There is no specific target allocation for single market sector. Through the relevant APIF, the Fund will have a maximum of 70% of its net assets in non-HK dollar currency investments, which will have a US investment mandate, and a minimum of 30% of its net assets in HK dollar currency investments.

The Fund may, during periods in which the investment manager of the relevant APIF believes changes in economic, financial or political conditions make it advisable to do so, through the relevant APIF, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund itself will not enter into any financial futures and option contracts. However, the Fund may through the relevant APIF enter into currency options, forward contracts and futures contracts for hedging purposes only.

(v) Security Lending
The Fund will not enter into any security lending activity.

(vi) Investment in one or more approved pooled investment funds
It will be invested in ONE approved pooled investment fund.

(vii) Risk inherent and Expected Return
Members should regard the Fund as a high risk investment. The performance of the Fund is subject to a number of risks, such as equities risk, fixed income instruments risk, financial derivative instruments risk, political, economic and social factors, concentration risk, emerging markets risk, liquidity risk, currency risk, hedging risk, counterparty risk, custodial risk, risk in investment in underlying APIFs, smaller and midsize companies risk, and early termination risk. Please refer to Part I of the chapter "RISKS" for detailed description of the risks mentioned.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up."

6. The following new sections (o) and (p) will be added after section (n) in page 25 in Part I of the chapter "RISKS"

"(o) China Market Related Risk

The performance of a Constituent Fund or its underlying fund(s) that invest in the People's Republic of China ("PRC") involves special risks and consideration which are different from other markets. Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market. The PRC government policies, economic and monetary policies and tax regulations are subject to adjustment and modification from time to time to control the pace of the PRC economic growth, The PRC government's regulation on currency conversion and future movement in exchange rates may adversely affect the operations and financial results of the company that issue the relevant PRC securities invested in it by the underlying fund(s) of the relevant Constituent Fund.

The national regulatory and legal framework for the PRC securities markets are still developing when compared with those of developed countries. It is uncertain how such reforms will impact on the stock markets.

Companies in the PRC are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

Certain Constituent Fund(s) may invest in underlying fund(s) that may invest less than 30% of their net asset value in China A and/or B shares. Investment in China A- shares may be made via China Connect (Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect). China Connect is subject to daily quota limitations. Quota limitations may restrict the underlying fund's ability to invest in China A-Shares through China Connect on a timely basis, and the underlying fund may not be able to effectively pursue its investment strategies.

High market volatility and potential settlement difficulties in the PRC equity market may result in significant fluctuations in the prices of the securities traded on such market and may have an adverse impact of the prices of PRC securities in which the underlying fund(s) of a Constituent Fund invest and thereby may adversely affect the value of the underlying fund(s).

Securities exchanges in the PRC 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. Thus, investments in the PRC will be sensitive to any significant change in political, social or economic policy. Such sensitivity, may adversely affect the capital growth and the performances of these investments.

Members should also be aware that changes in the PRC taxation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the underlying fund. Laws governing transactions will continue to change and may contain conflicts and ambiguities. This will, in turn, have similar impact on the relevant Constituent Fund.

(p) Smaller and Midsize Companies Risk

While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller and midsize companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller and midsize companies to changing economic conditions.

In addition, smaller and midsize companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating-rate."

7. On pages 27 to 31 in the chapter "FEES AND CHARGES":

   (a) The following part "Management fees" under the column "Types of fees, expenses & charges" in Part "(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS" of the section "FEE TABLE" in page 27 will be substituted by the following:

"

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS			
Type of fees, expenses & charges	**Name of constituent fund**	**Current level**	**Deducted from**
Management fees[7]	China Life MPF Conservative Fund (see Note a)	0.85% p.a. of Net Asset Value	Fund assets
	China Life Balanced Fund China Life Growth Fund	0.95% p.a. of Net Asset Value	
	China Life Hong Kong Equity Fund	0.4% p.a. of Net Asset Value	
	China Life Joyful Retirement Guaranteed Fund	1.2% p.a. of Net Asset Value	
	China Life Retire-Easy Global Equity Fund	1.38% p.a. of Net Asset Value	
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.59% p.a. of Net Asset Value	

	China Life Greater China Equity Fund China Life US Equity Fund	0.6% p.a. of Net Asset Value	

"

(b) The following part "Management fees" under the column "Types of fees, expenses & charges" in Part "(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (i.e. the Approved Pooled Investment Funds)" under the section "FEE TABLE" in page 28 will be substituted by the following:

"

(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (i.e. the Approved Pooled Investment Funds)			
Type of fees, expenses & charges	**Name of constituent fund**	**Current level**	**Deducted from**
Management fees[7]	China Life MPF Conservative Fund (see Note a)	N/A	Fund assets of the underlying fund
	China Life Balanced Fund China Life Growth Fund China Life Hong Kong Equity Fund	0.55% p.a. of Net Asset Value of the underlying fund	
	China Life Joyful Retirement Guaranteed Fund	N/A	
	China Life Retire-Easy Global Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.16% p.a. of Net Asset Value of the underlying fund	
	China Life Greater China Equity Fund	0.58% p.a. of Net Asset Value of the underlying fund	
	China Life US Equity Fund	Up to 0.59% p.a. of Net Asset Value of the underlying fund	

"

(c) The section "ADDITIONAL INFORMATION" in pages 30 to 31 will be substituted by the following:

"<u>ADDITIONAL INFORMATION</u>

The breakdown of Management fees for existing and additional Constituent Funds in Part (C) of the Fee Table and the respective current and maximum level are shown below:

Type of fees, expenses & charges	**Name of constituent fund**	**Current level**	**Maximum level**
Trustee Fee	China Life MPF Conservative Fund (see Note a)	0.35% p.a. of Net Asset Value	0.4% p.a. of Net Asset Value
	China Life Balanced Fund China Life Growth Fund	0.35% p.a. of Net Asset Value	
	China Life Hong Kong Equity Fund	0.1% p.a. of Net Asset Value	
	China Life Joyful Retirement Guaranteed Fund China Life Retire-Easy Global Equity Fund	0.35% p.a. of Net Asset Value	0.75% p.a. of Net Asset Value
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.21% p.a. of Net Asset Value	0.21% p.a. of Net Asset Value
	China Life Greater China Equity Fund China Life US Equity Fund	0.1% p.a. of Net Asset Value	0.1% p.a. of Net Asset Value

Administration Fee	China Life MPF Conservative Fund (see Note a)	0.3% p.a. of Net Asset Value	0.9% p.a. of Net Asset Value
	China Life Balanced Fund China Life Growth Fund	0.5% p.a. of Net Asset Value	
	China Life Hong Kong Equity Fund	0.2% p.a. of Net Asset Value	
	China Life Joyful Retirement Guaranteed Fund	0.55% p.a. of Net Asset Value	1% p.a. of Net Asset Value
	China Life Retire-Easy Global Equity Fund	0.48% p.a. of Net Asset Value	
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.28% p.a. of Net Asset Value	0.28% p.a. of Net Asset Value
	China Life Greater China Equity Fund China Life US Equity Fund	0.4% p.a. of Net Asset Value	0.4% p.a. of Net Asset Value
Custodian Fee	China Life MPF Conservative Fund (see Note a) China Life Balanced Fund China Life Growth Fund China Life Hong Kong Equity Fund China Life Greater China Equity Fund China Life US Equity Fund	0.1% p.a. of Net Asset Value	0.1% p.a. of Net Asset Value
	China Life Joyful Retirement Guaranteed Fund	0.1% p.a. of Net Asset Value	0.25% p.a. of Net Asset Value
	China Life Retire-Easy Global Equity Fund	0.15% p.a. of Net Asset Value	
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.1% p.a. of Net Asset Value	0.1% p.a. of Net Asset Value
Investment Management Fee	China Life MPF Conservative Fund (see Note a)	0.1% p.a. of Net Asset Value	0.1% p.a. of Net Asset Value
	China Life Balanced Fund China Life Growth Fund China Life Hong Kong Equity Fund China Life Greater China Equity Fund China Life US Equity Fund	N/A	N/A
	China Life Joyful Retirement Guaranteed Fund	0.2% p.a. of Net Asset Value	1% p.a. of Net Asset Value
	China Life Retire-Easy Global Equity Fund	0.4% p.a. of Net Asset Value	
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	N/A	N/A

The breakdown of Management fees for the underlying funds of existing and additional Constituent Funds in Part (D) of the Fee Table and the respective current and maximum level are shown below:

Type of fees, expenses & charges	**Name of constituent fund**	**Current level**	**Maximum level**
Investment Management Fee*	China Life Growth Fund China Life Balanced Fund China Life Hong Kong Equity Fund	0.45% p.a. of Net Asset Value of the underlying fund	2% p.a. of Net Asset Value of the underlying fund
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.08% p.a. of Net Asset Value of the underlying fund	0.08% p.a. of Net Asset Value of the underlying fund
	China Life Greater China Equity Fund	0.55% p.a. of Net Asset Value of the underlying fund	0.55% p.a. of Net Asset Value of the underlying fund
	China Life US Equity Fund	0.52% p.a. of	0.52% p.a. of

		Net Asset Value of the underlying fund	Net Asset Value of the underlying fund
Trustee Fee	China Life Growth Fund China Life Balanced Fund China Life Hong Kong Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	0.5% p.a. of Net Asset Value of the underlying fund
	China Life Retire-Easy Global Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	1% p.a. of Net Asset Value of the underlying fund
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.08% p.a. of Net Asset Value of the underlying fund	0.08% p.a. of Net Asset Value of the underlying fund
	China Life Greater China Equity Fund	0.03% p.a. of Net Asset Value of the underlying fund	0.03% p.a. of Net Asset Value of the underlying fund
	China Life US Equity Fund	Up to 0.07% p.a. of Net Asset Value of the underlying fund#	0.07% p.a. of Net Asset Value of the underlying fund

* Investment Management Fee has taken into account any rebate from the underlying investment manager at the underlying fund level.

Trustee Fee at current level of up to 0.07% p.a. (a lower fee of 0.06% p.a. will be charged when prescribed fund size is reached) of net asset value is charged for underlying fund. This fee includes the administration fee of underlying fund. ”

8. On page 43, the last sentence below the “Diagram 2: DIS De-risking Table” in the section titled “De-risking of the DIS” under the chapter “ADMINISTRATIVE PROCEDURES” will be substituted by the following:

   “Please refer to Annexures A-7 and A-8 of “Annexure A” under the chapter “FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES” on Investment Policies of CAF and A65F respectively.”

9. On page 44, “Annexure A-9” in paragraph (b) in part I titled “New accounts set up on or after April 1, 2017” of “Circumstances for Accrued Benefits to be Invested in the DIS” of the chapter “ADMINISTRATIVE PROCEDURES” will be substituted by “Annexure A-10”.

Important Notice

- *China Life MPF Master Trust Scheme ("Scheme") is a registered mandatory provident fund scheme. You should consider your own risk tolerance level and financial circumstances before making any investment choices in the Scheme. When, in your selection of constituent funds, you are in doubt as to whether a certain constituent fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the constituent fund(s) most suitable for you taking into account your circumstances.*

- *In the event that you do not make any investment choices, please be reminded that your contributions made and/or benefits transferred into the Scheme will be invested in accordance with the Default Investment Strategy and the Default Investment Strategy may not be necessarily suitable for you. Please refer to "Default Investment Strategy ("DIS")" under the chapter"ADMINISTRATIVE PROCEDURES" for the details of the Default Investment Strategy of the Scheme.*

- *China Life Joyful Retirement Guaranteed Fund in the Scheme invests solely in an insurance policy approved pooled investment fund ("Policy APIF") issued by China Life Insurance (Overseas) Company Limited (incorporated in the People's Republic of China with limited liability). Your investments are therefore subject to the credit risks of China Life Insurance (Overseas) Company Limited (incorporated in the People's Republic of China with limited liability).*

- *China Life Joyful Retirement Guaranteed Fund in the Scheme provides rate of return guarantee. China Life Insurance (Overseas) Company Limited (incorporated in the People's Republic of China with limited liability) acts as the guarantor of the Policy APIF in which this constituent fund invests. Your investments in this constituent fund are subject to the credit risks of the guarantor, China Life Insurance (Overseas) Company Limited (incorporated in the People's Republic of China with limited liability). Your entitlement to the guarantee return under this constituent fund is subject to conditions. Please refer to Annexure A-4 of "Annexure A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES" of the MPF Scheme Brochure for the details of credit risks, guarantee features, guarantee conditions and guarantee mechanism of this constituent fund.*

- *Fees and charges of an MPF conservative fund can be deducted from either (i) the assets of the constituent funds or (ii) members' account by way of unit deduction. China Life MPF Conservative Fund, being an MPF conservative fund, uses method (i) and therefore, unit prices/net asset value/fund performances quoted have incorporated the impact of fees and charges.*

- *China Life MPF Conservative Fund in the Scheme does not guarantee the repayment of capital.*

- *Past performance is not indicative of future performance. There is no assurance on investment returns except China Life Joyful Retirement Guaranteed Fund (which guarantee return is subject to conditions stated in Annexure A-4 of "Annexure A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES" of the MPF Scheme Brochure). Your investment/accrued benefits may suffer significant loss. You should read the MPF Scheme Brochure of the Scheme for details including the product features and risks involved.*

Investment involves risks and not all investment choice available under the Scheme would be suitable for everyone. You should not invest based on this document alone. The value of constituent funds may go down as well as up.

TABLE OF CONTENTS

1. INTRODUCTION

IMPORTANT – If you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice.

CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED

(INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

China Life Insurance Company Limited was registered in Hong Kong on 15th November 1984. It was renamed as China Life Insurance (Overseas) Company Limited ("China Life Insurance (Overseas)") in 2003. China Life Insurance (Overseas) is the largest state-owned life insurance company in Hong Kong and Macau.

By pursuing the "Prudent, Enthusiastic, Efficient and Pragmatic" corporate objectives and adopting the "Customers First" business principle, China Life Insurance (Overseas) has firmly established its foundation in Hong Kong and has kept pace with the development in the society with its business development progress. The five major lines of business include Life Insurance, Investment-linked Life Insurance, Health Insurance, Retirement Schemes (MPF & Provident Fund) and Fund Management.

In order to provide a comprehensive service, China Life Trustees Limited, a wholly owned subsidiary of China Life Insurance (Overseas), is appointed as a trustee of China Life MPF Master Trust Scheme.

"All For the Insured, Serving Whole Society" is the spirit of the entrepreneur of China Life Insurance (Overseas). China Life Insurance (Overseas) will, as it always has, take root in Hong Kong, create prosperity with Hong Kong people, and work together for a more glorious future of Hong Kong.

Note: Unless otherwise specified, the terms and definitions referred herein shall have the same meaning as that used under the Master Trust Deed, the Governing Rules and the Application of Participation Form.

Copies of the Master Trust Deed and the Governing Rules are available for inspection during normal working hours at the office of the Approved Trustee free of charge and copies thereof may be obtained from the Approved Trustee upon payment of a reasonable fee (please refer to the "Fee Table" under the chapter "Fees and Charges" for more details).

MANDATORY PROVIDENT FUND SCHEME

The Government of the Hong Kong Special Administrative Region establishes a framework for a compulsory, privately managed provident fund scheme system for Hong Kong's entire work force under the Mandatory Provident Fund Schemes Ordinance ("MPFSO"). MPFSO has been amended by various amendment ordinances since 2002 to streamline administrative procedures of registered schemes, to meet the changing economic needs and to enable more effective action to protect interests of scheme members.

CHINA LIFE MPF MASTER TRUST SCHEME

China Life MPF Master Trust Scheme ("Scheme") is established under a Master Trust Deed dated 26th January 2000 with no limited duration. The Scheme is open to all employers, employees, self-employed persons and personal account holders irrespective of their status as a temporary staff or part time worker. A relevant employee (as defined in MPFSO) whose employers may/may not have participated in the Scheme ("Individual Relevant Employee") may also join the Scheme as Members by making voluntary contributions in the form of Smart Easy Personal Contributions (please refer to the section "VOLUNTARY CONTRIBUTIONS - SMART EASY PERSONAL CONTRIBUTIONS" of "CONTRIBUTIONS" under the chapter "ADMINISTRATIVE PROCEDURES"). Eligible persons under the section "TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS ("TVC")" of "CONTRIBUTIONS" under the chapter "ADMINISTRATIVE PROCEDURES" may join the Scheme and make Tax Deductible Voluntary Contributions for the purpose of tax deduction.

The Scheme is designed for the purpose of providing benefits on retirement, death, total incapacity or terminal illness to employees and self-employed persons as the case may be.

All employers, self-employed persons and employees who are between age 18 to 64 and who have been employed for 60 days or more (and casual employees for any number of days) are required to join a mandatory provident fund scheme and this Scheme is designed to meet the demand.

All self-employed persons and employees who are less than 18 years of age or are of more than retirement age or are exempted under Section 4(3) of the MPFSO may join and pay contribution (as voluntary contribution) to a registered scheme, including the Scheme.

Employers must pay contributions for employees on or before the contribution day and self-employed persons must pay contributions by or before the specified day in each month if contributions are paid on a monthly basis or at or before the end of a scheme financial period end if contributions are paid on an annual basis.

All contributions received by the Approved Trustee shall be invested in accordance with the choice of the Members as specified in the Application of Participation Form in the Constituent Funds. Members can choose to invest their contributions in one or more Constituent Funds or the Default Investment Strategy ("DIS") of the Scheme as their investment mandate in the Application of Participation Form.

Below is the structure of the Scheme:

Master Trust Scheme	China Life MPF Master Trust Scheme							
Constituent Funds	China Life MPF Conservative Fund	China Life Growth Fund	China Life Balanced Fund	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund	China Life Hong Kong Equity Fund	China Life Core Accumulation Fund	China Life Age 65 Plus Fund
Underlying Funds	Direct Investment*	Fidelity Global Investment Fund – Growth Fund ^	Fidelity Global Investment Fund – Balanced Fund ^	China Life Retire-Easy Guarantee (PIF) Fund investing in China Life Retire-Easy Stable Return Unit Trust (PIF) Fund*	Invesco Global Equities Fund#	Fidelity Global Investment Fund – Hong Kong Equity Fund^	Core Accumulation Fund of Invesco Pooled Investment Fund#	Age 65 Plus Fund of Invesco Pooled Investment Fund#

* managed by investment manager Taiping Assets Management (HK) Company Limited
^ managed by investment manager FIL Investment Management (Hong Kong) Limited
# managed by investment manager Invesco Hong Kong Limited

2. DIRECTORY

1. Approved Trustee:	China Life Trustees Limited 17/F., CLI Building, 313 Hennessy Road, Wanchai, Hong Kong
2. Custodian: • for all Constituent Funds, Policy APIFs and underlying unit trust Approved Pooled Investment Funds	Bank of China (Hong Kong) Limited 14/F, Bank of China Tower 1 Garden Road Central, Hong Kong
3. Investment Manager of the following Constituent Fund : • China Life MPF Conservative Fund and of the Policy APIFs and the underlying unit trust Approved Pooled Investment Funds of the Policy APIFs invested into by the following Constituent Fund: • China Life Joyful Retirement Guaranteed Fund	Taiping Assets Management (HK) Company Limited Unit 1-2, 19th Floor, No. 18 King Wah Road, Hong Kong
Investment Manager of the Approved Pooled Investment Funds invested into by the following Constituent Funds: • China Life Retire-Easy Global Equity Fund • China Life Age 65 Plus Fund • China Life Core Accumulation Fund	Invesco Hong Kong Limited 41/F, Champion Tower Three Garden Road Hong Kong
Investment Manager of the Approved Pooled Investment Funds invested into by the following Constituent Funds: • China Life Growth Fund • China Life Balanced Fund • China Life Hong Kong Equity Fund	FIL Investment Management (Hong Kong) Limited Level 21, Two Pacific Place 88 Queensway Admiralty Hong Kong
4. Auditor:	PricewaterhouseCoopers 22/F, Prince’s Building Central Hong Kong
5. Administrator:	China Life Insurance (Overseas) Company Limited (incorporated in the People’s Republic of China with limited liability) 22/F., CLI Building, 313 Hennessy Road Wanchai, Hong Kong
6. Promoter:	China Life Insurance (Overseas) Company Limited (incorporated in the People’s Republic of China with limited liability) 22/F., CLI Building, 313 Hennessy Road, Wanchai, Hong Kong

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

CONSTITUENT FUNDS

The Scheme offers 8 Constituent Funds as specified in the Annexure A of this chapter which are set up for the choice by Members as their investments. According to the Master Trust Deed, the Approved Trustee may create additional Constituent Fund subject to obtaining any prior necessary consents.

A summary of names and the Statement of Investment Policy and Objectives and other information of the Constituent Funds are set out in the Annexure A of this chapter. Except for China Life MPF Conservative Fund (which makes direct investments), all other Constituent Funds are feeder funds, each of which will invest in a single approved pooled investment fund.

Key features of the Constituent Funds in the Scheme are set out in the following table:

No.	Name of Constituent Fund	Investment Manager*	Fund Structure	Fund Descriptor	Investment Focus
1	China Life MPF Conservative Fund	Taiping Assets Management (HK) Company Limited	Direct Investment	Money Market Fund (Hong Kong)	0% to 100% in bank deposits and commercial paper, 0% to 12% in short-term notes
2	China Life Growth Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) – Maximum equity around 90%	90% in equities, 7% in bonds, 3% in cash
3	China Life Balanced Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) – Maximum equity around 70%	70% in equities, 25% in bonds, 5% in cash
4	China Life Joyful Retirement Guaranteed Fund	N/A	Investing in a single approved pooled investment fund through a Policy APIF	Guaranteed Fund	0% to 30% in global equities, 50% to 80% in fixed income securities, 0% to 50% in cash/bank deposit
5	China Life Retire-Easy Global Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (Global)	100% in global equities
6	China Life Hong Kong Equity Fund	N/A	Investing in a single approved pooled investment fund	Equity Fund (Hong Kong)	100% in equities (this only represents the target allocations and the actual asset allocations will at times vary considerably.)
7	China Life Core Accumulation Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) - Maximum equity (namely, higher risk assets) - 65%	around 60% in higher risk assets (such as global equities), with the remainder in lower risk assets (such as global bonds, cash and money market instruments)
8	China Life Age 65 Plus Fund	N/A	Investing in a single approved pooled investment fund	Mixed Assets Fund (Global) - Maximum equity (namely, higher risk assets) - 25%	around 20% in higher risk assets (such as global equities), with the remainder in lower risk assets (such as global bonds, cash and money market instrucments)

* N/A means there is no investment manager appointed at the Constituent Fund level.

SUMMARY OF INVESTMENT RESTRICTIONS

Investment of the Constituent Funds are subject to the investment and borrowing restrictions in Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation (the "Regulation"), the Master Trust Deed and such other relevant laws, rules or regulations that may be enacted from time to time respectively.

The investment of the Constituent Funds are also subject to the following additional restrictions:

(a) The funds of a Constituent Fund may not be invested in the securities of the Approved Trustee, the Custodian, the Investment Manager or the guarantor, except where any of these parties is a substantial financial institution. For the purposes of this provision, securities do not include units in authorized unit trusts or shares in authorized mutual funds.

(b) A Constituent Fund may only hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses, or for reducing market exposure.

(c) A Constituent Fund may not enter into currency forward contracts except for hedging purposes. (No currency forward contracts are allowed for China Life MPF Conservative Fund.)

(d) A Constituent Fund which is a feeder fund will not enter into financial futures and option contracts.

(e) Where a Constituent Fund is a portfolio management fund, not more than 90% of the total funds of a portfolio management fund may be invested in any one of its underlying Pooled Investment Funds.

(f) A Constituent Fund may not invest in any security of any class in any company or body if any director or officer of the Approved Trustee or Investment Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or collectively the directors and officers of the Investment Manager or the Approved Trustee own more than 5% of those securities.

(g) If the name of any Constituent Fund indicates a particular objective, investment strategy, geographic region or market, the Constituent Fund should invest at least 70% of its total net asset value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Constituent Fund represents.

(h) No person may be allowed to subscribe on behalf of any Constituent Fund for debt securities from an underwriter or sub-underwriter without the prior consent of the Approved Trustee and unless the Constituent Fund or the Investment Manager provides in writing that all commissions and fees payable to the Investment Manager under such contracts, and all investments acquired pursuant to such contracts, will form part of the Constituent Fund's assets.

(i) If cash forming part of the Constituent Fund's assets is deposited with the Approved Trustee, the Investment Manager or with any Connected Person of these companies (being an institution licensed to accept deposits), interest must be received on the deposit at a rate not lower than the prevailing commercial rate for a deposit of that size and term subject to s. 66A of the Regulation.

(j) All transactions carried out by or on behalf of the Constituent Fund must be at arm's length. In particular, any transactions between the Constituent Fund and the Investment Manager or any of its Connected Persons as principal may only be made with the prior written consent of the Approved Trustee. All such transactions must be disclosed in the Constituent Fund's annual report.

(k) Associates of the Investment Manager, the Approved Trustee or any of their Connected Persons may not in aggregate account for more than 50% of the total value of the commissions or other agency rewards paid for the Scheme's transactions in any one financial period of the Scheme.

ANNEXURE A

ANNEXURE A – 1

(a) **Name of Constituent Fund**
China Life MPF Conservative Fund

(b) **Type of fund**
It is a money market fund.

(c) **Structure of the fund**
The Fund will directly invest in permissible investments in accordance with the Regulation.

(d) **Statement of Investment Policy**

(i) Investment Objectives
The Fund is established pursuant to section 37 of the Regulation. The investment objective of the Fund is to provide capital security with a level of income in Hong Kong dollars.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will invest primarily in Hong Kong bank deposits, commercial paper and short-term notes. The fund will maintain 10-30% bank deposits under normal circumstances:

Asset Class	Allocation
Bank deposits and Commercial paper	0%-100%
Short-term notes (maximum 2 years)	0%- 12%

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments

Geographic Exposure	Allocation
Hong Kong	100%

The Fund will maintain an effective currency exposure to Hong Kong dollars of 100 per cent.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund will not enter into financial futures and option contracts.

(v) Security Lending
The Fund will not enter into any security lending activities.

(vi) Investment in one or more approved pooled investment funds
The Fund will not invest in any approved pooled investment fund.

(vii) Risk inherent and Expected Return
By its nature, the Fund entails low risk of loss of capital for its Fund participants. The performance of the Fund is subject to a number of risks, such as fixed income instruments risk, political, economic and social factors, concentration risk, liquidity risk, counterparty risk, custodial risk and early termination risk. Please refer to Part I of the chapter “Risks” for detailed description of the risks mentioned.

Expected return is comparable to the interest rate offered on Hong Kong dollar savings accounts by Authorized Financial Institutions.

Investments in the Fund is not the same as placing funds on deposits with a bank or deposit-taking company and that there is no obligation to redeem the investment at the offer value and that the Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Important: As a consequence of the general nature of varied investments, the value of investments and the yield may go down as well as up.

ANNEXURE A – 2

(a) **Name of Constituent Fund**
China Life Growth Fund

(b) **Type of fund**
It is a mixed assets fund.

(c) **Structure of the fund**
Feeder Fund.

(d) **Statement of Investment Policy**

(i) Investment Objectives
The investment objective of the Fund is to provide capital growth by a long-term investment in global equities so that Members are adequately rewarded for foregoing the capital security and higher income that could have been achieved by investing in the money markets.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will invest in an approved pooled investment fund ("relevant APIF") which will invest in a diversified international portfolio of equity securities in the world's major equities market and will have the flexibility to invest in the global bonds to manage the volatility of returns in the short term. The Fund is designed for Members who seek a significant and growing capital return together with a modest element of income growth.

Asset Class	**Allocation**
Cash	3%
Bonds	7%
Equities	90%

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in Fidelity Global Investment Fund – Growth Fund, the relevant APIF. Fidelity Global Investment Fund – Growth Fund's intended investments are as follows:

Geographic Exposure	**Allocation**
Cash	
Hong Kong	3%
Bonds	
America	3%
Europe	3%
Japan	1%
Equities	
Hong Kong	30%
America	16%
Europe	16%
Japan	12%
Asia Pacific	16%

The Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund may through the relevant APIF enter into financial futures and option contracts for hedging purposes only.

(v) Security Lending
The Fund will not enter into any security lending activity at both constituent fund and pooled investment fund levels.

(vi) Investment in one or more approved pooled investment funds
It will be invested in ONE approved pooled investment fund.

(vii) Risk inherent and Expected Return

Members should regard the Fund as a high risk investment. As the value of investments in the Fund may fluctuate, there can be no assurance that the Fund will achieve its investment objective. The performance of the Fund is subject to all risk factors as listed under Part I of the chapter "Risks" and please refer to that chapter for detailed description of each risk concerned.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 3

(a) **Name of Constituent Fund**
China Life Balanced Fund

(b) **Type of fund**
It is a mixed assets fund.

(c) **Structure of the fund**
Feeder Fund.

(d) **Statement of Investment Policy**

(i) Investment Objectives
The investment objective of the Fund is to provide capital appreciation as well as seek income so as to achieve long term balanced growth in capital.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will achieve its investment objectives through investing in an approved pooled investment fund ("relevant APIF"). The relevant APIF will invest in a diversified range of global equities and bonds.

Asset Class	**Allocation**
Cash	5%
Bonds	25%
Equities	70%

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in Fidelity Global Investment Fund – Balanced Fund, the relevant APIF. Fidelity Global Investment Fund – Balanced Fund's intended investments are as follows:

Geographic Exposure	**Allocation**
Cash	
Hong Kong	5%
Bonds	
Hong Kong	1%
America	11%
Europe	10%
Japan	3%
Equities	
Hong Kong	23%
America	13%
Europe	13%
Japan	8%
Asia Pacific	13%

The Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund may through the relevant APIF enter into financial futures and option contracts for hedging purpose only.

(v) Security Lending
The Fund will not enter into any security lending activity at both constituent fund and pooled investment fund levels.

(vi) Investment in one or more approved pooled investment funds
It will be invested in ONE approved pooled investment fund.

(vii) Risk inherent and Expected Return
Members should regard the Fund as a medium to high risk investment. As the value of investments in the Fund may fluctuate, there can be no assurance that the Fund will achieve its investment objective. The

performance of the Fund is subject to all risk factors as listed under Part I of the chapter "Risks" and please refer to that chapter for detailed description of each risk concerned.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 4

(a) **<u>Name of Constituent Fund</u>**
China Life Joyful Retirement Guaranteed Fund

(b) **<u>Type of fund</u>**
It is a guarantee fund.

(c) **<u>Structure of the fund</u>**
Feeder Fund.

(d) **<u>Statement of Investment Policy</u>**

(i) <u>Investment Objectives</u>
The investment objective of the Fund is to provide capital preservation in the long-term and offer to enhance return with limited exposure to global equities, while also providing a guaranteed return.

(ii) <u>Types of intended investments and their relative proportions in the portfolio</u>
The investment policy is to invest solely in a relevant insurance policy approved pooled investment fund (“relevant APIF “) issued by China Life Insurance (Overseas) and will in turn solely invest in an underlying unit trust approved pooled investment fund (”underlying APIF”) which maintains a diversified portfolio comprising the following:

- Global equities such as common stocks and preferred stocks;
- Intermediate term global fixed income securities of maturity up to ten years, that meet the minimum credit rating as stipulated by the MPFA.
- Debt securities issued or guaranteed by an exempt authority, or listed on approved stock exchanges.

Your investments in the relevant APIF are subject to the credit risks of China Life Insurance (Overseas). The Fund, through the underlying funds, will maintain at least 30% effective currency exposure to Hong Kong dollars. The underlying funds include the relevant APIF and the underlying APIF.

(iii) <u>Balance between different kinds of securities and other assets such as geographical distribution of the intended investments</u>
The Fund will invest in China Life Retire-Easy Guarantee (PIF) Fund, the relevant APIF. The relevant APIF will in turn invest in the China Life Retire-Easy Stable Return Unit Trust (PIF) Fund, the underlying APIF. The underlying APIF’s intended investments are as follows :

Global Equities	0 – 30%
Fixed Income Securities	50 – 80%
Cash/Bank Deposit	0 – 50%

The targeted geographic distribution of the assets is:

Hong Kong/China	30-80%
Europe	0 - 40%
America	0 - 40%
Asia Pacific	0 - 40%
Middle East (debt securities only)	0 - 40%

(iv) <u>Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts</u>
The Fund will not enter into financial futures contracts and options contracts at both constituent fund and approved pooled investment fund levels.

(v) <u>Security Lending</u>
The Fund will not enter into any security lending activity.

(vi) <u>Investment in one or more approved pooled investment funds</u>
It will be invested in ONE approved pooled investment fund.

(vii) <u>Risk inherent and Expected Return</u>
Members should regard the Fund as a low risk investment. The performance of the Fund is subject to a number of risks, such as equities risks, fixed income instruments risk, political, economic and social factors,

concentration risk, emerging markets risk, liquidity risk, currency risk, Eurozone risk, counterparty risk, custodial risk, risk in investment in underlying APIFs and early termination risk. Please refer to Part I of the chapter "RISKS" for detailed description of the risks mentioned."

Due to the guaranteed nature of the Fund, it is necessary to set up a Reserve in the pooled investment fund in which the Fund invests and there may be a dilution of performance. This notwithstanding, the return on investment is expected to exceed the Guaranteed Rate of Return.

(e) **<u>Description of the guarantee mechanism</u>**

(i) Subject to certain conditions set out in the "Warning Statement" section below, Members will be entitled to the rate of return guaranteed under the Fund calculated in accordance with the guarantee mechanism set out in items (ii) to (iii). Guarantee entitlement will be provided to a Member upon satisfaction of any of the qualifying conditions ("Qualifying Conditions") specified in the section titled "Warning Statement" below.

(ii) The Approved Trustee will credit into the sub-account of a Member Account with Units representing the relevant type of contributions made by or in respect of each Member relating to the Fund divided by the offer price of a Unit on each Dealing Day. For the avoidance of doubt, any contribution due but unpaid will not be credited.

The Approved Trustee will maintain two balances for each sub-account of each Member Account, namely an actual balance ("Actual Balance") and a qualifying balance ("Qualifying Balance"), for the purpose of showing the net asset value of Units relating to the Fund in the relevant sub-account and calculating guaranteed return respectively.

The Actual Balance is the net asset value of Units holding relating to the Fund in a sub-account of a Member Account without guarantee applied. The Qualifying Balance is a notional balance representing the amount credited or debited to a sub-account of a Member Account relating to the Fund increased by the guaranteed rate of return ("GRR") of 1.35% p.a. on a daily basis on each Dealing Day. These increases will be calculated on a compound annual interest basis.

For the purpose of the reserve that is set up for the relevant APIF, China Life Insurance (Overseas) may deduct from the investment returns of the relevant APIF a guarantee charge of up to a maximum of 1.5% per annum on the net asset value of the relevant APIF as cost of the Guarantor for providing the guarantee.

(iii) The GRR may be changed from time to time upon 3 months' prior written notice to the Employers and Members.

Warning Statement

Qualifying Conditions

The Fund only provides guarantee entitlement if a Member withdraws upon the satisfaction of any of the Qualifying Conditions:

(i) withdrawals on any of the grounds specified in section 15 of the MPFSO which currently includes:
- when the Member attains the normal retirement age (i.e. the retirement age of 65);
- when the Member attains the early retirement age (i.e. the age of 60) and retires;
- when the Member becomes totally incapacitated;
- when the Member dies;
- when the Member permanently departs from Hong Kong;
- when the Member has a small balance in the account (please refer to section 165 of the Regulation for details regarding payment of small balance); or
- when the Member has terminal illness; or

(ii) withdrawals in circumstances other than the ones set out in (i) above when the period starting from the "First Dealing Day" and ending on the relevant Dealing Day on which the contributions relating to the Fund credited to a sub-account of a Member Account are withdrawn ("Qualifying Period") equals a continuous period of at least 36 completed months or more (provided that (a) unless all contributions relating to the Fund and credited to that relevant sub-account are fully withdrawn, such period shall not be reset to zero, and (b) such period should be determined separately in respect of (A) each employment of the Member by each Employer where the Member is an Employee of more than one Employer at any given time, and (B) each sub-account of different types of contributions (e.g. Mandatory Contributions made by an Employer (ERMC), Mandatory Contributions made by an Employee (EEMC), Voluntary Contributions made by an Employer (ERVC), Voluntary Contributions made by an Employee (EEVC), etc.).

In respect of condition (ii) of the Qualifying Conditions, the “First Dealing Day” means (A) the first Dealing Day on which the contributions relating to the Fund are credited to a particular sub-account of a Member Account, or (B) in the case where all contributions credited to a particular sub-account of a Member Account relating to the Fund have been fully withdrawn and the Qualifying Period of that sub-account has been reset to zero, the first Dealing Day on which the contributions relating to the Fund are again credited to that sub account after such reset, or (C) such other earlier Dealing Day as determined by the Approved Trustee in its discretion for the benefit of that Member. For the avoidance of doubt, the resetting of the Qualifying Period of a sub-account of a Member Account will not affect the determination of the Qualifying Period and the “First Dealing Day” of other sub-account(s) of that Member.

For the avoidance of doubt, condition (ii) of the Qualifying Conditions is not applicable in the case of withdrawal by way of rebalancing or rectification of overpaid contributions.

The aggregate contributions and return standing in credit to each sub-account of a Member Account (i.e. Actual Balance) are fully exposed to fluctuations in the value of the Fund's assets during financial period and may suffer loss as a result if Members withdraw at any time other than the above circumstances.

Withdrawal

The withdrawal value will be determined in the following manner:

(i) In respect of withdrawals in situations where none of the Qualifying Conditions are satisfied, the withdrawal value should be the redemption price of this Fund multiplied by the number of Units to be redeemed.

(ii) In respect of withdrawals where any of the Qualifying Conditions are satisfied, the withdrawal value should be the greater of (A) the redemption price of this Fund multiplied by the number of Units to be redeemed; and (B) the Qualifying Balance. If the amount calculated in (A) is less than the amount in (B), the difference will be made up by the Guarantor in accordance with the policy of the relevant APIF.

Transfer within Scheme

(i) If a Member has accrued benefits in this Fund and there is a transfer of accrued benefits of that Member from one Member Account to another Member Account within the Scheme in any of the following circumstances:

- where a Member who is an Employee ceases to be employed by an Employer and his accrued benefits in a Member Account are transferred to another Member Account within the Scheme;

- where a Member who is a self-employed person ceases to be self-employed and his accrued benefits in a Member Account are transferred to another Member Account within the Scheme;

- where the employment of a Member who is an Employee is transferred from one Employer to another Employer: (i) who is an associated company of the original Employer; or (ii) due to a change of business ownership of the original Employer and his accrued benefits in a Member Account are transferred to another Member Account within the Scheme with the new Employer;

- where a Member who is a personal account holder transfers his accrued benefits in a Member Account to another Member Account within the Scheme,

then in each case, the Actual Balance and the Qualifying Balance of each sub-account of the old Member Account as at the relevant Dealing Day and the Qualifying Period relating to each sub-account of the old Member Account shall be carried forward in calculating that Member’s entitlement under this Fund after the transfer.

(ii) If a Member has accrued benefits in this Fund and there is a transfer of accrued benefits of that Member from one Member Account to another Member Account within the Scheme in the following circumstances:

- where the Member has accrued benefits in this Fund in respect of the old Member Account prior to the transfer; and

- the accrued benefits being transferred from the old Member Account to the new Member Account will be invested in this Fund after the transfer,

then the Actual Balance and the Qualifying Balance of each sub-account of the old Member Account as at the relevant Dealing Day shall be credited to each corresponding sub-account of the new Member Account, and the

Qualifying Period relating to each sub-account of the new Member Account shall be the longer of: (A) the Qualifying Period relating to the corresponding sub-account of the old Member Account; and (B) the Qualifying Period relating to that sub-account of the new Member Account.

Illustrative examples

All the examples are based on the following assumptions:

(i) Member A is a regular employee with monthly mandatory contribution ("MC") contributed from employer portion ("ERMC") HK$1,000 and employee portion ("EEMC") HK$1,000, and all MC are invested in China Life Joyful Retirement Guaranteed Fund ("Fund").

(ii) As of 1 January of Year 1, the opening balance of Qualifying Balance ("OBQB") for Member A is HK$10,000, (i.e. HK$5,000 for sub-account of ERMC and HK$5,000 for sub-account of EEMC).

(iii) For ease of illustration, the guaranteed rate of return is 1% p.a.

(iv) Member A has not requested any rebalancing or withdrawal from the Fund in Year 1.

(v) Qualifying Period start date will be applied separately at sub-account level, e.g. ERMC, EEMC, ERVC, Former MC, Former VC, etc.

In Year 1, mandatory contributions are received for Member A, and all are invested into the Fund.
In Year 2, mandatory contributions are received up to the contribution period of March for Member A.

Below table is the illustration of the Qualifying Balance accumulated by each sub-account as at the end of Year 1.

Contribution Period End	Dealing Date of Contribution Received	ERMC	EEMC	Guaranteed Applicable No. of Days (up to 31/12 of Year 1)	Qualifying Balance (ERMC)	Qualifying Balance (EEMC)
31/12	1/1	1,000.00	1,000.00	365	1,010.00	1,010.00
31/1	1/2	1,000.00	1,000.00	334	1,009.15	1,009.15
28/2	1/3	1,000.00	1,000.00	306	1,008.38	1,008.38
31/3	1/4	1,000.00	1,000.00	275	1,007.53	1,007.53
30/4	1/5	1,000.00	1,000.00	245	1,006.71	1,006.71
31/5	1/6	1,000.00	1,000.00	214	1,005.86	1,005.86
30/6	1/7	1,000.00	1,000.00	184	1,005.04	1,005.04
31/7	1/8	1,000.00	1,000.00	153	1,004.19	1,004.19
31/8	1/9	1,000.00	1,000.00	122	1,003.34	1,003.34
30/9	1/10	1,000.00	1,000.00	92	1,002.52	1,002.52
31/10	1/11	1,000.00	1,000.00	61	1,001.67	1,001.67
30/11	1/12	1,000.00	1,000.00	31	1,000.85	1,000.85
As of 31/12 of Year 1, the Qualifying Balance on the received ERMC and EEMC of Year 1					12,065.24	12,065.24
As of 31/12 of Year 1, the Qualifying Balance on the OBQB of Year 1 (being $5,000 ERMC for 365 days & $5,000 EEMC for 365 days)					5,050.00	5,050.00
As of 31/12 of Year 1, the Qualifying Balance in Total (Note: it will also become the OBQB of Year 2)					**17,115.24**	**17,115.24**

Below table is the illustration of the Qualifying Balance accumulated by each sub-account as at 30 April of Year 2.

Contribution Period End	Dealing Date of Contribution Received	ERMC	EEMC	Guaranteed Applicable No. of Days (up to 30/4 of Year 2)	Qualifying Balance (ERMC)	Qualifying Balance (EEMC)
31/12	1/1	1,000.00	1,000.00	120	1,003.29	1,003.29

31/1	1/2	1,000.00	1,000.00	89	1,002.44	1,002.44
28/2	1/3	1,000.00	1,000.00	61	1,001.67	1,001.67
31/3	1/4	1,000.00	1,000.00	30	1,000.82	1,000.82
As of 30/4 of Year 2, the Qualifying Balance on received ERMC and EEMC of Year 2					4,008.22	4,008.22
As of 30/4 of Year 2, the Qualifying Balance on the OBQB of Year 2 (being $17,115.24 ERMC for 120 days & $17,115.24 EEMC for 120 days)					17,171.51	17,171.51
As of 30/4 of Year 2, the Qualifying Balance in Total					**21,179.73**	**21,179.73**

Case 1: Member A makes withdrawal on the ground of retirement (i.e. one of the Qualifying Conditions) on 1 May of Year 2.

(i) Assuming Member A's investment in the Fund has an Actual Balance (as of 1 May of Year 2) of HK$21,000 each for ERMC and EEMC, and a Qualifying Balance (up to 30 April of Year 2) of HK$21,179.73 each for ERMC and EEMC. Since the Qualifying Balance is greater than the Actual Balance in respect of ERMC as well as EEMC and the withdrawal satisfies the Qualifying Condition, the Qualifying Balance will therefore be paid to Member A, i.e. Withdrawal Benefit = HK$42,359.46 (being the sum of the Qualifying Balance in total up to 30 April of Year 2 for ERMC and EEMC).

(ii) Assuming Member A's investment in the Fund has an Actual Balance (as of 1 May of Year 2) of HK$22,000 each for ERMC and EEMC, and a Qualifying Balance (up to 30th April of Year 2) of HK$21,179.73 each for ERMC and EEMC. Since the Actual Balance is greater than the Qualifying Balance in respect of ERMC as well as EEMC, the Actual Balance will therefore be paid to Member A, i.e. Withdrawal Benefit = HK$44,000 (being the sum of Actual Balance as of 1 May of Year 2 for ERMC and EEMC).

Note: Apart from "retirement", other statutory grounds for withdrawal as stipulated in section 15 of the Ordinance (also the Qualifying Conditions) are also applicable for receiving the greater of Actual Balance verses Qualifying Balance for the Withdrawal Benefit, and regardless if the investment in the Fund satisfies the Qualifying Period (i.e. 36 completed months).

Case 2: Member A submits a transfer out request on 1 May of Year 2 to transfer all his accrued benefits to another scheme.

(i) Assuming Member A's investment in the Fund has a Qualifying Period at least 36 completed months, while he has an Actual Balance (as of 1 May of Year 2) of HK$21,000 each for ERMC and EEMC and a Qualifying Balance (up to 30 April Year 2) of HK$21,179.73. Since the Qualifying Period meets the Qualifying Condition and the Qualifying Balance is greater than the Actual Balance in respect of ERMC as well as EEMC, the Transfer Benefit will then be HK$42,359.46 (being the sum of the Qualifying Balance in total up to 30 April of Year 2 for ERMC and EEMC).

(ii) In case if assumption remained the same as (i) above, but just that the Actual Balance is greater than the Qualifying Balance, then the Actual Balance will be the Transfer Benefit.

(iii) Assuming Member A's investment in the Fund has a Qualifying Period less than 36 completed months, then the Actual Balance (as of 1 May of Year 2) will be the Transfer Benefit since no Qualifying Condition is satisfied and therefore no Qualifying Balance is entitled.

Case 3: Member A requests to rebalance his accrued benefits on 1 May of Year 2 by switching out all investment in the Fund (e.g. to switch out 100% of the Fund and rebalance 100% invested in China Life MPF Conservative Fund).

(i) Assuming Member A's investment in the Fund has an Actual Balance (as of 1 May of Year 2) totalling HK$42,000 (ERMC and EEMC), the Switch-Out Benefit (i.e. 100% of the Fund) = HK$42,000 (i.e. Actual Balance as of 1 May of Year 2). No Qualifying Balance is entitled for rebalancing in respect of the switching out of the Fund.

(ii) Moreover, as the Fund has been fully switched out, all the Qualifying Balance will be forfeited and the Qualifying Period will also be reset.

Case 4: Member A requests to rebalance his accrued benefits on 1 May of Year 2 by switching out part of the investment in the Fund (e.g. to rebalance the investment with a result of 50% in China Life MPF Conservative Fund and 50% in the Fund).

(i) Assuming Member A’s investment in the Fund has an Actual Balance (as of 1 May of Year 2) totalling HK$42,000 (ERMC and EEMC). As 50% of the Fund will be switched to China Life MPF Conservative Fund (i.e. HK$42,000 x 50% = HK$21.000), the same amount (HK$21,000) will be deducted from Actual Balance as of 1 May of Year 2. Hence, starting on 1 May of Year 2, the Qualifying Balance will also be adjusted proportionally with the amount being deducted from the Actual Balance. The reduction in Qualifying Balance will be HK$21,179.73 (being the Qualifying Balance up to 30 April of Year 2 HK$42,359.46 - (42,359.46 x 21,000 / 42,000)). No Qualifying Balance is entitled for rebalancing in respect of the switching out of the Fund.

(ii) Moreover, for the portion of the Fund being switched out, the Qualifying Balance will also be forfeited. On the other hand, since part of the Fund has not been switched out in view of the rebalancing instruction, the corresponding part of the Qualifying Balance will be retained and the Qualifying Period will not be affected.

Risk Disclosure Statement

The relevant APIF into which the assets of China Life Joyful Retirement Guaranteed Fund in this Scheme are invested is an insurance policy. The relevant APIF provides a guarantee. The relevant APIF is issued by the insurer, China Life Insurance (Overseas), which is also the guarantor. Your investments are therefore subject to the credit risks of China Life Insurance (Overseas).

Investments in the insurance policy are held as the assets of China Life Insurance (Overseas). In the event where China Life Insurance (Overseas) is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in this constituent fund, you should consider the risk posed by the insurer (referred to as “credit risk”) under the circumstances set out above and, if necessary, seek additional information or advice.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 5

(a) **Name of Constituent Fund**
China Life Retire-Easy Global Equity Fund

(b) **Type of Fund**
It is an equity fund.

(c) **Structure of The Fund**
Feeder Fund.

(d) **Statement of Investment Policy**

(i) Investment Objectives
The investment objective of the Fund is to maximize capital appreciation over the long term through investments in global equities.

(ii) Types of intended investments and their relative proportions in the portfolio
The Fund will achieve its investment objectives through investing in an approved pooled investment fund ("relevant APIF") which will invest up to 100% of net asset value in global equities. The Fund will maintain a minimum effective currency exposure of 30% of its Net Asset Value in Hong Kong dollars.

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in Invesco Global Equities Fund, the relevant APIF. Investments will be made with an emphasis on the Hong Kong market but in general may cover a global range of markets in Asia, Australia, Japan, Europe and North America.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund itself will not enter into any financial futures and option contract. However, the Fund may through the relevant APIF enter into futures and option contracts for hedging purposes only.

(v) Security Lending
The Fund will not enter into any security lending activity.

(vi) Investment in one or more approved pooled investment funds
It will be invested in ONE approved pooled investment fund.

(vii) Risk inherent and Expected Return
Member should regard the Fund as a high risk investment. The performance of the Fund is subject to a number of risks, such as equities risk, financial derivative instruments risk, political, economic and social factors, concentration risk, emerging markets risk, liquidity risk, currency risk, hedging risk, Eurozone risk, counterparty risk, custodial risk, risk in investment in underlying APIFs and early termination risk. Please refer to Part I of the chapter "Risks" for detailed description of the risks mentioned.

The Fund expects a return over the long term to follow the trend of growth of the global equity markets.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 6

(a) **Name of Constituent Fund**
China Life Hong Kong Equity Fund

(b) **Type of Fund**
It is an equity fund.

(c) **Structure of The Fund**
Feeder Fund.

(d) **Statement of Investment Policy**

(i) Investment Objectives
The investment objective of the Fund is to produce returns that are related to those achieved on the major stock market indices of Hong Kong.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will achieve its investment objectives through investing in an approved pooled investment fund ("relevant APIF"). The relevant APIF will focus investment (i.e. at least 70% of its net asset value) into the equity market of Hong Kong, namely equities of companies listed in Hong Kong (including Greater China companies that are listed in Hong Kong) or companies which have a business connection with Hong Kong (including companies which are listed outside Hong Kong). Companies which have a business connection with Hong Kong include but are not limited to companies that are domiciled or incorporated in Hong Kong. The relevant APIF will have the flexibility to invest in bonds in a limited manner (i.e. less than 30% of its net asset value) and to accept a high level of return volatility in the short term.

Asset Class	Allocation
Cash	0%
Bonds	0%
Equities	100%*

* Please note that this only represents the target allocations of the Fund and the actual asset allocations will at times vary considerably from that shown above.

(iii) Balance between different kinds of securities and other assets such as geographical distribution of the intended investments
The Fund will invest in Fidelity Global Investment Fund - Hong Kong Equity Fund, the relevant APIF. The Fidelity Global Investment Fund – Hong Kong Equity Fund invests directly in the market. Up to 10% of its net asset value may be invested in shares listed on a stock exchange that is not an approved stock exchange as defined in the Regulation.

The Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts
The Fund may through the relevant APIF enter into futures and options contracts for hedging purposes only.

(v) Security Lending
The Fund will not enter into any security lending activity. However, the Fund may through the relevant APIF engage in security lending.

(vi) Investment in one or more approved pooled investment funds
It will be invested in ONE approved pooled investment fund.

(vii) Risk inherent and Expected Return
Member should regard the Fund as a high risk investment. The performance of the Fund is subject to a number of risks, such as equities risk, fixed income instruments risk, financial derivative instruments risk, political, economic and social factors, concentration risk, emerging markets risk, liquidity risk, currency risk, hedging risk, counterparty risk, custodial risk, risk in investment in underlying APIFs and early termination risk. Please refer to Part I of the chapter "Risks" for detailed description of the risks mentioned.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 7

(a) **<u>Name of Constituent Fund</u>**
China Life Core Accumulation Fund

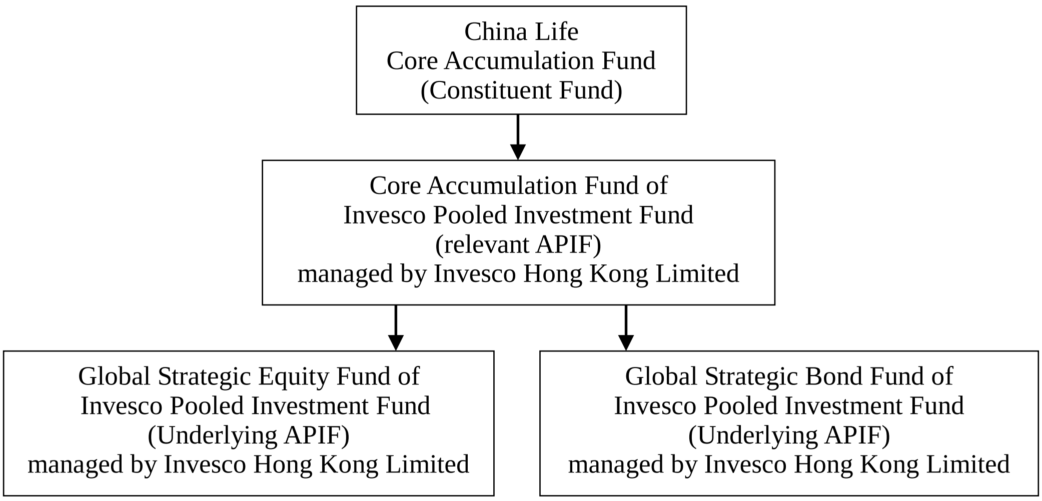
(b) **<u>Type of Fund</u>**
It is a mixed assets fund.

(c) **<u>Structure of The Fund</u>**
Feeder Fund.

(d) **<u>Statement of Investment Policy</u>**

(i) <u>Investment Objective</u>
The investment objective of China Life Core Accumulation Fund ("CAF") is to provide capital growth to Members by investing in a globally diversified manner.

(ii) <u>Investment Structure</u>
CAF shall invest in one approved pooled investment fund, "Core Accumulation Fund" of Invesco Pooled Investment Fund ("relevant APIF"), which in turn invests in two approved pooled investment funds, "Global Strategic Equity Fund" and "Global Strategic Bond Fund" of Invesco Pooled Investment Fund ("Underlying APIFs") as allowed under the Regulation.



Invesco Hong Kong Limited is the investment manager of the relevant APIF and the Underlying APIFs.

(iii) <u>Investment Strategy</u>
CAF will primarily invest in a combination of global equities and bonds in a globally diversified manner through investment in the Underlying APIFs.

The Underlying APIFs adopt an active investment strategy. The Underlying APIFs will be actively managed with reference to the respective reference indices adopted by the respective Underlying APIFs defined in "Asset Allocation" below i.e. through active management of a portfolio of global equities with reference to the constituents, sectors, and geographical allocation and active management of a portfolio of global fixed income securities with reference to the credit rating, sector, and geographical allocation of the respective reference indices. The active investment strategy aims to increase flexibility for promoting efficiency and to minimize cost for the purpose of DIS asset rebalancing.

The Global Strategic Equity Fund, one of the Underlying APIFs, will normally invest up to 100% of its Net Asset Value in constituent securities of the FTSE MPF All-World Index (the "GSE Reference Index") and/or securities other than the constituent securities of the GSE Reference Index that are consistent with the Global Strategic Equity Fund's objective. While the Global Strategic Equity Fund may from time to time hold securities that are the same as the underlying constituents of the GSE Reference Index, it is not expected to hold each and every underlying constituent of the GSE Reference Index and in the same allocation at all times. There is no fixed geographical allocation of the Global Strategic Equity Fund's investments in global equities. The portfolio of the Global Strategic Equity Fund will be actively managed by the investment adviser with reference to the GSE Reference Index.

The other Underlying APIF, the Global Strategic Bond Fund, will normally invest up to 100% of its Net Asset Value in constituent fixed income securities of the FTSE MPF World Government Bond Index (the "GSB Reference Index") and/or securities other than the constituent securities of the GSB Reference Index that are consistent with the Global Strategic Bond Fund's objective. While the Global Strategic Bond Fund may from time to time hold fixed income securities that are the same as the underlying constituents of the GSB Reference Index, it is not expected to hold each and every underlying constituent of the GSB Reference Index and in the same allocation at all times. There is no fixed geographical allocation of the Global Strategic Bond Fund's investments in global fixed income securities. The portfolio of the Global Strategic Bond Fund will be actively managed by the investment adviser with reference to the GSB Reference Index.

(iv) Asset Allocation

Through the underlying APIF, CAF targets to invest 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The asset allocation of CAF will make reference to the CAF Reference Portfolio*.

The range of CAF's asset allocation to higher risk assets (i.e. from 55% to 65% due to differing price movements of various equity and bond markets) is subject to the discretion of the investment manager of the relevant APIF.

* "CAF Reference Portfolio" means the reference portfolio developed by the MPF industry and published by the Hong Kong Investment Funds Association, which may change from time to time, for the "Core Accumulation Fund" as defined in MPFSO.

(v) Geographical Allocation

There is no prescribed allocation for investments in any specific countries or currencies.

(vi) Hong Kong Dollar Currency Exposure

CAF will maintain an effective currency exposure to Hong Kong dollars of not less than 30% through investments in the Underlying APIFs.

(vii) Policies regarding the acquisition, holding and disposal of financial futures contracts, financial option contracts and security lending

CAF and the relevant APIF will not directly enter into financial futures contracts and options contracts or engage in security lending.
CAF and the relevant APIF may through the Underlying APIFs enter into financial futures contracts and options contracts for hedging purpose only.

(viii) Risk inherent and Expected Return

Members should regard CAF as a medium to high risk investment. The performance of the Fund is subject to all risk factors as listed under Part I and II of the chapter "Risks" and please refer to that chapter for detailed description of each risk concerned. The return of CAF is expected over the long term to be at least similar to the return of the CAF Reference Portfolio. Please refer to the section "Information on Performance of DIS CFs" of "Default Investment Strategy ("DIS")" under the chapter "ADMINISTRATIVE PROCEDURES" or visit www.hkifa.org.hk for details.

ANNEXURE A – 8

(a) **<u>Name of Constituent Fund</u>**
China Life Age 65 Plus Fund

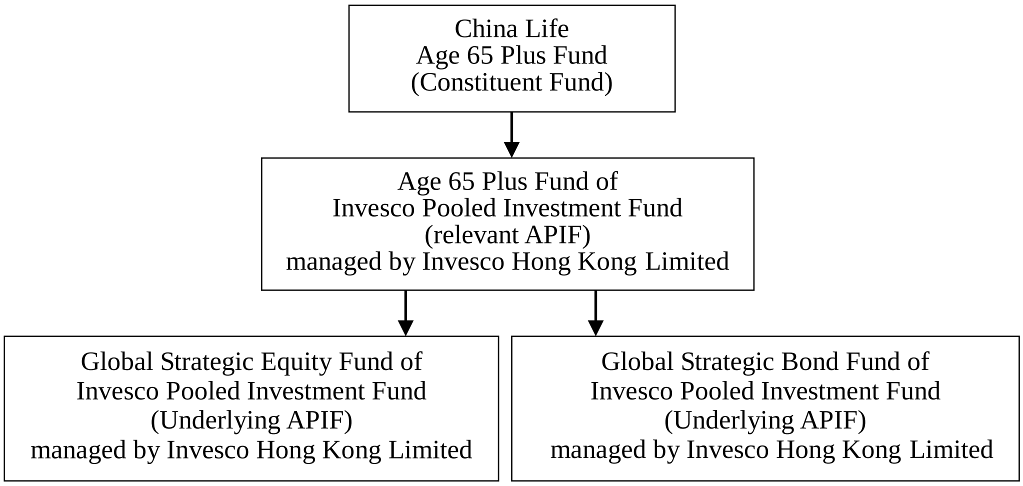
(b) **<u>Type of Fund</u>**
It is a mixed assets fund.

(c) **<u>Structure of the Fund</u>**
Feeder Fund.

(d) **<u>Statement of Investment Policy</u>**

(i) <u>Investment Objective</u>
The investment objective of China Life Age 65 Plus Fund ("A65F") is to provide stable growth to Members by investing in a globally diversified manner.

(ii) <u>Investment Structure</u>
A65F shall invest in one approved pooled investment fund, "Age 65 Plus Fund" of Invesco Pooled Investment Fund ("relevant APIF"), which in turn invests in two approved pooled investment funds, "Global Strategic Equity Fund" and "Global Strategic Bond Fund" of Invesco Pooled Investment Fund ("Underlying APIFs") as allowed under the Regulation.



Invesco Hong Kong Limited is the investment manager of the relevant APIF and the Underlying APIFs.

(iii) <u>Investment Strategy</u>
A65F will primarily invest in a combination of global equities and bonds in a globally diversified manner through investment in the Underlying APIFs.

The Underlying APIFs adopt an active investment strategy. The Underlying APIFs will be actively managed with reference to the respective reference indices adopted by the respective Underlying APIFs defined in "Asset Allocation" below i.e. through active management of a portfolio of global fixed income securities with reference to the credit rating, sector, and geographical allocation and active management of a portfolio of global equities with reference to the constituents sectors, and geographic allocation of the respective reference indices. The active investment strategy aims to increase flexibility for promoting efficiency and to minimize cost for the purpose of DIS asset rebalancing.

The Global Strategic Equity Fund, one of the Underlying APIFs, will normally invest up to 100% of its Net Asset Value in constituent securities of the FTSE MPF All-World Index (the "GSE Reference Index") and/or securities other than the constituent securities of the GSE Reference Index that are consistent with the Global Strategic Equity Fund's objective. While the Global Strategic Equity Fund may from time to time hold securities that are the same as the underlying constituents of the GSE Reference Index, it is not expected to hold each and every underlying constituent of the GSE Reference Index and in the same allocation at all times. There is no fixed geographical allocation of the Global Strategic Equity Fund's investments in global equities. The portfolio of the Global Strategic Equity Fund will be actively managed by the investment adviser with reference to the GSE Reference Index.

The other Underlying APIF, the Global Strategic Bond Fund, will normally invest up to 100% of its Net Asset

Value in constituent fixed income securities of the FTSE MPF World Government Bond Index (the "GSB Reference Index") and/or securities other than the constituent securities of the GSB Reference Index that are consistent with the Global Strategic Bond Fund's objective. While the Global Strategic Bond Fund may from time to time hold fixed income securities that are the same as the underlying constituents of the GSB Reference Index, it is not expected to hold each and every underlying constituent of the GSB Reference Index and in the same allocation at all times. There is no fixed geographical allocation of the Global Strategic Bond Fund's investments in global fixed income securities. The portfolio of the Global Strategic Bond Fund will be actively managed by the investment adviser with reference to the GSB Reference Index.

(iv) Asset Allocation

Through the underlying APIF, A65F targets to invest 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 15 % and 25 % due to differing price movements of various equity and bond markets. The asset allocation of A65F will make reference to the A65F Reference Portfolio*.

The range of A65F's asset allocation to higher risk assets (i.e. from 15% to 25% due to differing price movements of various equity and bond markets) is subject to the discretion of the investment manager of the relevant APIF.

* "A65F Reference Portfolio" means the reference portfolio developed by the MPF industry and published by the Hong Kong Investment Funds Association, which may change from time to time, for the "Age 65 Plus Fund" as defined in MPFSO.

(v) Geographical Allocation

There is no prescribed allocation for investments in any specific countries or currencies.

(vi) Hong Kong Dollar Currency Exposure

A65F will maintain an effective currency exposure to Hong Kong dollars of not less than 30% through investments in the Underlying APIFs.

(vii) Policies regarding the acquisition, holding and disposal of financial futures contracts, financial option contracts and security lending

A65F and the relevant APIF will not directly enter into financial futures contracts and options contracts or engage in security lending.
A65F and the relevant APIF may through the Underlying APIFs enter into financial futures contracts and options contracts for hedging purpose only.

(viii) Risk inherent and Expected Return

Members should regard A65F as a low to medium risk investment. The performance of the Fund is subject to all risk factors as listed under Part I and II of the chapter "Risks" and please refer to that chapter for detailed description of each risk concerned. The return of A65F is expected over the long term to be at least similar to the return of A65F Reference Portfolio. Please refer to the section "Information on Performance of DIS CFs" of "Default Investment Strategy ("DIS")" under the chapter "ADMINISTRATIVE PROCEDURES" or visit www.hkifa.org.hk for details.

4. RISKS

PART I

The performance of all Constituent Funds may be subject to the following risks:

(a) Equities Risk

Constituent Funds (except China Life MPF Conservative Fund) may invest in equity securities. The prices of and the income generated by equity securities may decline due to a number of reasons including the activities and results of the issuer, general economic and market conditions, regional or global economic instability and the relevant currency rate fluctuations. There is no guarantee that the value of any equity securities held by a Constituent Fund will increase in value or that any income will be derived from such securities. The value of, and income derived from, equity securities held may fall as well as rise and the Constituent Funds may not recoup the original amount invested in such securities.

(b) Fixed Income Instruments Risk

Constituent Funds (except China Life Hong Kong Equity Fund and China Life Retire-Easy Global Equity Fund) that invest in bonds and other fixed income instruments may fall in value if interest rates change. Bonds with longer maturity dates are particularly susceptible to interest rate changes and may experience significant price volatility.

The deterioration of the financial standing of an issuer of fixed income instruments may cause loss on investments to the relevant Constituent Funds. Such deterioration may result in a reduction of the credit rating of the issuer's securities and may lead to the issuer's inability to honour its contractual obligations, including making timely payment of interest and principal. Credit ratings are a measure of credit quality. Declines in credit quality can result in bankruptcy or other default of the issuer and the relevant Constituent Funds could experience delays in liquidating the underlying securities and permanent loss of investment. This will have the effect of reducing levels of capital and income in the Constituent Funds and lack of access to income during this period together with the expense of enforcing the Constituent Fund's rights.

(c) Financial Derivative Instruments Risk

Constituent Funds (except China Life MPF Conservative Fund) may through the approved pooled investment funds invest in derivatives such as financial futures and option contracts as permitted by MPFSO, the Regulation, codes and guidelines of the Mandatory Provident Fund Schemes Authority ("MPFA") and the Securities and Futures Commission ("SFC"). However, should the expectations of the investment manager in employing the techniques and instruments be incorrect, or the counterparty for the instruments default, the Constituent Funds may suffer substantial financial loss.

(d) Political, Economic and Social Factors

Investing in asset classes such as deposits, bonds or equities carries risks and changes in the political, economic or social environment of a country will impact financial markets. The investment return from these assets and the value of the assets may be impacted positively or negatively.

(e) Concentration Risk

Investments of Constituent Funds may be concentrated in a certain geographic area or a single country. They are likely to be more volatile than investments following a more diversified investment policy and more susceptible to fluctuations in prices arising from adverse conditions and developments in the markets concerned.

(f) Emerging Markets Risk

Investments in emerging markets have been volatile while producing high returns when compared to the larger more mature markets which have tended to be less volatile while generating lower returns. The securities markets of some of these emerging markets are not fully developed which may, in some circumstances, lead to a potential lack of liquidity. Members should also note that the accounting, auditing and financial reporting standards in these markets may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies. This risk factor is applicable to all Constituent Funds under the Scheme except China Life MPF Conservative Fund.

(g) Liquidity risk

Some of the markets in which a Constituent Fund or its underlying fund(s) invests may be less liquid and more volatile than the world's leading financial markets, this may result in the fluctuation in the price of the securities. Certain securities may be difficult or impossible to be sold at the time that a Constituent Fund or its underlying fund(s) would like or at the price that the manager of a Constituent Fund or its underlying fund(s) believes the security is currently worth. Difficulties may be encountered in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. This may adversely affect the net asset value of the Constituent Fund or its underlying fund(s).

(h) Currency Risk

A Constituent Fund or its underlying fund(s) that invests in securities denominated in currencies other than the Constituent Fund's base currency (i.e. Hong Kong dollars) may be exposed to currency exchange risk. Fluctuations in exchange rates between these currencies and the base currency may cause the value of such securities in terms of the base currency to diminish or increase. If the currency in which a Constituent Fund's or its underlying fund(s) portfolio security is denominated depreciates against the base currency of the Constituent Fund's or its underlying fund(s), the value of the security in terms of the base currency will decrease and the net asset value of the Constituent Fund or its underlying fund(s) will be affected unfavourably.

(i) Hedging Risk

An investment manager may acquire financial futures contracts and financial option contracts for hedging purpose. The investment manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency and market risks. There is no guarantee that the hedging techniques will achieve their desired result. If the techniques and instruments employed by the investment manager are incorrect or the counterparties for such instruments default, the relevant Constituent Fund or its underlying fund(s) may suffer a substantial loss.

(j) Eurozone Risk

The performance of a Constituent Fund or its underlying fund(s) that invest(s) in Europe will be affected by the economic, political, regulatory, geopolitical, market, currency or other conditions in the region. In particular, for the exit of EU members from the Eurozone such as Brexit and the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse event, such as credit downgrade of a sovereign, may have a negative impact on the value of the Constituent Fund or its underlying fund(s).

(k) Counterparty risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Constituent Fund or its underlying fund(s). A Constituent Fund or its underlying fund(s) may be exposed to the risk of a counterparty through its direct or indirect investments such as bonds, deposits, financial futures and options. To the extent that a counterparty defaults on its obligations and a Constituent Fund or its underlying fund(s) is delayed or prevented from exercising its rights with respect to the investment in its portfolio, the Net Asset Value of a Constituent Fund or its underlying fund(s) may be adversely affected due to a decline in the value of the security, loss of income and incurring costs associated with its rights attached to the security.

(l) Custodial Risk

Custodians or sub-custodians of a Constituent Fund or its underlying fund(s) may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the Constituent Fund or its underlying fund(s) invests in markets where custodial and/or settlement systems are immature or are not fully developed, the assets of the Constituent Fund or its underlying fund(s) may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Constituent Fund or its underlying fund(s) may take a longer time to recover its assets. In the worst case scenario such as the retroactive application of legislation and fraud or improper registration of title, the Constituent Fund or its underlying fund(s) may even be unable to recover all of its assets. The cost borne by a Constituent Fund or its underlying fund(s) in investing and holding investment in such markets will be generally higher than in organised securities markets.

(m) Risk in Investment in Underlying APIFs

Under the Scheme, the achievement of the investment objectives of all Constituent Funds (except China Life MPF Conservative Fund) are subject to the performance of their respective underlying approved pooled investment funds. The Constituent Funds are subject to the same risks as the underlying approved pooled investment funds in which they invest. Constituent Funds (except China Life MPF Conservative Fund) will have a higher equities risk exposure and will be more volatile if there is a greater mix of equities within the portfolios of the corresponding underlying approved pooled investment funds.

(n) Early Termination Risk

Members may be affected if a Constituent Fund is terminated in accordance with the Master Trust Deed. A Member may have to elect to transfer his accrued benefits invested in the terminating Constituent Fund to other Constituent Funds within the Scheme. Members should note that such amount to be transferred from the terminating Constituent Fund may be less than the amount contributed by them if the terminating Constituent Fund incurred losses at the point of termination.

If the affected Member does not make any election, his accrued benefits shall after the termination of the Constituent Fund be invested in accordance with paragraph (a) of the section "TERMINATION OF CONSTITUENT FUNDS" under the chapter "ADMINISTRATIVE PROCEDURES" or the DIS as the case may be. Please refer to the section "TERMINATION OF CONSTITUENT FUNDS" under the chapter " ADMINISTRATIVE PROCEDURES" for details.

Note: Information about the latest risk class of each Constituent Fund under the Scheme is available in the latest fund fact sheet of the Scheme and the following website www.chinalife.com.hk. The risk class is prescribed by the MPFA according to the Code on Disclosure for MPF Investment Funds and the risk class has not been reviewed or endorsed by the SFC.

PART II

Key Risks Relating to the DIS
Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

Limitations on the strategy

i) *Age as the sole factor in determining the asset allocation under the DIS*
As set out in more detail in the section "De-risking of the DIS" of "Default Investment Strategy ("DIS")" under the chapter "ADMINISTRATIVE PROCEDURES", Members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a Member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor Member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the Scheme.

ii) *Pre-set asset allocation*
Members should note that the two DIS CFs have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or – 5%. The prescribed exposure between higher risk and lower risk assets of CAF and A65F will limit the ability of the investment manager of these two DIS CFs to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the investment manager thought it appropriate to do so.

iii) *Annual de-risking between the DIS CFs*
Members should note that de-risking for each relevant Member will generally be carried out on a Member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions. It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a Member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate Members from "systemic risk", such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

iv) *Potential rebalancing within each DIS CF*
In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAF and A65F, the investments of each of the CAF and A65F may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the CAF's or A65F's asset allocation may fall outside the respective prescribed limit. In this case, each of the CAF and A65F will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the investment manager is of the view that the higher risk assets might continue to perform poorly.

v) *Additional transaction costs*
Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the

prescribed allocation within each of the CAF and A65F and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those members with only a short investment horizon before retirement). The two designated CFs for DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these CFs is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to Part I of this chapter.

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/on-going contribution, if any, will be invested in the A65F which holds around 20% of its assets in higher risk assets which may not be suitable for all Members beyond the age of 64.

*Please note the classification of risk level for each DIS CF is determined by the Approved Trustee based on the investment mix and/or advice of the investment manager of the respective CF, relevant APIF and the underlying APIF. The risk level of each DIS CF is for reference only and will be reviewed on a regular basis.

5. FEES AND CHARGES

FEE TABLE

The following table describes the fees, expenses and charges that participating employers and members may pay upon and after joining the Scheme. Important definitions and explanatory notes are set out at the end of the table.

<table>
<tr><td colspan="5">(A) JOINING FEE & ANNUAL FEE</td></tr>
<tr><td colspan="2" rowspan="2">Type of fees</td><td colspan="2">Current amount (HK$)</td><td rowspan="2">Payable by</td></tr>
<tr><td>Mandatory Contributions and Voluntary Contributions (other than Smart Easy Personal Contributions)</td><td>TVC and Voluntary Contributions-Smart Easy Personal Contributions</td></tr>
<tr><td colspan="2">Joining fee[1]</td><td colspan="3">N/A</td></tr>
<tr><td colspan="2">Annual fee[2]</td><td colspan="3">Nil</td></tr>
<tr><td colspan="5">(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT</td></tr>
<tr><td rowspan="2">Type of fees, expenses & charges</td><td rowspan="2">Name of constituent fund</td><td colspan="2">Current level</td><td rowspan="2">Payable by</td></tr>
<tr><td>Mandatory Contributions and Voluntary Contributions (other than Smart Easy Personal Contributions)</td><td>TVC and Voluntary Contributions-Smart Easy Personal Contributions</td></tr>
<tr><td>Contribution charge[3]</td><td>All constituent funds</td><td colspan="3">N/A</td></tr>
<tr><td rowspan="2">Offer spread[4]</td><td>China Life MPF Conservative Fund</td><td colspan="3">N/A</td></tr>
<tr><td>All other constituent funds</td><td colspan="3">Nil</td></tr>
<tr><td rowspan="2">Bid spread[5]</td><td>China Life MPF Conservative Fund</td><td colspan="3">N/A</td></tr>
<tr><td>All other constituent funds</td><td colspan="3">Nil</td></tr>
<tr><td>Withdrawal charge[6]</td><td>All constituent funds</td><td colspan="3">N/A</td></tr>
<tr><td colspan="5">(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS</td></tr>
<tr><td>Type of fees, expenses & charges</td><td>Name of constituent fund</td><td colspan="2">Current level</td><td>Deducted from</td></tr>
<tr><td rowspan="6">Management fees[7]</td><td>China Life MPF Conservative Fund
(see Note a)</td><td colspan="2">0.85% p.a. of Net Asset Value</td><td rowspan="6">Fund assets</td></tr>
<tr><td>China Life Balanced Fund
China Life Growth Fund</td><td colspan="2">0.95% p.a. of Net Asset Value</td></tr>
<tr><td>China Life Hong Kong Equity Fund</td><td colspan="2">0.4% p.a. of Net Asset Value</td></tr>
<tr><td>China Life Joyful Retirement Guaranteed Fund</td><td colspan="2">1.2% p.a. of Net Asset Value</td></tr>
<tr><td>China Life Retire-Easy Global Equity Fund</td><td colspan="2">1.38% p.a. of Net Asset Value</td></tr>
<tr><td>China Life Core Accumulation Fund
China Life Age 65 Plus Fund</td><td colspan="2">0.59% p.a. of Net Asset Value</td></tr>
<tr><td>Guarantee charge[8]</td><td>China Life Joyful Retirement Guaranteed Fund</td><td colspan="3">N/A</td></tr>
</table>

Other expenses	1. Annual Registration Fee is charged by the MPFA. Currently, it is nil. 2. Compensation Fund Levy (if any) is charged by the MPFA and will be deducted from the fund assets. 3. Certain recurrent expenses relating to China Life Core Accumulation Fund and China Life Age 65 Plus Fund are subject to a statutory annual limit of 0.20% of the Net Asset Value of each of those funds and will not be charged to or imposed on the fund in excess of that amount. A fixed amount of valuation fee (which will not be calculated as a percentage of Net Asset Value of the Constituent Funds of DIS) will be charged to the Constituent Funds of DIS by the custodian. This fixed amount of valuation fee is also subject to the foregoing statutory annual limit. Please refer to the section "Fees and Out-of-Pocket Expenses of the DIS" of "Default Investment Strategy ("DIS")" under the chapter "ADMINISTRATIVE PROCEDURES" for details. 4. For Constituent Funds other than China Life Core Accumulation Fund and China Life Age 65 Plus Fund, other costs and expenses reasonably incurred as referred to in the Master Trust Deed (including auditors' fee, legal charges, premium for insurance required by Regulation, fund transaction fees, bank charges, brokerage, agent commission, taxes, stamp duty and valuation fees) will be deducted from the fund assets and allocated according to the Net Asset Value of each of those Constituent Fund. 5. If a copy of Master Trust Deed is required, a reasonable charge will be levied.

(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (i.e. the Approved Pooled Investment Funds)

Type of fees, charges & expenses	Name of constituent fund	Current level	Deducted from
Management fees[7]	China Life MPF Conservative Fund (see Note a)	N/A	Fund assets of the underlying fund
	China Life Balanced Fund China Life Growth Fund China Life Hong Kong Equity Fund	0.55% p.a. of Net Asset Value of the underlying fund	
	China Life Joyful Retirement Guaranteed Fund	N/A	
	China Life Retire-Easy Global Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.16% p.a. of Net Asset Value of the underlying fund	
Guarantee Charge[8]	China Life Joyful Retirement Guaranteed Fund	0.8% p.a. of Net Asset Value of the underlying fund (see Note e)	Fund assets of the underlying fund
Other expenses	Other costs, expenses and charges reasonably incurred as referred to in the offering document (including but not limited to auditors' fee, legal charges, premium for insurance required by Regulation, fund transaction fees and valuation fees) will be charged to each underlying fund. The valuation fees of the underlying funds invested into by the Constituent Funds of DIS are inclusive in the trustee fees of the underlying funds.		

(E) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES

1. Request for copy of Master Trust Deed	HK$500 per copy
2. Request for additional or re-issuance copy of statement and report	HK$100 per statement/copy
3. Retrieval of Remittance Statements (up to 7 years)	HK$50 per statement
4. Handling Fee for Withdrawal of Smart Easy Personal Contribution exceeding 4 times in every financial period (switching will not be regarded as withdrawal and no handling fee will be imposed on switching). This handling fee in relation to Smart Easy Personal Contribution will not be applicable to Members who have invested in any one of the Constituent Funds of DIS and without any apportionment if only part of the accrued benefits are invested in the Constituent Funds of DIS.	HK$100 for each additional withdrawal
5. Handling Fee for withdrawal of accrued benefits exceeding 12 instalments in every financial period. This handling fee will not be applicable to Members who have invested in any one of the Constituent Funds of DIS and without	HK$100 for each additional withdrawal

any apportionment if only part of the accrued benefits are invested in the Constituent Funds of DIS.	
All the fees and charges in items 1 to 3 of this section are payable by the participating employers or Members whoever make the request while item 4 is payable by the account holder of Smart Easy Personal Contributions and the amounts will be received by the Approved Trustee.	

DEFINITIONS

The following are the definitions of the different types of fees and charges.

1. "**Joining fee**" means the one-off fee charged by the trustee/sponsor of a scheme and payable by the employers and/or members upon joining the scheme.

2. "**Annual fee**" means the fee charged by the trustee/sponsor of a scheme on an annual basis and payable by the employers and/or members of the scheme. This "annual fee" is equivalent to "annual participation fee" and "membership fee" stated in the Master Trust Deed of the Scheme.

3. "**Contribution charge**" means the fee charged by the trustee/sponsor of a scheme against any contributions paid to the scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to an MPF conservative fund.

4. "**Offer spread**" is charged by the trustee/sponsor of a scheme upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to an MPF conservative fund. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the trustee.

5. "**Bid spread**" is charged by the trustee/sponsor of a scheme upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to an MPF conservative fund. Bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or the first twelve withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.

6. "**Withdrawal charge**" means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to an MPF conservative fund. A withdrawal charge for a transfer of benefits, withdrawal of benefits in a lump sum, or the first twelve withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.

7. "**Management fees**" include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor or promoter of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the Net Asset Value of a fund. In the case of China Life Core Accumulation Fund and China Life Age 65 Plus Fund, management fees (include fees paid to the trustee, custodian, administrator and investment manager) payable to the parties named above, or their delegates, can only (subject to certain exceptions in the Ordinance) be charged as a percentage of the Net Asset Value of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the Net Asset Value of the fund which applies across both the fund and underlying funds.

8. "**Guarantee charge**" refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of a guaranteed fund.

ADDITIONAL INFORMATION

The breakdown of Management fees for existing and additional Constituent Funds in Part (C) of the Fee Table and the respective current and maximum level are shown below:

<table>
<tr><th>Type of charges & expenses</th><th>Name of constituent fund</th><th>Current level</th><th>Maximum level</th></tr>
<tr><td rowspan="5">Trustee Fee</td><td>China Life MPF Conservative Fund
(see Note a)</td><td>0.35% p.a. of
Net Asset Value</td><td rowspan="3">0.4% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Balanced Fund
China Life Growth Fund</td><td>0.35% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Hong Kong Equity Fund</td><td>0.1% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Joyful Retirement Guaranteed Fund
China Life Retire-Easy Global Equity Fund</td><td>0.35% p.a. of
Net Asset Value</td><td>0.75% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Core Accumulation Fund
China Life Age 65 Plus Fund</td><td>0.21% p.a. of
Net Asset Value</td><td>0.21% p.a. of
Net Asset Value</td></tr>
<tr><td rowspan="6">Administration Fee</td><td>China Life MPF Conservative Fund
(see Note a)</td><td>0.3% p.a. of
Net Asset Value</td><td rowspan="3">0.9% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Balanced Fund
China Life Growth Fund</td><td>0.5% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Hong Kong Equity Fund</td><td>0.2% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Joyful Retirement Guaranteed Fund</td><td>0.55% p.a. of
Net Asset Value</td><td rowspan="2">1% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Retire-Easy Global Equity Fund</td><td>0.48% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Core Accumulation Fund
China Life Age 65 Plus Fund</td><td>0.28% p.a. of
Net Asset Value</td><td>0.28% p.a. of
Net Asset Value</td></tr>
<tr><td rowspan="4">Custodian Fee</td><td>China Life MPF Conservative Fund
(see Note a)
China Life Balanced Fund
China Life Growth Fund
China Life Hong Kong Equity Fund</td><td>0.1% p.a. of
Net Asset Value</td><td>0.1% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Joyful Retirement Guaranteed Fund</td><td>0.1% p.a. of
Net Asset Value</td><td rowspan="2">0.25% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Retire-Easy Global Equity Fund</td><td>0.15% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Core Accumulation Fund
China Life Age 65 Plus Fund</td><td>0.1% p.a. of
Net Asset Value</td><td>0.1% p.a. of
Net Asset Value</td></tr>
<tr><td rowspan="5">Investment Management Fee</td><td>China Life MPF Conservative Fund
(see Note a)</td><td>0.1% p.a. of
Net Asset Value</td><td>0.1% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Balanced Fund
China Life Growth Fund
China Life Hong Kong Equity Fund</td><td>N/A</td><td>N/A</td></tr>
<tr><td>China Life Joyful Retirement Guaranteed Fund</td><td>0.2% p.a. of
Net Asset Value</td><td rowspan="2">1% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Retire-Easy Global Equity Fund</td><td>0.4% p.a. of
Net Asset Value</td></tr>
<tr><td>China Life Core Accumulation Fund
China Life Age 65 Plus Fund</td><td>N/A</td><td>N/A</td></tr>
</table>

The breakdown of Management fees for the underlying funds of existing and additional Constituent Funds in Part (D) of the Fee Table and the respective current and maximum level are shown below:

Type of charges & expenses	Name of constituent fund	Current level	Maximum level
Investment Management Fee	China Life Growth Fund China Life Balanced Fund China Life Hong Kong Equity Fund	0.45% p.a. of Net Asset Value of the underlying fund	2% p.a. of Net Asset Value of the underlying fund
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.08% p.a. of Net Asset Value of the underlying fund	0.08% p.a. of Net Asset Value of the underlying fund
Trustee Fee	China Life Growth Fund China Life Balanced Fund China Life Hong Kong Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	0.5% p.a. of Net Asset Value of the underlying fund
	China Life Retire-Easy Global Equity Fund	0.1% p.a. of Net Asset Value of the underlying fund	1% p.a. of Net Asset Value of the underlying fund
	China Life Core Accumulation Fund China Life Age 65 Plus Fund	0.08% p.a. of Net Asset Value of the underlying fund	0.08% p.a. of Net Asset Value of the underlying fund

EXPLANATORY NOTES

(a) For China Life MPF Conservative Fund, if
   1. funds attributable to a Member form part of an MPF conservative fund; and
   2. the amount of the income and profits derived from the investment of those funds for a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed savings rate,

   an amount not exceeding the excess may be deducted from the Member's accrued benefits as administrative expenses as referred to the Management fees in parts (C) and (D) for that month.

(b) In respect of any increase in fees and charges from the current level as stated, at least three months prior notice must be given to all scheme members and participating employers.

(c) At pooled investment fund level under China Life Retire-Easy Global Equity Fund, the Approved Trustee, China Life Trustees Limited, will bear the investment management fee chargeable to the approved pooled investment funds.

(d) The start-up expenses of the Scheme will be borne by the Promoter, China Life Insurance (Overseas).

(e) Guarantee charge for the relevant Approved Pooled Investment Fund ("the Fund") of China Life Joyful Retirement Guaranteed Fund is subject to a maximum of 1.5% p.a. of Net Asset Value of the Fund.

(f) Expenses arising out of any advertising or promotional activities in connection with the Scheme must not be paid from the Scheme assets. In respect of the advertising expenses of the relevant pooled investment funds, it will be borne by the Promoter, China Life Insurance (Overseas). The advertising expenses of the underlying approved pooled investment funds will not be payable out of the assets of the underlying approved pooled investment funds.

Note: The operators and respective service providers of the Constituent Funds of DIS and their underlying funds include trustees, administrators, custodians and investment managers. Their respective services include:

- For MPF trustees of MPF schemes as well as the Constituent Funds of DIS, and trustees of the underlying funds, they are required to exercise fiduciary duties in operating MPF schemes and underlying unit trusts in the interest of members.
- Administrators are responsible for handling daily administration such as record keeping and handling requests for transfers and withdrawals of benefits on behalf of MPF trustees of MPF schemes as well as the Constituent Funds of DIS, and trustees of the underlying funds.
- Custodians will physically hold the assets of MPF schemes and the underlying funds and investment managers will be responsible for managing the investment of the funds of DIS and their underlying funds.

6. ADMINISTRATIVE PROCEDURES

CONTRIBUTIONS

The Scheme consists of (i) a Mandatory Contribution Account, (ii) a Voluntary Contribution Account, (iii) a special contribution account, (iv) a Smart Easy Personal Contribution Account and (v) a TVC Account. All contributions shall be made to the name of the Approved Trustee. The Approved Trustee may delegate the administrative work to an administrator of the Scheme.

I. MANDATORY CONTRIBUTIONS

Employers and employees will both have to pay a Mandatory Contribution of 5% of relevant income (which includes wages, salary, leave pay, fees, commission, bonuses, gratuities and allowances) to the Scheme. Self-employed persons will also have to contribute 5% of their relevant incomes.

There are minimum and maximum levels for relevant income:

Minimum - Employees or self-employed persons earning below the statutory minimum amount* are not required to contribute but employers will have to contribute in respect of their employees regardless.
Maximum - No Mandatory Contributions are required of the employers, Members nor self-employed persons in respect of any excess over the statutory maximum amount* of relevant income per month.

* Please contact our Customer Service Hotline (at 3999 5555) for the updated information on the statutory minimum and maximum levels of relevant income for Mandatory Contributions stipulated under MPFSO.

However, Members whose relevant income is less than or more than the minimum or maximum level of relevant income may, if he/she wishes, by notice in writing to the Employer elect to contribute Voluntary Contributions.

<u>CHARACTERISTICS OF MANDATORY CONTRIBUTIONS</u>

(A) Immediate Vesting

Mandatory Contributions paid (including employers and Members) and investment earnings are fully and immediately vested as accrued benefits. When a Member ceases employment, irrespective of his/her service with the company, he/she will be entitled to 100% of the accrued benefits.

(B) Portability

When a Member changes job, benefits can be transferred to
a. another scheme e.g. the new employer's employer sponsored scheme or master trust scheme;
b. another account within the same master trust scheme; or
c. an account in another master trust scheme of his own choice.

The former employer must in respect of a Member (other than a casual employee) –
a. in the remittance statement that the employer is required to lodge with the Approved Trustee in respect of the contribution period that ends immediately following the Member's cessation of employment; or
b. by written notice given to the Approved Trustee no later than the date on which that remittance statement is required to be lodged,

inform the Approved Trustee of the Member's cessation of employment and of the date on which the employment ceased.

(C) Preservation

Accrued benefits of Mandatory Contributions in the Member account(s) will be preserved until payment. Accrued benefits of Mandatory Contributions become payable when the Member:
a. attains retirement age of 65;
b. attains age 60 and retires early;
c. permanently departs from Hong Kong (only once in a life time);
d. becomes totally incapacitated;
e. dies;
f. has terminal illness (an additional ground of withdrawal effective from 1 August 2015); or
g. has small balance in the account.
(For details regarding payment of small balance of g. above, please refer to section 165 of the Regulation)

(D) Withdrawal

A Member or his/her personal representative must complete a form specified by the Approved Trustee and supply satisfactory evidence to the Approved Trustee when applying for withdrawal and in case of a claim under b or c of "Preservation" above, the Member must also submit a statutory declaration.

If a Member requests the accrued benefits of Mandatory Contributions to be paid in a lump sum, the Approved Trustee must ensure that such benefits are paid to the Member or claimant not later than whichever is the later of (i) 30 days after the lodgement of claim; or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged. However the Approved Trustee will not pay the accrued benefits if the MPFA has served on it a notice under section 30 (Auditors Report) or section 32 (Investigation) of MPFSO until the matter is settled.

With effect from 1 February 2016, MPFSO has been amended to allow scheme members to withdraw his or her accrued benefits by instalment in addition to lump sum payment. The Scheme has been amended to allow Members to withdraw accrued benefits of Mandatory Contributions in the Member accounts under a and b of "Preservation" by instalment as well. Please see the section "WITHDRAWAL OF ACCRUED BENEFITS OF MANDATORY CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS (OTHER THAN SMART EASY PERSONAL CONTRIBUTIONS) BY INSTALMENTS" below for details.

II. VOLUNTARY CONTRIBUTIONS (OTHER THAN SMART EASY PERSONAL CONTRIBUTIONS)

CHARACTERISTICS OF VOLUNTARY CONTRIBUTIONS (OTHER THAN SMART EASY PERSONAL CONTRIBUTIONS)

Employers, employees, self-employed persons, notwithstanding that they are less than 18 years of age or are of more than retirement age or are exempted under Section 4(3) of the MPFSO, may elect to contribute voluntarily in addition to the Mandatory Contributions for each contribution period. Regular Voluntary Contributions (other than Smart Easy Personal Contributions) may only be made by Employers, employees and self-employed persons and are paid subject to the provisions of the Master Trust Deed and the Governing Rules except where specifically stated otherwise, e.g. immediate vesting, portability and preservation are not applicable.

(A) Withdrawal of Benefits of Voluntary Contributions (Other than Smart Easy Personal Contributions)

a. Retirement at Normal Retirement / Death / Permanent Disablement

The benefits payable is the Vested Portion of the employer's Voluntary Contributions and 100% of the Member's Voluntary Contributions as at the date of retirement age / permanent disability / death.

b. Benefits on Resignation

If a Member other than a self-employed person resigns other than for the reasons mentioned above, he will receive 100% of his own accrued benefits of Voluntary Contributions plus a Vested Portion of the employer's Voluntary Contributions in accordance with a vesting scale. The following is an example of a vesting scale commonly adopted by employers:

Vesting Scale

Completed Years of Service	Vested Percentage
1 year	0%
2 years	0%
3 years	30%
4 years	40%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 years	100%

c. Early Retirement

An employee (with the consent of the employer), or a self-employed person may retire earlier after attaining the age, for example 60 and has completed, for example, 10 or more years of service to be specified by the Employer. The benefit payable is the Vested Portion of the Employer's Voluntary Contributions and 100% of Member's Voluntary Contributions as at the date of early retirement.

d. Late Retirement

An employee (with the consent of the employer), or a self-employed person, may retire later than the normal retirement age, in which case Voluntary Contributions may be:

(a) Discontinued after the normal retirement date.
The benefit payable is the Vested Portion of the employer's Voluntary Contributions and 100% of Member's Voluntary Contributions as at the date of normal retirement; or

(b) Continued until actual retirement.
The benefit payable is the Vested Portion of the employer's Voluntary Contributions and 100% of Member's Voluntary Contributions as at the date of actual retirement.

e. Benefit on Dismissal

If a Member who is an employee is dismissed for any of the following grounds:
(a) wilfully disobeying a lawful and reasonable order;
(b) misconducting himself, such conduct being inconsistent with the due and faithful discharge of his duties;
(c) guilty of fraud or dishonesty;
(d) habitually neglectful in his duties;
(e) upon any other ground on which the employer is entitled to terminate his contract of employment;

he is only entitled to receive 100% of the accrued benefits of his own Voluntary Contributions. The employer's Voluntary Contribution will be forfeited.

(B) Payment of Accrued Benefits of Voluntary Contributions (Other than Smart Easy Personal Contributions) by Lump Sum

If a claim for the payment of a Member's accrued benefits of Voluntary Contributions is lodged with the Approved Trustee and the claimant satisfies the Approved Trustee that the claimant is entitled to be paid those benefits the Approved Trustee must ensure that those accrued benefits of Voluntary Contributions are paid to the claimant not later than (i) 30 days after the lodgement of the claim; or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged.

(C) Payment of Accrued Benefits of Voluntary Contributions (Other than Smart Easy Personal Contributions) by Instalments

Members who retires before (other than by reason of total incapacity), on or after attaining the retirement age as specified in the Application of Participation Form are allowed to have the accrued benefits of Voluntary Contributions to be paid to him by instalments in addition to lump sum. The details are stated in the section "WITHDRAWAL OF ACCRUED BENEFITS OF MANDATORY CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS (OTHER THAN SMART EASY PERSONAL CONTRIBUTIONS) BY INSTALMENTS" below.

III. WITHDRAWAL OF ACCRUED BENEFITS OF MANDATORY CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS (OTHER THAN SMART EASY PERSONAL CONTRIBUTIONS) BY INSTALMENTS

If a Member requests the accrued benefits of Mandatory Contributions and Voluntary Contributions to be paid by instalments ("withdrawal instalment"), the Approved Trustee must, unless otherwise agreed between the Approved Trustee and the claimant, ensure that each withdrawal instalment is paid to the claimant no later than 30 days after the date on which the claimant instructs the Approved Trustee to pay that withdrawal instalment. Members are allowed to have the first 12 withdrawal instalments to be free of charge in each financial period. There will be no restriction on the amount for each withdrawal instalment. Each additional withdrawal instalment exceeding 12 withdrawal instalments in each financial period will be subject to a handling fee of HK$100. This handling fee will not be applicable to Members who have invested in any one of the Constituent Funds of DIS and without any apportionment if only part of the accrued benefits are invested in the Constituent Funds of DIS.

IV. VOLUNTARY CONTRIBUTIONS - SMART EASY PERSONAL CONTRIBUTIONS

Members may, with the consent of the Approved Trustee, contribute a fixed amount on a monthly basis or a single lump sum at any time ("Smart Easy Personal Contributions") to the Scheme and become Smart Easy Personal Contribution Account holders under the Scheme. Smart Easy Personal Contributions are independent of Mandatory Contributions and Voluntary Contributions (other than Smart Easy Personal Contributions).

In the case of monthly Smart Easy Personal Contributions, each monthly payment must not be less than HK$300. In the case of irregular lump sum contribution, it must not be less than HK$500. Smart Easy Personal Contribution Account holders are entitled to change the amount of Smart Easy Personal Contributions by completing the specified form to the Approved Trustee. The Approved Trustee may change the minimum amount of Smart Easy Personal Contributions from time to time by giving one month's written notice to the Smart Easy Personal Contribution Account holders.

The Smart Easy Personal Contributions are vested in the Smart Easy Personal Contribution Account holders immediately once they are received by the Approved Trustee. Such contributions are paid from their own funds in such manner as the Approved Trustee may agree and prescribe from time to time. The Approved Trustee reserves the right not to accept any Smart Easy Personal Contributions.

If a Smart Easy Personal Contribution Account holder fails to maintain any balance in the Smart Easy Personal Contributions Account for 12 consecutive months, the Approved Trustee may close his Smart Easy Personal Contribution Account. A Smart Easy Personal Contribution Account holder will cease to participate in the Scheme in the capacity as a Smart Easy Personal Contribution Account holder on the date of closure of this account. Closure of any account under the Regulation other than Smart Easy Personal Contribution Account shall be subject to the consent of Members.

Restriction on Smart Easy Personal Contributions

The maximum aggregate amount of Smart Easy Personal Contributions (by way of new contributions) to be invested in China Life Joyful Retirement Guaranteed Fund in any financial period must not exceed HK$1,000,000 ("Maximum Limit") unless agreed by the Approved Trustee on a case to case basis. The Maximum Limit may be adjusted (upward or downward) by the Approved Trustee from time to time. For the avoidance of doubt, the Maximum Limit does not apply to rebalancing for Smart Easy Personal Contributions.

Payment of Accrued Benefits of Smart Easy Personal Contributions

Smart Easy Personal Contribution Account holders are allowed to withdraw Smart Easy Personal Contributions at any time subject to the followings:

(a) the minimum amount of each withdrawal must not be less than HK$1,000 (There is no minimum withdrawal limit when Smart Easy Personal Contribution Account holders cease to participate in the Scheme. Smart Easy Personal Contribution Account holders can withdrawal all accrued benefit upon termination of membership) ;
(b) exceeding 4 withdrawals in each financial period will be subject to a handling fee of HK$100 for each additional withdrawal. This handling fee in relation to Smart Easy Personal Contributions will not be applicable to Members who have invested in any one of the Constituent Funds of DIS and without any apportionment if only part of the accrued benefits are invested in the Constituent Funds of DIS;
(c) the remaining balance after withdrawal will not be less than HK$1,000 provided that Smart Easy Personal Contribution Account holders may terminate to participate in Smart Easy Personal Contributions and withdraw all accrued benefits thereto upon termination.

The details of the calculation and entitlement of guarantee returns of China Life Joyful Retirement Guaranteed Fund are stated in Annexure A-4 of "Annexure A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

A claim for the payment of accrued benefits of Smart Easy Personal Contributions must be lodged with the Approved Trustee. If the claimant satisfies the Approved Trustee that the claimant is entitled to be paid those benefits, the Approved Trustee must ensure that those accrued benefits of Smart Easy Personal Contributions are paid to the claimant not later than 30 days after the lodgment of the claim.

V. SPECIAL CONTRIBUTIONS

The MPFA may pay a special contribution to an approved trustee in respect of a member of a registered scheme under section 19B of MPFSO.

A special contribution paid by the MPFA in respect of a Member of the Scheme under MPFSO vests in the Member as accrued benefits as soon as it is paid to the Approved Trustee. The provisions of MPFSO governing accrued benefits derived from Mandatory Contributions paid under section 7A(1)(b) or (2)(b) or 7C will be equally applicable to accrued benefits derived from special contributions.

VI. TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS ("TVC")

Any member who holds a contribution account or personal account of a registered scheme or a member of an MPF exempted ORSO scheme ("Eligible Persons") may open a TVC Account by signing an Application of Participation and pay TVC into such account. TVC paid into the TVC Account will be eligible for tax deduction in accordance with the Hong Kong Inland Revenue Ordinance. With effect from 1 April 2019, the Scheme offers TVC Account to Eligible Persons.

The Approved Trustee may reject any application to open a TVC Account in the event of (i) having reason to know that information and documents provided to the Approved Trustee are incorrect or incomplete; (ii) failure of the above Eligible Persons to provide information and documents as required by the Approved Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering/tax reporting; and/or (iii) other circumstances which the Approved Trustee may consider appropriate.

The characteristics of TVC are as follows:

- TVC can only be made directly by Eligible Persons into TVC Account of a registered scheme in order to enjoy tax concession, subject to relevant conditions. Please refer to the paragraph headed under "Tax Concession Arrangement in TVC" below for details;
- Involvement of employers is not required;
- Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to Mandatory Contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or other statutory grounds under MPFSO. Please refer to "Withdrawal and Termination" below for details.

Tax Concession Arrangement in TVC

The maximum tax concession amount for TVC in each year of assessment is set out in the Hong Kong Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HK$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only; and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.

To facilitate the tax return filing by TVC Account holder, the Approved Trustee will provide a tax deductible voluntary contributions summary to each TVC Account holder if TVC is made by the TVC Account holder to the Scheme during a year of assessment. Such summary will be made available by around the 10th of May after the end of relevant year of assessment (i.e. before the end of a period of 40 days from the beginning of the next tax assessment year commencing on 1 April and if the last day of that period is not a specified working day, the period is taken to end with the next specified working day).

TVC of the Scheme

Each Eligible Person can only have one TVC Account under a registered scheme, including the Scheme. TVC can only be made into a TVC Account, which is separate from a contribution account or a personal account. Any other forms of voluntary contributions that are not made into the TVC Account are not TVC (for example, voluntary contributions that are made by employees through their employers will not be eligible for claiming TVC tax deduction).

TVC is subject to the same vesting, preservation and withdrawal requirements applicable to Mandatory Contributions. This also applies to TVC that exceed the maximum tax deductible amount per assessment year.

TVC Account holder may choose to contribute a fixed amount (subject to a minimum of HK$300) on a monthly basis or a single lump sum (subject to a minimum of HK$500) at any time to the TVC Account of the Scheme. There is no maximum limit imposed on the amount or frequency of contribution made to the TVC Account. TVC will be fully vested in the TVC Account holder once it is paid into the Scheme.

For the avoidance of doubt, the protection of accrued benefits under MPFSO is not applicable to the TVC Account, meaning that accrued benefits derived from TVC will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt TVC Account holder.

TVC Account holder can invest in any of the Constituent Funds or DIS under the Scheme according to their circumstances and risk appetite. If a TVC Account holder fails to submit to the Approved Trustee a valid investment instruction or does not make any investment choice at the time of TVC Account opening, his/her TVC will be invested in DIS.

Portability

TVC is portable and TVC Account holder should note that:

- TVC Account holder may at any time choose to transfer the accrued benefits derived from TVC to another registered scheme that offers TVC;
- The transfer must be in a lump sum (full account balance);
- The TVC Account in the original registered scheme from which the accrued benefits are transferred (resulting zero balance) may be terminated upon such transfer;
- For the avoidance of doubt, transfer of accrued benefits derived from a TVC Account to another TVC Account of the TVC Account holder in another registered scheme cannot be claimed as deductions for taxation purposed; and

- Transfer of TVC accrued benefits to another TVC Account of the TVC Account holder in another registered scheme will also be subject to the same preservation and withdrawal restrictions applicable to Mandatory Contributions in the Regulation.

Withdrawal and Termination

The accrued benefits derived from TVC will become payable under the same conditions of payment of accrued benefits of Mandatory Contributions. Please refer to "Preservation" of "CHARACTERISTICS OF MANDATORY CONTRIBUTIONS" of the section "MANDATORY CONTRIBUTIONS" above in this chapter for details.

In addition, withdrawal of accrued benefits by instalments are also applicable to withdrawal of TVC. Please see "Withdrawal" of "CHARACTERISTICS OF MANDATORY CONTRIBUTIONS" of the section "MANDATORY CONTRIBUTIONS" and the section "WITHDRAWAL OF ACCRUED BENEFITS OF MANDATORY CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS (OTHER THAN SMART EASY PERSONAL CONTRIBUTIONS) BY INSTALMENTS " above in this chapter for details.

Apart from the withdrawal of accrued benefits, the Approved Trustee may terminate the TVC Account if (1) the balance of the TVC Account is zero and (2) has had no activity in respect of the TVC Account for 365 days.

TRANSFER OF ACCRUED BENEFITS

I. TRANSFER TO ANOTHER REGISTERED SCHEME

An employer after obtaining Member's consent may give written notice, personally or through the transferee trustee, to the Approved Trustee of the employer's intention to discontinue participation in the Scheme for the purpose of joining a new or separate registered scheme (the "new scheme").

An employer may elect to have the accrued benefits held in the Member Account transferred to the new scheme in which the employer is a participant by giving written notice of the election to the trustee of the new scheme in the event of cessation of the employer's participation in the Scheme.

Where

(a) a change has occurred (whether by virtue of a sale or other disposition or by operation of law) in the ownership of a business in which a Member is employed, or in a part of such business, and either -
   (i) the Member's contract of employment (with the substitution of the new owner of the business for the previous owner) is renewed by that new owner; or
   (ii) the Member is re-engaged by that owner under a new contract of employment; or

(b) a Member is undertaken into the employment of a company that is an associated company of another company by which the Member was employed immediately before the Member was taken into that employment;

(c) the new owner or associated company, as the case may be, ("new employer") has assumed the liability of the previous owner or company ("previous employer") for severance payment or long service payment in respect of the Member;

(d) the new employer has agreed to recognise the Member's length of employment with the previous employer for the purposes of that severance payment or long service payment; and

(e) no accrued benefits held in the Scheme in respect of the Member have been paid in accordance with section 12A of the MPFSO to the Member or the previous employer,

then the new employer may elect, in accordance with the Regulation, to have accrued benefits of the Member held in a Contribution Account in the Scheme transferred to an account in a registered scheme in which the new employer is a participant and by giving notice of the election to the trustee of the new scheme within the permitted period.

After receiving a written notice of election from the trustee of the new scheme, the Approved Trustee shall within 30 days from the date of receipt of the notice redeem the Units in unitized Constituent Funds, held for each Member as at the date of discontinuance and transfer the cash proceeds from Constituent Fund to the trustee or other administrator of the new scheme.

A self-employed person or personal account holder may discontinue participation and transfer to any other registered scheme and the above provisions shall mutatis mutandis apply to such transfer. However, Smart Easy Personal Contributions in the Scheme cannot be transferred to any other registered schemes.

If an employee ceases to be employed by an employer and elects to transfer to another registered scheme, the Approved Trustee must within 30 days after being notified of the employee's election or within 30 days after the last contribution day in respect of the employee's employment that has ceased whichever is later, take all practicable steps to ensure that all the accrued benefits of the employee's Mandatory Contributions and Voluntary Contributions (other than Smart Easy Personal Contributions) under the Scheme are transferred in accordance with the election.

II. TRANSFER FROM ANOTHER REGISTERED SCHEME

The Approved Trustee may at the direction of any employer, a self-employed person or personal account holder accept any assets as assets of the Scheme from any trustee or administrator of any other scheme of which the employer, employee, self-employed person or personal account holder was previously participants and admit them as Member subject to and in all respects in accordance with the Governing Rules. Any assets, special voluntary contributions or other benefits of Smart Easy Personal Contribution Account holders maintained in other registered schemes are not allowed to be transferred to the Scheme as Smart Easy Personal Contributions.

III. EMPLOYEE CHOICE ARRANGEMENT

(a) Transfer of Accrued Benefits of Mandatory Contributions during Current Employment

An employee is entitled to elect, at any time during employment with an employer, to transfer all accrued benefits from Mandatory Contributions paid by the employee in a contribution account ONCE in every calendar year to

(i) the personal account of the employee within the Scheme nominated by the employee; or
(ii) a separate personal account within another registered scheme, which is a master trust scheme or industry scheme, nominated by the employee in accordance with the Regulation.

(b) Transfer of Accrued Benefits of Mandatory Contributions and Voluntary Contributions (other than Smart Easy Personal Contributions) in respect of Former Employment or Self-Employment

(i) An employee may, in accordance with the Regulation, elect to transfer all accrued benefits derived from Mandatory Contributions in respect of the employee's former employment or self-employment in a contribution account at any time to

(1) another contribution account of the employee within the Scheme nominated by the employee; or
(2) a contribution account of the employee within another registered scheme nominated by the employee; or
(3) a personal account of the employee within the Scheme nominated by the employee; or
(4) a personal account of the employee within another registered scheme, which is a master trust scheme or industry scheme nominated by the employee

(ii) An employee (other than an Individual Relevant Employee) may also arrange for transfer of accrued benefits of all Voluntary Contributions (other than Smart Easy Personal Contributions) derived from the employee's former employment or self-employment in a contribution account at the same time upon exercise of the above right.

The Approved Trustee must, within 30 days after being notified of the above elections, take all reasonable steps to transfer the accrued benefits concerned in accordance with the election.

(c) Transfer in relation to Personal Accounts

A Member may, in accordance with the Regulation, elect to transfer all accrued benefits in the personal account in the Scheme at any time to

(1) a contribution account of the Member within the Scheme nominated by the Member; or
(2) a contribution account of the Member within another registered scheme nominated by the Member; or
(3) another personal account of the Member within the Scheme nominated by the Member (new Members who participate in the Scheme on or after 1 December 2013 and any current Member who does not have any personal account whatsoever on or after 1 December 2013 will only be allowed to have one personal account within the Scheme and therefore cannot transfer accrued benefits from one personal account to another personal account within the Scheme); or
(4) a personal account of the Member within another registered scheme, which is a master trust scheme or an industry scheme, nominated by the Member.

The Approved Trustee must, within 30 days after being notified of the above election, arrange for the accrued benefits to be transferred to that personal account or contribution account.

IV. TRANSFER IN RELATION TO TVC ACCOUNT

Please refer to "Portability" of the section of "TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS ("TVC")" for details.

No fees or financial penalties may be charged to or imposed on a Member or deducted from the Member's Account for

(i) transferring of accrued benefits of Mandatory Contributions and Voluntary Contributions :–
   (a) from another registered scheme to the Scheme;
   (b) from the Scheme to another registered scheme;
   (c) from an account within the Scheme to another account within the Scheme;
   (d) in the same account within the Scheme, from one Constituent Fund to another Constituent Fund;

(ii) transferring of accrued benefits of Smart Easy Personal Contributions in the same account within the Scheme, from one Constituent Fund to another Constituent Fund;

(iii) if contributions cease to be paid by or on behalf of a Member;

other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by the Approved Trustee in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the Approved Trustee. Any such necessary transaction costs imposed on or received from the transfer of accrued benefits must be used to reimburse the relevant Constituent Fund.

VALUATION AND DEALING

I. FREQUENCY OF VALUATION AND DEALING

DEALING

Valuation and dealing of each Constituent Fund shall be carried out on each dealing day which will be any day on which the banks in Hong Kong are open for business ("Dealing Day") excluding Saturday and Sunday unless it is specified otherwise in the Fund particulars stated in the Annexure. All Constituent Funds are unitized.

If the Approved Trustee receives contributions by 4:00 p.m. on any Dealing Day, it will be processed on the same Dealing Day and notwithstanding any other circumstances whether or not within the reasonable contemplation of the Approved Trustee, in any event not later than 7 business days after receipt of his/her contributions. If the Approved Trustee's receipt of contributions is after 4:00 p.m. on a Dealing Day, it will be processed on the next Dealing Day and notwithstanding any other circumstances whether or not within the reasonable contemplation of the Approved Trustee, in any event not later than 7 business days after receipt of contributions. The Approved Trustee will issue relevant number of Units of a Constituent Fund to a Member as soon as practicable after completion of processing.

If redemption requests for all Constituent Funds are received by 4:00 p.m. on a Dealing Day, the Approved Trustee will process the redemption requests on the same Dealing Day and notwithstanding any other circumstances whether or not within the reasonable contemplation of the Approved Trustee, in any event not later than 7 business days after receipt of redemption requests. If a redemption request is received by the Approval Trustee after 4:00 p.m. on a Dealing Day, the Approved Trustee will process the redemption request on the next Dealing Day and notwithstanding any other circumstances whether or not within the reasonable contemplation of the Approved Trustee, in any event not later than 7 business days after receipt of such redemption request, The Approved Trustee will pay the redemption money to a Member as soon as practicable within 30 days upon receipt of redemption request.

VALUATION

The followings apply to the respective funds where applicable.

(a) Valuation

   (i) Offer spread and bid spread in respect of a unitized Constituent Fund will be calculated on the basis of its Net Asset Value divided by the number of Units outstanding.
   (ii) Pricing of all unitized Constituent Funds is on a forward basis.

(b) Pricing

   The Unit Price of every unitized Constituent Fund created or established under the Scheme from time to time shall initially be Ten Dollars (HK$10) and thereafter shall be determined on each Dealing Day by dividing the Net Asset Value, after deducting the administrative expenses (except for the China Life MPF Conservative Fund which is subject to the provisions under the chapter "Fees and Charges") and Compensation Fund levy (if any) by the number of Units in issue in that Constituent Fund on that Dealing Day (which shall include all Units of that Constituent Fund to be redeemed on that Dealing Day and exclude all Units of that Constituent Fund to be issued on that Dealing

Day).

(c) Net Asset Value

On each Dealing Day, the Net Asset Value shall be calculated by ascertaining the gross asset value of the Constituent Fund and making the Deductions in item (f) below. In calculating Net Asset Value, investments agreed to be purchased or sold where the purchase or sale has not been completed shall be deemed included or excluded from the Constituent Fund and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed.

(d) Gross Asset Value

Gross asset value is calculated by valuing the assets of the Constituent Fund as follows:-

(i) Investments for which prices are quoted on a market shall be valued at the latest traded price for an amount equal to that of the relevant investment or such amount of the relevant investment as in the opinion of the Investment Manager gives a fair criterion on the relevant market;

(ii) Deposits shall be valued at face value;

(iii) Interest, discount and similar income and returns shall be deemed to accrue from day to day. Dividends shall be deemed to be received on the date on which the relevant investment is first quoted before the dividend or interest payment accrued. The value of any accounts receivable, prepaid expenses, and cash dividends and interest declared or accrued and receivable but not yet received shall be deemed to be the full amount thereof unless Investment Manager shall determine that less than the full amount is likely to be received. In such case, the Investment Manager shall determine the reasonable value thereof;

(iv) the amount of any taxation relating to the income of the Constituent Fund shall be taken into account; and

(v) Contribution received in respect of Units not already in issue (which shall include Units to be issued with effect from the Dealing Day on which the calculation of Net Asset Value is being made) shall not be taken into account.

(e) Valuation of Unquoted Securities

The value of investment not listed or quoted on a recognized market should be determined on a regular basis by an independent professional valuer approved by the Approved Trustee as qualified to value such investment.

(f) Deductions

From the gross asset value of the Constituent Fund determined, there shall be deducted to give the Net Asset Value, the amount of costs and expenses specified in the constitutive documents as payable from the Scheme and Constituent Fund and any liabilities including any contingent or unascertained liabilities for which the Approved Trustee shall consider it prudent to provide but excluding any liabilities to pay moneys in respect of which Notices of Redemption or withdrawal have been received but which are to take effect in accordance with these presents on the relevant Dealing Day and also excluding any liability taken into account where investments have been agreed to be purchased or sold.

II. CHANGES ON DEALING

A permanent change in the method of dealing will only be made after giving one month's written notice to each Member by the Approved Trustee.

A temporary change in the method of dealing may be made:
(a) in exceptional circumstances, having regard to the interests of all Members;
(b) the possibility of a change have been fully disclosed in announcement; and
(c) with the approval of the Approved Trustee.

III. SUSPENSION AND DEFERRAL OF DEALINGS

Subject to the requirements under MPFSO and such other relevant laws, rules, regulations or codes that may have come into effect from time to time, suspension of dealings by the Approved Trustee may occur for only in exceptional circumstances, having regard to the interest of Members in the following circumstances:

(a) during any time when any stock market or other markets where investments are made is closed (other than holidays) or when dealings in such market are restricted or suspended;

(b) where a state of affairs which makes acquisition or disposal of investments cannot in the opinion of the Investment Manager be effected normally or without seriously prejudicing interests of Members;
(c) where any breakdown in communication which causes the value of the Constituent Fund or investments cannot be accurately ascertained;
(d) where realization of investments cannot in the Investment Manager's opinion, be effected at normal prices or rates of exchange;
(e) where remittance of moneys cannot be carried out without undue delay and at normal exchange rate;
(f) where redemption requests on any one dealing day exceed 10% of the Net Asset Value of the Constituent Fund, redemption requests in excess of 10% may be deferred to the next dealing day;
(g) during any period of implementation of restructuring or termination of one or more Constituent Funds;
(h) in respect of a Constituent Fund which is a feeder fund, during any period when any dealings in the units of underlying approved pooled investment funds are suspended.

INVESTMENT CHOICES

All Members are entitled to invest in any of the Constituent Fund or DIS by filling in the Application of Participation Form as their investment mandate. The Approved Trustee will allocate his/her contribution accordingly.

Unless otherwise as specified by the Approved Trustee, at present, there is no limit to the number of switching instructions by Members (whether it is a change of investment choice or rebalancing between Constituent Funds) in each financial period. Except the normal bid spread and offer spread, switching instructions of Members will be free of charge.

A switching between Constituent Funds of accumulated unit holdings of a Member Account as at a Dealing Day shall only be done on a Dealing Day. If switching requests for all Constituent Funds are received by 4:00 p.m. on a Dealing Day, the Approved Trustee will process the switching requests on the same Dealing Day and notwithstanding any other circumstances whether or not within the reasonable contemplation of the Approved Trustee, in any event not later than 7 business days after receipt of the requests. If switching requests are received after 4:00 p.m. on a Dealing Day, the Approved Trustee will process the switching requests on the next Dealing Day and notwithstanding any other circumstances whether or not within the reasonable contemplation of the Approved Trustee, in any event not later than 7 business days after receipt of the requests.

The interval between the receipt of request for switching between Constituent Funds and the completion of the switching must not exceed one month from the effective date in the request.

If Members do not give specific investment instructions ("specific investment instructions" refer to the instructions given by a Member to the Approved Trustee of the Scheme to invest his/her accrued benefits in the account according to the Members' selection as permitted under Part IV of the Governing Rules stated in Clause 3.2(a)), his/her future contributions and accrued benefits transferred from other scheme will be automatically invested in the DIS.

The other circumstances under Part IV of the Governing Rules of Clause 3.2 that the Approved Trustee will regard a specific investment instruction as valid are as follows:

- if a Member specifies either in any or all of the Constituent Fund(s) (i.e. individual fund choice) or DIS in the specific investment instruction other than a combination of both the individual fund choice and DIS; and
- the investment allocation specified in a specific investment instruction in all of the Constituent Funds in individual fund choice by a Member must be equivalent to an integer; and
- the aggregate investment allocation percentage in respect of any or all of the Constituent Funds in individual fund choice by a Member must be equivalent to 100%; and
- has been signed and/or endorsed by a Member.

A Member may give specific investment instruction in respect of his/her Member Account, namely contribution account (for Mandatory and Voluntary Contributions), Smart Easy Personal Contribution Account and personal account in the Scheme. The specific investment instruction given by a Member for each of these accounts will apply to that respective account. In relation to contribution account, the specific investment instruction will apply to all sub-accounts thereof irrespective of whether the Mandatory Contributions and/or Voluntary Contributions comprise Employer and/or Employee's contributions.

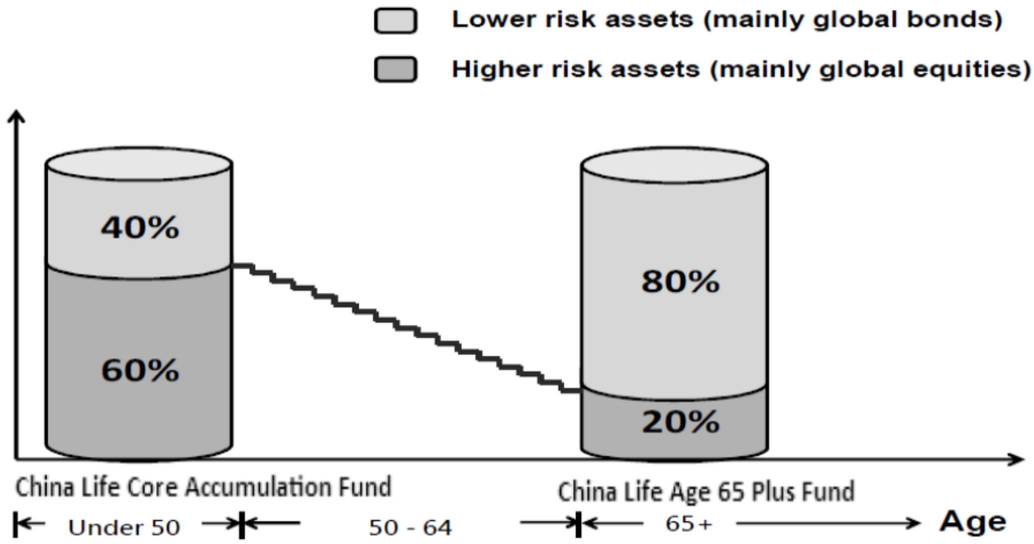
DEFAULT INVESTMENT STRATEGY ("DIS")

With effect from April 1, 2017, the default investment arrangement of the Scheme will be DIS replacing the existing default fund of the Scheme, China Life Balanced Fund. DIS is a ready-made investment arrangement mainly designed for those Members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for Members who find it suitable for their own circumstances. For those Members who do not make an investment choice, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

Asset Allocation of the DIS
The DIS aims to balance the long term effects of risk and return through investing in two constituent funds ("CFs"), named China Life Core Accumulation Fund ("CAF") and China Life Age 65 Plus Fund ("A65F"), according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. Both CFs adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPFSO.

De-risking of the DIS
Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a Member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the Member gets older. Such de-risking is to be achieved by way of reducing the holding in CAF and increasing the holding in A65F throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

Diagram 1: Asset Allocation between CFs in the DIS



Note: *The exact proportion of the portfolio in higher/lower risk assets at any point in time may deviate from the target glide path due to market fluctuations.*

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the CAF to the A65F under the DIS. Switching of the existing accrued benefits among the CAF and A65F will be automatically carried out each year on a Member's birthday which is a Dealing Day and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below. If a Member's birthday is not on a Dealing Day, then the investments will be moved on the next Dealing Day or the first Dealing Day following the day which is not a Business Day. If the birthday falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March. If 1st March is not a Dealing Day, then the investment will be moved onto the next Dealing Day or the first Dealing Day following 1st March which is not a Business Day. **When one or more of the specified instructions, including but not limited to subscription, redemption (i.e. withdrawals or transfers out of the Scheme) or switching instructions are being processed on the annual date of de-risking for a relevant Member, the annual de-risking will only take place after completion of these instructions where necessary. Please note that if annual de-risking is deferred due to the foregoing circumstances, annual de-risking will take place within 2 Business Days after the completion of those specific instructions. Member should be aware that the above de-risking will not apply where a Member chooses the CAF and A65F as individual fund choices (rather than as part of the DIS).**

Please note that switching instructions only apply to accrued benefits and is not equivalent to a change of investment mandate for future contributions or vice versa. The Approved Trustee, will, to the extent practicable, issue a notice to a Member at least 60 days before a Member's fiftieth birthday informing de-risking will commence on that Member reaching the age of 50 and a confirmation statement no later than 5 business days after the completion of the de-risking to that Member. For the cut-off time of processing switching instructions and change of investment mandate, please refer to the section "INVESTMENT CHOICES" under this chapter and the Change of Member's Investment Choice Form.

In summary, under the DIS:

- When a member is below the age of 50, all contributions and accrued benefits transferred from another scheme will be invested in the CAF.
- When a member is between the ages of 50 and 64, all contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages among the CAF and A65F as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above.
- When a member reaches the age of 64, all contributions and accrued benefits transferred from another scheme will be invested in the A65F.

If the Approved Trustee does not have the full date of birth of the relevant Member:

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month which is a Dealing Day, or if it is not a Dealing Day, the next available Dealing Day.
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year which is a Dealing Day, or if it is not a Dealing Day, the next available Dealing Day.
- If no information at all on the date of birth, Member's accrued benefits will be fully invested in A65F with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	***Core Accumulation Fund***	***Age 65 Plus Fund***
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

<u>Note</u>: The above allocation between CAF and A65F is made at the point of annual de-risking and the proportion of CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

Please refer to Annexure A-8 and A-9 of "Annexure A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES" on Investment Policies of CAF and A65F respectively.

<u>Switching in and out of the DIS</u>
Member can switch into or out of the DIS and change his investment mandate to invest in DIS at any time, subject to the rules of the Scheme. In giving a switching request for rebalancing, a Member must switch the entire accrued benefits in respect of his/her Member Account to EITHER any or all of the Constituent Funds ("individual fund choice") or DIS. A combination of both the individual fund choice and the DIS is not allowed in switching request for rebalancing. The switching instruction given by a Member for each of the foregoing accounts will apply to that respective account. The switching instruction will apply to all sub-accounts thereof irrespective of whether the Mandatory Contributions and/or Voluntary Contributions comprise Employer and/or Employee's contributions. Member should, however, bear in mind that the DIS has been designed as a long-term investment arrangement.

Establishment Costs of CAF and A65F
All costs and expenses incurred in establishing each of CAF and A65F (including legal fees) and all costs and expenses incurred in obtaining authorization of each of these DIS CFs are approximately HK$734,000 and HK$216,000 respectively. All these costs and expenses will be charged to CAF and A65F respectively and amortized over a period of 5 years.

<u>Circumstances for Accrued Benefits to be Invested in the DIS</u>

I. <u>New accounts set up on or after April 1, 2017</u>:

When members join the Scheme or set up a new account in the Scheme, they have the opportunity to give an investment instruction for their future contributions and accrued benefits transferred from another scheme. They may choose to invest their future contributions and accrued benefits transferred from another scheme into:

(a) the DIS; or

(b) one or more constituent funds of their own choice from the list in Annexure A-1 to Annexure A-9 (including the CAF and the A65F) of "Annexure A" under the chapter "FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES"and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

Member should note that, if investments/benefits in CAF or A65F are made under the Member's specific investment instructions for investment in such fund (as a standalone fund choice rather than as part of DIS offered as a choice) ("standalone investments"), those investments/benefits will not be subject to the de-risking process. If a Member's accrued benefits are invested in any combination of (i) CAF and/or A65F as standalone investments and (ii) the DIS (no matter by default or by specific investment instruction defined below), accrued benefits invested under (i) will not be subject to the de-risking mechanism whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, Members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii).

The implementation of DIS will not impact on the existing terms of Smart Easy Personal Contribution.

II. <u>Existing account set up before April 1, 2017</u>:

There are special rules to be applied for accounts which exist or are set up before April 1, 2017 ("Pre-existing Accounts") and these rules **only apply to Member who is under or becoming 60 years of age on April 1, 2017:**

(a) For a Member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement and no specific investment instruction is given on those accrued benefits generally.

China Life MPF Conservative Fund and China Life Balanced Fund are the former default investment arrangement and existing default investment arrangement respectively under the Scheme (collectively "original default investment arrangement"). If the accrued benefits in a Member's Pre-existing Account are only invested according to the original default investment arrangement of the Scheme, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the Member's Pre-existing Account is the one described above, a notice called the **DIS Re-investment Notice** ("the DRN") may be sent to the member within 6 months from April 1,2017 explaining the impact on such account and giving the member an opportunity to give a specified investment instruction to the trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. **Members should note that the risk inherent in the arrangement, in particular, the risk of the original default investment arrangement, that is China Life MPF Conservative Fund and China Life Balanced Fund, may be different from that of the DIS. Please note the risks inherent in China Life MPF Conservative Fund is low and China Life Balanced Fund is medium to high and the risks inherent in CAF of the DIS is medium to high and in A65F of the DIS is low to medium respectively. They will also be subject to market risks during the redemption and reinvestment process.**

For details of the arrangement, Members should refer to the DRN.

If the Approved Trustee does not know the contact details of a Member, the Approved Trustee must comply with the guidelines of the MPFA to locate that Member by issuing specified notices before the Approved Trustee can invest the accrued benefits of the Member into the DIS.

(b) For a Member's Pre-existing Account with part of the accrued benefits in the original default investment arrangement:

For a Member's Pre-existing Account which is invested part of the accrued benefits in the original default investment arrangement immediately before April 1, 2017, unless the Approved Trustee has received any specific investment instructions, accrued benefits of a member will be invested in the same manner as accrued benefits were invested immediately before the commencement date. Future contribution and accrued benefits transferred from another scheme will be invested in the same manner as the investment mandate immediately before the commencement date.

(c) Member should note that, in general, contribution investment instruction would not be carried over from a contribution account to personal account under auto-preservation process (i.e. if the Approved Trustee does not receive any instructions within 3 months after receipt of notice of a Member's cessation of employment from his/her former employer, the accrued benefits will be automatically transferred from that Member's contribution account to a personal account under the Scheme) but would be invested into DIS, unless a Member has given the specific investment instruction to the personal account before April 1, 2017. Any accrued benefits that are transferred from another account of a Member within the Scheme will be invested in the same manner as accrued benefits were invested immediately before the transfer.

For Members who have reached 60 years of age before April 1, 2017, their accrued benefits in Pre-Existing Accounts and future contribution and accrued benefits transferred from another scheme will not be affected under DIS, and will continue to be invested in the existing fund(s) as Members are investing, until and unless they give further specified investment instructions to switch their investments into other constituent fund(s) or DIS.

The implementation of DIS may have impact on Members' MPF investments and/or benefits. Members should consult the Approved Trustee if they have doubts on how Members are being affected.

Cessation of Application of DIS

DIS will cease when the Approved Trustee receives a specific investment instruction other than DIS from a Member for each Member Account or when a Member ceases to be a Member of the Scheme (and all benefits have been redeemed by way of claims or transferred out to other registered schemes).

Fees and Out-of-Pocket Expenses of the DIS

In accordance with the MPFSO, the aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed the daily rate of 0.75% per annum of the net asset value ("NAV") of each of these DIS CFs divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s), the custodian and the sponsor and/or the promoter of the Scheme and the underlying investment fund(s) of the respective DIS CF, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS CFs and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS CF and its underlying investment fund(s).

In addition, in accordance with the MPFSO, the total amount of all payments that are charged to or imposed on the DIS CFs or Members who invest in DIS CF, for out-of-pocket expenses incurred by the Approved Trustee on a recurrent basis in the discharge of the Approved Trustee's duties to provide services in relation to the DIS CF, shall not in a single year exceed 0.2% of the NAV of the DIS CF. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS CF in connection with recurrent acquisition of investments for the DIS CF (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS CF. Please note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged or imposed on DIS CFs. Such fees are not subjected to the statutory caps mentioned in the preceding paragraphs.

For further details, please refer to tables C to E of the section "Fee Table" under the chapter "Fees and Charges" of this MPF Scheme Brochure.

Members may also visit the website of the MPFA for information on the definition and actual figures of the fund expense ratio ("FER") of the CAF and A65F.

Information on Performance of DIS CFs

The fund performance of the CAF and A65F will be published in the fund factsheet. One of the fund factsheets will be attached to the annual benefit statement and will be sent to Members. Members can visit www.chinalife.com.hk or call our enquiry hotline number 3999 5555 for information. Members may also obtain the fund performance information at the website of the MPFA (www.mpfa.org.hk).

To provide a common reference point for performance and asset allocation of the CAF and A65F, an MPF industry developed reference portfolio is adopted for the purpose of the DIS. The fund performance will be reported against a reference portfolio published by the Hong Kong Investment Funds Association, please visit www.hkifa.org.hk for further information regarding the performance of the reference portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the funds and consider whether the investments still suit their personal needs and circumstances.

TERMINATION OF CONSTITUENT FUNDS

A Constituent Fund may be terminated by the Approved Trustee by giving not less than three (3) months' written notice to the employers and Members of the Scheme. If a Constituent Fund is terminated, contributions will cease to be invested in that Constituent Fund. Any Member who has accrued benefits in such terminating Constituent Fund or future contributions and/or transfer-in assets to be invested in such terminating Constituent Fund is required to submit a rebalancing instruction or a change of investment mandate to the Approved Trustee within such timeframe as stipulated by the Approved Trustee in the relevant notice of termination to transfer the Member's accrued benefits or to invest future contributions and/or transfer-in assets of the terminating Constituent Fund in other Constituent Funds.

If any relevant Member fails to submit to the Approved Trustee

(a) the rebalancing instruction timely, the Member is deemed to have given an instruction to transfer the Member's accrued benefits in the terminating Constituent Fund into a Constituent Fund comparable to the terminating Constituent Fund as determined by the Approved Trustee. The Approved Trustee will take into account the factors including but not limit to the investment policies and objectives, risk level and fund type etc. to determine a comparable Constituent Fund;

(b) the new investment mandate in respect of future contributions and/or transfer-in assets of the terminating Constituent Fund timely, the Member is deemed to have given an instruction as the previous investment mandate except the part of investment mandate relating to investing future contributions and/or transfer-in assets in the terminating Constituent Fund in the previous investment mandate will be substituted by a comparable Constituent Fund as determined in (a) above.

In case there are no available comparable Constituent Funds, the Member's accrued benefits in the terminating Constituent Fund will be transferred to the DIS. In addition, the part of investment mandate relating to investing future contributions and/or transfer-in assets in the terminating Constituent Fund, if any, will also be invested in the DIS.

Written notice of the above deemed rebalancing instruction or new investment mandate will be given to the relevant Member by the Approved Trustee as soon as practicable.

The Approved Trustee will in any event not later than 7 Business Days after receipt of (i) Members' rebalancing instructions realize or redeem all the Units relating to the terminating Constituent Fund and invest the proceeds of realization or redemption as specified in the Members' rebalancing instructions in such other Constituent Funds within the time limit stipulated in the written notice relating to the terminating Constituent Fund; (ii) Member's new investment mandate, update the investment choices.

In case a Member does not submit a rebalancing instruction and/or new investment mandate, the Approved Trustee will on the effective date of termination of the Constituent Fund, transfer the Member's accrued benefits in the terminating Constituent Fund to and/or substitute the part of investment mandate relating to investing future contributions and/or transfer-in assets in the terminating Constituent Fund as stated in (a) and/or (b) above as the case may be.

A Constituent Fund which is a feeder fund will terminate on the restructuring or termination of an approved pooled investment fund in which such Constituent Fund invests. These termination procedures will apply as far as practicable to such situations unless the Approved Trustee determines that such Constituent Fund shall invest in some other approved pooled investment funds and the Approved Trustee has obtained the approval of the MPFA and SFC of such act.

7. OTHER INFORMATION

TAX ADVANTAGES

a) At present, there are no taxes levied on the Constituent Funds. If there are any taxes levied on the income and capital of investment of the Constituent Fund(s), such taxes shall be paid out of the Constituent Fund(s).

b) Similar to the treatment of retirement schemes registered or exempted under the Occupational Retirement Schemes Ordinance, employer's MPF Contributions (including Mandatory and Voluntary Contributions (other than Smart Easy Personal Contributions) will be regarded as operating expenses and can therefore be used to reduce assessable profits up to maximum of 15% of the employee yearly emoluments.

c) For employees, Mandatory Contributions are tax deductible, subject to a maximum statutory amount per year as specified in the Hong Kong Inland Revenue Ordinance. Self-employed persons will also be eligible for an equivalent deduction under profit tax under the Hong Kong Inland Revenue Ordinance. For TVC Account holders, TVC will be eligible for tax deduction in accordance with the Hong Kong Inland Revenue Ordinance.

   Please contact our Customer Service Hotline (at 3999 5555) for further information on the maximum statutory tax deductions for Mandatory Contributions and TVC in relation to employees and self-employed persons.

d) Employers and Members should seek professional advice regarding their own particular tax circumstances.

LONG SERVICE PAYMENT AND SEVERANCE PAYMENT

Employer's Mandatory Contribution as well as Voluntary Contribution (other than Smart Easy Personal Contributions) can be used to offset the statutory requirement for Long Service Payment and Severance Payment.

ANTI-MONEY LAUNDERING

As part of the Approved Trustee's responsibility for the prevention of money laundering, the Approved Trustee may require a detailed verification of the scheme applicant's identity and the source of contribution payment.

The Approved Trustee reserves the right to request such information as is necessary to verify the identity of a scheme applicant and the source of contribution payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Approved Trustee may refuse to accept any application and the contribution monies relating thereto to the extent permitted under the applicable law of Hong Kong.

AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION ("AEOI")

Under the Hong Kong Inland Revenue Ordinance ("IRO"), the implementation of AEOI requires financial institutions ("FI") in Hong Kong to identify account holders who are reportable person, i.e. tax resident of the AEOI partner jurisdictions ("reportable jurisdictions"), and report the required information ("reportable information") to the Inland Revenue Department of Hong Kong ("IRD") on an annual basis. IRD will further exchange the reportable information in respect of the reportable person with the tax authorities of the relevant reportable jurisdiction(s).

The Scheme is considered as a reporting FI for AEOI purpose and is required to comply with AEOI rules in Hong Kong with effect from 1 January 2020. This means that the Scheme shall conduct due diligence procedures to identify the tax residency of MPF account holders (including an individual or entity and controlling person of an entity) for AEOI purpose, and report to the IRD the reportable information (including but not limited to personal data such as name, address, jurisdiction of residence, TIN (i.e. taxpayer identification number) and date of birth) of the reportable person on an annual basis. The IRD will transmit the reportable information collected to the tax authorities of the relevant reportable jurisdictions. In this respect, self-certification is required for new accounts opened on or after 1 January 2020, and in case no valid self-certification can be obtained by the Scheme, the account opening process will be adversely affected and/or could not be completed. As for pre-existing accounts in existence as at 31 December 2019, self-certification may also be requested by the Scheme so to establish the tax residences of the account holders,

If account holders are not overseas tax residents in any jurisdiction outside Hong Kong, their account information will not be reported to the IRD for transmission to any tax authority outside Hong Kong.

When there are changes in circumstances that affect the tax residency status or cause the information contained in a self-certification to become incorrect, account holders should inform the Approved Trustee by providing a suitably updated self-certification within 30 days of such change in circumstances.

REPORTS, STATEMENTS AND ACCOUNTS

The financial period of each Constituent Fund coincides with the Accounting Date of the Scheme i.e. 31st December. The Approved Trustee shall prepare relevant annual financial statements for the Scheme.

In addition, the Approved Trustee must provide the following reports and/or statements to Members annually:

1. (a) (i) within 3 months after each financial period of the Scheme, an annual benefit statement setting out the Member's position and any subsequent audit adjustments made to the annual benefit statement within 30 days after the Approved Trustee becomes aware of the adjustments;

   (ii) if the financial period of the Scheme is extended to more than 12 months, a benefit statement for the first 12 months of the financial period and further statement issued at the end of extended period;

   (b) a Scheme Report regarding the financial development of the Scheme (including the investment portfolio of Pooled Investment Funds) and other information necessary for Members' understanding of the Scheme;

   (c) an investment report containing adequate information for Members to understand investments, net return derived from investments and appreciation/depreciation of scheme assets (including the investment portfolio of Pooled Investment Funds).

2. Members may request the Approved Trustee for a copy of the consolidated report published by the Approved Trustee in respect of the Scheme for any specified financial period within 7 years preceding the date of the request.

3. If a Member has ceased to be employed by an Employer or ceased to be self-employed and has given notice of election to the Approved Trustee, the Approved Trustee must give to the Member a transfer statement containing the information specified in section 154 of MPFSO.

4. When the accrued benefits of a Member are transferred from another registered scheme to the Scheme, the Approved Trustee must give to the Member a confirmation confirming the transfer and the amount of benefits.

5. When the Approved Trustee pays accrued benefits of Mandatory Contributions, the Approved Trustee must provide a benefit payment statement to the claimant stating the total amount of such accrued benefits, expenses incurred (if any) and any outstanding contribution or contribution surcharge.

With effect from 30 June 2006, a document that illustrates the on-going costs on contributions to Constituent Funds in this Scheme (except for China Life MPF Conservative Fund) will be distributed with the MPF Scheme Brochure. An illustrative example for the China Life MPF Conservative Fund is currently available for distribution with the MPF Scheme Brochure. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of these documents which can be obtained at the offices of China Life Trustees Limited 17/F., CLI Building, 313 Hennessy Road, Wanchai, Hong Kong during normal office hours or call our enquiry hotline number 3999 5555.

NOTIFICATIONS

(a) In the event of any change to the Statement of Investment Policy of the Constituent Funds, employers and Members will be given not less than 1 month notice in writing or such other notice period as may be required by MPFA and/or SFC.

(b) In the event that the Scheme is restructured the Approved Trustee shall give not less than 6 months notice in writing or such shorter period as agreed with MPFA and SFC to the employers and Members.

(c) In the event that the Constituent Fund is restructured or terminated the Approved Trustee shall give not less than 3 months' notice in writing or such other notice period as may be required by MPFA and/or SFC to the employers and Members.

(d) The Approved Trustee must as soon as practicable and in any case, not more than 7 days, inform the employers and Members by written notice of any change of business name, address, telephone number or facsimile number of the Approved Trustee.

REBATES

Neither the Approved Trustee/the Investment Manager/other service providers nor any of their connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the investments of the Scheme to the broker or dealer save that goods and services (soft dollars) may be retained if:

(a) the goods or services are of demonstrable benefits to Members;
(b) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; and
(c) adequate prior disclosure is made in this MPF Scheme Brochure.

Note:
Goods and services falling with (a) above may include: research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment related publication. Such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

MPFA REGISTRATION AND APPROVAL

The Scheme is registered with MPFA under section 21 of the MPFSO and the Constituent Funds are approved by MPFA. The registration of the Scheme and the approval of the Constituent Funds do not imply MPFA’s official recommendation.

SECURITIES AND FUTURES COMMISSION AUTHORIZATION

The MPF Scheme Brochure of the Scheme is authorized by SFC, pursuant to sections 104 and 105 of the Securities and Futures Ordinance. In giving this authorization, the SFC has made no assessment of, nor does it take responsibility for the financial soundness or merits of the Scheme or the Constituent Funds nor has it verified the accuracy or truthfulness of statements made or opinions expressed in the documentation nor does it imply official recommendation of the Scheme.

SFC authorization is not a recommendation or endorsement of an MPF scheme or pooled investment fund nor does it guarantee the commercial merits of an MPF scheme or pooled investment fund or its performance. It does not mean the MPF scheme or pooled investment fund is suitable for all scheme participants or fund holders nor is it an endorsement of its suitability for any particular scheme participant or fund holder.

GOVERNING LAW

The proper law of the Scheme shall be the law of the Hong Kong Special Administrative Region which shall accordingly govern the Master Trust Deed and the Governing Rules. The parties involved shall have the right to bring legal action in a Hong Kong court as well as in any court elsewhere which has a relevant connection with the Scheme.

INSPECTION OF DOCUMENT

A copy of each of the followings:
- Master Trust Deed including the Annexures
- Deeds of Variation
- Governing Rules
- Application of Participation Form

are available for inspection by Employers and Members at the office of China Life Trustees Limited 17/F., CLI Building, 313 Hennessy Road, Wanchai, Hong Kong in Hong Kong during normal office hours free of charge.

HOW TO JOIN THE SCHEME

To participate in the Scheme, an Employer, self-employed person or personal account holder simply has to:
- complete an Application of Participation Form ;
- complete other appropriate forms required by the Approved Trustee; and
- arrange its employees (if any) to complete a member enrollment form.

An Individual Relevant Employee may with the consent of the Approved Trustee participate in the Scheme and has to:
- complete an Application of Participation Form; and

- complete such other forms determined by the Approved Trustee.

China Life Insurance (Overseas) being the promoter of the Scheme accepts responsibility for the accuracy of the information contained herein as at the date of this MPF Scheme Brochure.

For any enquiries regarding the Scheme, please contact the enquiry hotline number 3999 5555.

Date: 4 December 2020

8. GLOSSARY

For the purpose of DIS:

“higher risk assets” mean any assets identified as such in the guidelines for the purposes of Schedule 10 of the MPFSO. They generally mean equities and similar investments.

“lower risk assets” generally mean bonds or similar investments.

“MPF industry developed reference portfolio” means an MPF industry developed reference portfolio to provide a common reference point for the performance and asset allocation of CAF and A65F.

“reference indices” means FTSE MPF All-World Index and FTSE MPF World Government Bond Index adopted by “Global Strategic Equity Fund” and “Global Strategic Bond Fund” of Invesco Pooled Investment Fund respectively for making reference to asset allocation.