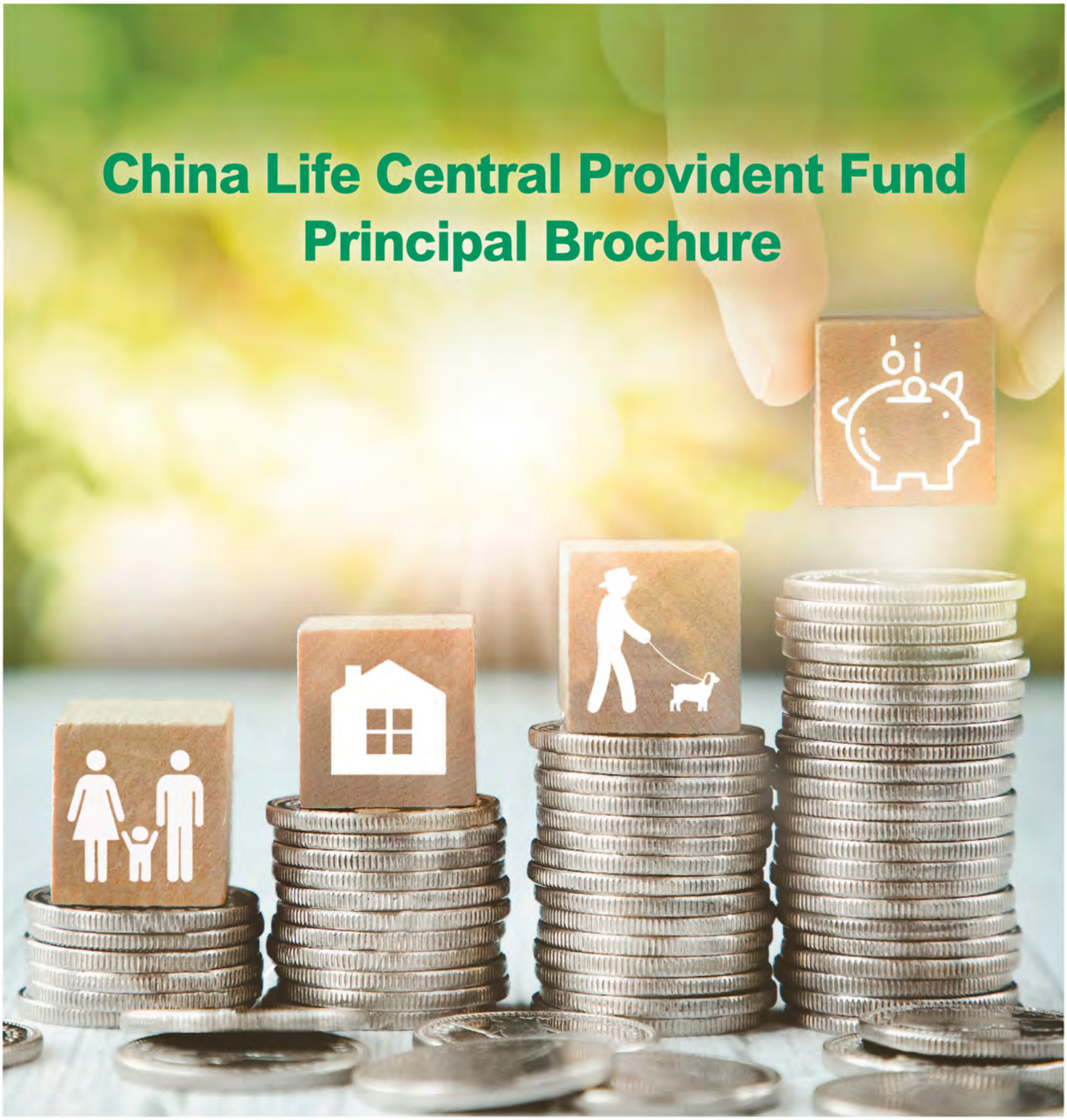
中國人壽 | 海外
CHINA LIFE



China Life Central Provident Fund Principal Brochure

China Life Insurance (Overseas) Company Limited
(incorporated in the People's Republic of China with limited liability)

customer service hotline
3999 5555
www.chinalife.com.hk

Lifelong Promise • Lifelong Partner

Important Notice

* China Life Central Provident Fund (“Fund”) is a pooled retirement scheme designed to comply with the Occupational Retirement Schemes Ordinance and the Mandatory Provident Fund Schemes (Exemption) Regulation.

* The Fund invests solely in an insurance policy, the Deposit Administration (Guaranteed Fund) Policy (“Guaranteed Policy”) issued by China Life Insurance (Overseas) Company Limited (incorporated in the People’s Republic of China with limited liability)[“China Life Insurance (Overseas)”]. Your investment in this insurance policy are held as the asset of China Life Insurance (Overseas). You are not investing in the underlying asset. You do not have any right or ownership over this underlying asset. Your investments are therefore subject to the credit risks of China Life Insurance (Overseas).

  You should consider your own risk tolerance level and financial circumstances before making any investment decision. If you are in doubt as to whether the Guaranteed Policy is consistent with your investment objectives, you should seek appropriate financial and/or professional advice when necessary.

* The Guaranteed Policy provides rate of return guarantee. China Life Insurance (Overseas) is the guarantor of the Guaranteed Policy. Your investments are therefore subject to the credit risks of the guarantor, China Life Insurance (Overseas). Please refer to the section headed “Features of the insurance policy” in the Principal Brochure for details of guarantee features.

* Past performance is not indicative of future performance. You should read this Principal Brochure of the Fund for details including the product features and risks involved.

Investment involves risks and the insurance policy available under the Fund may not be suitable for everyone.

Important – If you are in any doubt about the contents of this Principal Brochure, you should seek independent professional financial advice.

CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED (incorporated in the People’s Republic of China with limited liability)

BACKGROUND

China Life Insurance (Overseas) is a wholly-owned subsidiary of China Life Insurance (Group) Company, China’s largest state-owned financial insurance corporation. The Hong Kong branch was established in 1984, with a footprint in Hong Kong for over 35 years.

The business of China Life Insurance (Overseas) covers life insurance and provident fund service. It aims to provide quality products and services to customers, including life insurance, endowment and annuity, medical insurance, children’s education plans, group insurance, high-net-worth life insurance solution and pension funds (Occupational Retirement Scheme and Mandatory Provident Fund).

Unless otherwise specified, the terms and definitions herein shall have the same meaning as that used under the Trust Deed, Deed of Variation and the Guaranteed Policy.

INTRODUCTION

Structure - An Approved Retirement Scheme

The Fund is established as a pooled retirement fund under the laws of Hong Kong by a master Trust Deed dated 1 January 1999 as amended and supplemented by various deeds of variation from time to time (collectively "Trust Deed"). The Fund is governed by a single trust which applies to all participating schemes ("Participating Schemes") to meet the needs of small and large Employers alike. It is designed to meet dual purposes -

(1) to provide a cost effective and efficient way for a participating Employer to register his Participating Scheme and

(2) to enable assets of each Participating Scheme to be "pooled" so that the scope of investment can be enlarged and thereby competitive returns can be obtained.

The Fund provides the following benefits:

- Employees will be attracted to the retirement benefits provided by the Employers and will thus stay longer in companies.
- Employer contributions can be used to offset the statutory requirement for long service payments and severance payments.
- Employer contributions up to 15% of employee's income are eligible for profit tax relief.
- Employees' lump sum benefits received are tax free to the extent allowed under relevant ordinances.

With the enactment of the Mandatory Provident Fund Schemes (Exemption) Regulation ("Regulation"), certain registered occupational retirement schemes can be exempted from Mandatory Provident Fund Schemes Ordinance ("MPFSO"). The Trust Deed of the Fund provides employers with the flexibility to apply for exemption under the Regulation with the Mandatory Provident Fund Schemes Authority ("Authority").

PARTIES TO THE FUND, AUTHORIZATION & OTHERS

The Fund is set up by China Life Trustees Limited. The Fund is not a unitized fund.

The trusteeship and administration are undertaken by separate companies within China Life Insurance (Overseas) group and the investment of the assets of the Fund is managed by a professional investment manager.

The Trustee

In order to provide a comprehensive service, China Life Trustees Limited, a wholly owned subsidiary of China Life Insurance (Overseas), has been appointed as the trustee of the Fund ("Trustee"), The Trustee, which is also the product provider of the Fund, undertakes to manage the Fund and authorization matters in relation to the Fund. Its registered office situates at Room 801, 8/F, Tower A, Chine Life Center, One HarbourGate, 18 Hung Luen

Road, Hung Hom, Kowloon. All assets under the Fund are vested in the Trustee to ensure that the investments are properly managed.

Administration Manager & Guarantor

The Trustee has appointed China Life Insurance (Overseas) as the administration manager of Participating Schemes. Its principal place of business situates at 12/F., China Life Center Tower A, One Harbourgate, 18 Hung Luen Road, Hung Hom, Kowloon Hong Kong.

Its team of experienced personnel supported by an automated administrative system is able to render the following services to each participating Employer:

(1) to keep proper accounts and records of the Participating Scheme and to prepare annual financial statements of the Participating Scheme for audit and filing purposes;

(2) to assist in Participating Scheme design and advise on subsequent improvement and changes;

(3) to obtain registration from relevant authorities;

(4) to assist in organizing enrollment;

(5) to calculate and pay benefits; and

(6) to prepare annual statements for both Employers and Employees.

The Guaranteed Policy into which the assets of the Fund are invested is issued by China Life Insurance (Overseas). China Life Insurance (Overseas) is also the guarantor of the Guaranteed Policy. Your investments are subject to the credit risks of China Life Insurance (Overseas).

Investment Manager

All assets under the Fund will be invested and managed by Taiping Assets Management (HK) Company Limited ("TAMHKL ") whose registered office is situate at Unit 1-2, 19th Floor, No. 18 King Wah Road, Hong Kong. TAMHKL is a professional investment manager and has a team of experienced investment personnel including accountants and investment experts who are able to react quickly to changes in the marketplace with first-hand knowledge of local conditions.

Securities and Futures Commission Authorization

The documentation of the Fund has been authorized by the Securities and Futures Commission ("SFC") pursuant to section 105 of the Securities and Futures Ordinance. SFC's authorization is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Tax Consequences

1. <u>To the Employee</u>

(a) Lump sum benefits received by the employees upon withdrawal are tax exempted subject to the year of service to an extent of 10% of the employer's contribution for an additional year of service. For details, please refer to the "proportionate benefit" rules under sections 8(2), 8(3) and 8(4) of the Inland Revenue Ordinance.

(b) Contributions of employees are tax deductible, subject to a maximum deduction per year as specified in the Inland Revenue Ordinance.

2. To the Employer

The Employer's normal contributions to the Participating Scheme may be deducted for Profits Tax purposes to the extent that they do not exceed 15% of the Employee's income.

3. Employers and Employees should seek professional advice regarding their own particular tax circumstances.

4. Implications of The Foreign Account Tax Compliance Act ("FATCA")

(a) FATCA was enacted by the United States government in 2010 with the aim of combating tax evasion by United States taxpayers using offshore financial accounts.

(b) Pursuant to FATCA, subject to the application of any applicable intergovernmental agreement, unless a non-United States financial institution (a "foreign financial institution") timely agrees to register and enter into an agreement (an "FFI Agreement") with the United States Internal Revenue Service ("IRS") to collect and report to the United States government certain information with respect to its account holders, and to satisfy certain other obligations, payments made to the foreign financial institution on or after 1 July 2014 of interest, dividends, and certain categories of income from sources within the United States or, beginning no earlier than 2017, gross proceeds from the sale of property that can produce interest or dividends from sources within the United States, will generally (subject to certain grandfathering rules) be subject to a 30% United States federal withholding tax.

(c) If a foreign financial institution timely agrees to collect and report the information required to be collected and reported pursuant to FATCA, then the foreign financial institution may not be subject to the withholding tax described in subparagraph (b); however, 30% withholding tax may then apply to certain payments qualifying as "withholdable payments" (as defined for purposes of FATCA) or, beginning no earlier than 2017, "foreign passthru payments" (as defined for purposes of FATCA) by the foreign financial institution to such of its account holders that either fail to comply with reasonable requests for such information or that are themselves foreign financial institutions that fail to agree to provide similar information to the United States government or their own jurisdictions pursuant to an intergovernmental agreement between such jurisdiction and the United States, with respect to their own (and possibly certain of their affiliates) account holders.

(d) Hong Kong and the United States entered into an intergovernmental agreement (the "IGA") regarding the implementation of FATCA between Hong Kong and the United States on 13 November 2014 and Hong Kong opted for a "Model II" IGA.

The IGA facilitates FATCA compliance by Hong Kong resident foreign financial institutions. The United States Treasury Department has determined to treat the IGA as if it were in effect for certain purposes, such as permitting Hong Kong resident foreign financial institutions to register with the IRS under the IGA.

(e) The IGA contains the following features:

(i) financial institutions resident in Hong Kong and complying with their respective FFI Agreements will not be subject to the 30% gross withholding tax referenced above;

(ii) the IRS will waive the requirement under FATCA for Hong Kong foreign financial institutions to withhold tax on payments to recalcitrant accounts or to close those recalcitrant accounts;

(iii) for group institutions with global operations, their Hong Kong operations will continue to be regarded as FATCA-compliant despite any non-compliance of a related entity operating in a jurisdiction that prevents its compliance with FATCA;

(iv) foreign financial institutions in Hong Kong may rely on a set of streamlined due diligence procedures as stated in Annex I to the IGA to screen and identify United States indicia in order to locate United States accounts and clients for reporting purposes; and

(v) a wide spectrum of entities, financial institutions and products including mandatory provident fund schemes, other retirement products that fall within the requirements, and institutions with a predominantly local clientele, will be exempted under Annex II to the IGA.

(f) Foreign financial institutions in Hong Kong will be required to identify US accounts and clients pursuant to the due diligence requirements set forth in Annex I of the IGA. They will also have to obtain the consent of United States individual clients and potentially certain non-United States entities for reporting certain information, including some or all of their relevant account balances, gross amounts of relevant interest incomes, dividend incomes, distributions from their accounts and identification details (such as name, address, the United States federal taxpayer identifying numbers and certain other information) to the IRS annually. In addition, the foreign financial institutions in Hong Kong will have to report the aggregate information of account balances, payment amounts and number of non-consenting United States accounts to the IRS. The IRS may in turn lodge to the Inland Revenue Department of Hong Kong, where necessary, a request for exchange of information. For details of the IGA and the Annexes, please visit the website of the Financial Services and the Treasury Bureau of the Hong Kong Government.

(g) The Trustee, as a foreign financial institution under FATCA, has registered with the IRS as a “sponsoring entity” and as a “reporting financial institution” under the IGA. In such capacity, the Trustee will serve as a “sponsoring entity” with respect to funds of which it is the trustee, including the Fund and the Participating Schemes. The Trustee determines that the Fund and the Participating Schemes are a “Reporting HKSAR Financial Institution” as defined in the IGA and are not exempt from the registration requirements set forth in the IGA. The Trustee will cause the Fund and the Participating Schemes to register with the IRS within the time periods prescribed by FATCA in order to satisfy their respective reporting obligations under the IGA. In such case, the Trustee, as sponsoring entity, will perform, on behalf of the Fund and the Participating Schemes, all due diligence, withholding, reporting, and other requirements that would have been required from a Reporting HKSAR Financial Institution. Accordingly, the Trustee will follow the procedures in Annex I of the IGA to identify and establish the status of the account holders of the Fund and the Participating Schemes. Members may be required to provide relevant information including but not limit to name, address, the United States federal taxpayer identifying numbers and other documents to establish their FATCA status.The Trustee will assist the Fund and the Participating Schemes to obtain required consents from Members who are United States taxpayers and submit reports containing the information required under FATCA to the IRS annually. Personal data of Hong Kong residents who are Members and not United States taxpayers is generally not subject to reporting under FATCA unless these Members are considered as non-consenting U.S. accounts for FATCA purposes. The Trustee cannot provide the specific information of an account to any unauthorized third party without obtaining the account holders' prescribed consent or complying with the Personal Data (Privacy) Ordinance or the relevant laws, regulations, codes and guidelines (where applicable).

(h) If the Fund or any Participating Scheme fails to comply with its obligations under FATCA and therefore becomes subject to withholding tax with respect to its United States-sourced income and gains, the value of the Members' benefits in the Fund may be materially adversely impacted and the relevant Members may suffer material loss.

(i) Potential investors and Members should consult their own tax advisors regarding the possible implications of FATCA on an investment in the Fund.

Legislation

The Fund is governed by the Occupational Retirement Schemes Ordinance ("ORSO"), MPFSO, the Regulation (where applicable) and the SFC's Code on Pooled Retirement Funds ("PRF Code"). The Trustee has powers to amend the Trust Deed if necessary to comply with any relevant legislation and will seek all necessary registration for each Participating Scheme. Each Participating Scheme is designed to meet the requirements of current legislations.

Governing Law

The Fund is domiciled in Hong Kong and governed by the laws of Hong Kong. Parties concerned under the Fund have the right to bring legal action in a Hong Kong court as well as in any court of other jurisdiction which has a relevant connection with the Fund.

THE FUND

The Fund is a defined contribution scheme which offers flexibility and simplicity of design and operation. It can be tailor-made to cater for small to large sized retirement schemes operating in Hong Kong. Under this Fund, the Employers' and Employees' contributions are known and can be easily budgeted for.

A. For all members (For New Members of MPF exempted ORSO registered schemes and Existing members if applicable, the following are only applicable to the extent as amended by B below)

Contributions

The Employer will make contributions based on a specified percentage of Employee's monthly salary or a flat amount to the Participating Scheme. If the Participating Scheme requires, Employees will also contribute towards the Participating Scheme a specified percentage of his monthly salary from his payroll.

The contribution rates range from 5% to 15% by employer and 0% - 15% by employee. Contributions in excess of the range are permissible, however, the Employer may not be able to enjoy tax benefits on the excess portion.

Normal Retirement Date

The Employer usually chooses any age between 50 - 65 as the normal retirement age. Usually, the normal retirement age is 65. In any event, should an Employee continue working beyond the Normal Retirement Date, contributions to the Participating Scheme will continue until actual retirement.

Benefits Entitlement

(The followings are given as examples only. Employers may design their own scheme benefits.)

1. Retirement at Normal Retirement Date

   100% of the Employer's and 100% of the Employee's respective accumulations are payable to the Employee.

2. Benefit on Death in Employment

   100% of the Employer's and 100% of the Employee's respective accumulations are payable to the Employee's beneficiary or the legal personal representative if there is no named beneficiary upon death.

3. Benefit on Permanent Incapacity

   100% of the Employer's and 100% of the Employee's respective accumulations are payable to the Employee on the date when his employment ceases as a result of ill-health or incapacity which, in the opinion of a qualified doctor, renders the Employee permanently unfit to work in any occupation for which he is qualified.

4. Benefit on Resignation

   If an Employee resigns other than for the reasons mentioned above, he will receive 100% of his own accumulation plus a vested proportion of the Employer's contributions and investment earnings thereof in accordance with a vesting scale. The following is an example of a vesting scale commonly adopted by Employers: -

Completed Years of Service	Vested Percentage
Less than 3 years	Nil
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10 years or more	100%

5. Benefit on Dismissal

Subject to the provisions of the Regulation governing minimum MPF benefits (where applicable), if an Employee is dismissed for fraud or dishonesty or on any other grounds entitling the Employer to terminate his contract of employment, he is only entitled to receive 100% of his own accumulations, if any. The Employer's contributions and investment earnings thereof will be forfeited.

Past Service Contributions

In addition to normal contributions, an Employer may opt to make additional contributions on behalf of an Employee in respect of his previous service in the company. However, such contributions require the approval of the relevant authorities in order to qualify for tax-free status.

B. For New Members of MPF exempted ORSO registered Scheme ("relevant scheme")

Eligibility conditions for new members

Subject to the conditions referred to in "Other Information", all full time or part time staff of an employer whose age is between 18 to 64 are eligible to join a relevant scheme within 60 days of employment. In the case of a casual employee, he/she is eligible to join a relevant scheme immediately.

Preservation of Minimum MPF Benefits

For the purpose of preserving minimum MPF benefits in a relevant scheme-

(a) no trustee of the scheme shall pay out or otherwise dispose of any part of the minimum MPF benefits to any New Member of the scheme otherwise than in accordance with the provisions of the Regulation;

(b) no New Member of the scheme shall have any right or entitlement to the minimum MPF benefits otherwise than in accordance with the provisions of the Regulation;

(c) no trustee of the scheme shall forfeit a New Member or Existing member's minimum MPF benefits upon his/her dismissal from employment (and whether or not dismissal is on the ground of misconduct, fraud, dishonesty or any other ground);

(d) the minimum MPF benefits of any New Member of the scheme shall not:

   (i) be liable for and stand charged with the settlement of any losses suffered by the relevant employer caused by the New Member; and

   (ii) stand charged with any debts owing to the relevant employer or any other person by the New member (and whether or not such debts are acknowledged in writing by the New Member).

Portability or transferability of Minimum MPF Benefits

Where a New Member is entitled to receive benefits under a relevant scheme, the Trustee should transfer the minimum MPF benefits to either his new employer's sponsored scheme or industry scheme or to a master trust scheme nominated by the New Member which accepts minimum MPF benefits.

The Trustee will also send a notice to a New Member requesting nomination of an employer’s sponsored scheme, industry scheme or a master trust scheme to accept the New Member’s minimum MPF benefits in case the relevant scheme in which the New Member participates is to be wound up. If any New Member fails to return the notice within 30 days after the date of issue of notice to the Trustee, the New Member is deemed to have nominated the MPF registered scheme (a provident fund scheme registered under section 21 or 21A of MPFSO) specified in the notice to accept the transfer of the minimum MPF benefits of the New Member in case the relevant scheme is to be wound up.

Reserve Account

Whenever a Member is paid less than his accrued retirement benefit, the balance together with other contributions, if any by the Employer, are credited to a special account established for the Employer, called the Reserve Account. Monies held in the Reserve Account can be used to:

(1) pay administration charges;

(2) pay Employer contributions; or

(3) increase the benefits of Members.

Transfer from Existing Retirement Schemes

If an Employer has already a registered retirement scheme in operation, Employees’ benefits can be transferred to the Fund subject to approval being granted under ORSO. Appropriate amounts regarding the Employee accumulations and Employer accumulations in this regard will be calculated and credited to each Employee transferred.

INVESTMENT OBJECTIVE AND POLICY

1. Investment Objective

The primary investment objective of the Fund is to achieve long-term capital growth. In order to achieve this objective, the Fund is currently invested in one investment portfolio - the Guaranteed Policy issued by China Life Insurance (Overseas). Your investments are subject to the credit risks of China Life Insurance (Overseas).

The above investment portfolio contains a structure in which a guaranteed amount will be paid to scheme participants at a specific date in the future and that complies with the requirements under Chapter 9 of the PRF Code. The assets of the investment portfolio will be invested in:

(a) Stocks and shares and other equity-related instruments;

(b) units or shares in one or more collective investment schemes which are authorized by SFC or recognized jurisdiction schemes pursuant to 1.2 of the UT Code;

(c) Debt securities including commercial papers, certificate of deposits, bonds, notes, bills etc. issued by substantial international or Hong Kong companies or licensed banks;

(d) Bank Deposits denominated in multiple currencies;

(e) Unquoted investments.

Investments are subject to market fluctuations and the value of the investments and the yield may go down as well as up, except where the investment return is guaranteed.

The Fund is mainly denominated in Hong Kong dollars.

2. Investment Restrictions and Prohibitions

The investment restrictions and prohibitions apply to the assets of the Fund and investment portfolio of the Fund (“investment portfolio”) (“investment portfolio” and “investment portfolio’s” shall be construed accordingly).

(a) No money will be invested in the securities of, or lent to China Life Insurance (Overseas) or investment manager, the Trustee or any of their connected person as applicable except where any of those parties is a substantial financial institution. Interests in collective investment schemes authorized by SFC or authorized jurisdiction schemes pursuant to 1.2 of the SFC’s Code on Unit Trusts and Mutual Funds (“UT Code”) are not included as securities.

(b) No money will be invested in financial derivative instruments except for hedging purpose in accordance with Chapter 7 of the UT Code.

(c) No money will be invested where

(i) the aggregate value of the investment portfolio’s investments in or exposure to any single entity through its investment in securities issued by that entity may exceed 10% of the total net asset value of the investment portfolio; or

(ii) the aggregate value of the investment portfolio's investments in or exposure to entities within the same group through investments in securities issued by those entities may exceed 20% of the total net asset value of the investment portfolio; or

(iii) more than 10% of any ordinary shares issued by any single entity; or

(iv) units or shares in one or more collective investment schemes authorized by SFC or recognized jurisdiction schemes pursuant to 1.2 of the UT Code exceeds 30 % of the total net asset value of the investment portfolio.

The investment portfolio may not invest in (iv) above whose objectives are prohibited by the UT Code.

(d) No money will be invested in physical commodities unless otherwise approved by SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary.

(e) No money will be invested in collective investment schemes which are managed by the same investment manager or by any of its connected person, which will result in an increase in the overall total of initial charges, management company's annual fee, redemption charges or any other costs and charges payable to the investment manager or any of its connected persons borne by the members or by the Fund.

Notwithstanding (c)(i), (ii) and (iii) above up to 30 per cent of the investment portfolio's total net asset value may be invested in Government and other public securities of the same issue. Subject to the above, the investment portfolio may invest all of its assets in Government and other public securities in at least six different issues.

(f) Borrowings

The maximum borrowing of the investment portfolio may not exceed 10% of the total net asset value of the investment portfolio as a hedge against currency movements or to enable the investment manager to acquire new investments for the investment portfolio or rather than converting existing holdings to meet realization payments and expenses of the investment portfolio.

The investment portfolio may not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash by the investment portfolio's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of (b) above.

The investment portfolio may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. The investment portfolio may not acquire any assets or engage in any transaction which involves the assumption of any liability which is unlimited.

The investment portfolio may not invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts) or in any securities of any class in any company or body if any director or officer of the investment manager individually owning more than 1/2 percent of the total nominal amount of all the issued securities of that class, or collectively the directors and officers owning more than 5 per cent of these securities.

The investment portfolio may not engage in short selling which will have the consequence that the investment portfolio's liability to deliver securities exceeding 10 per cent of its total net asset value and the security which is to be sold short must be actively traded on a market where short selling activity is permitted.

The liability of the Employers and Members must be limited to their investments in the Fund.

Additional Investment Restriction under the Regulation

In relation to MPF exempted ORSO registered schemes, the Trustee and the Investment Manager shall ensure, notwithstanding the above paragraph, that

(a) derivatives are not used in such a way as to result in the assets of the Fund becoming leveraged thereby;
(b) money is not borrowed for any of the purposes of the Fund except for those purposes permitted by law.

The investment limitations and restrictions above shall apply mutatis mutandis to the Guaranteed Policy being invested in by the Fund. Provided that the maximum amount stated above to be invested in a particular type of investment shall apply to the total of the amount invested directly in that type of investment and the amount invested indirectly in that type of investment through authorized unit trusts or collective investment schemes.

3. Annual Reporting

The Trustee shall within 6 months after the end of each financial year of each Participating Scheme file an annual return to the Authority.

4. Valuation of investments

The rules in valuing the investment of the Fund are as follows:

(a) if the investment is quoted, listed or dealt in on a stock exchange, the market value will be the closing price of the relevant instrument as at the close of trading;

(b) if the investment is not listed or quoted on a recognized market, it should be determined on a regular basis by a professional person approved by the Trustee (or custodian) as qualified to value such investments. Such professional person may, with the approval of the Trustee (or custodian), be the Investment Manager;

(c) if the investment is debt security (such as money market instrument), the market value will be

(i) the purchase price of the relevant instrument plus the yield accrued up to the Annual Report date or as adjusted by amortizing any premium or discount over the remaining life of such instrument provided that any valuation conducted shall be subject to the provisions of the relevant instrument that is held to maturity; or

(ii) the closing price of the relevant instrument as at the close of trading.

(d) if any market value is expressed otherwise than in Hong Kong dollars, it shall be converted to Hong Kong dollars at an exchange rate approved by the investment manager and the Trustee.

The above valuation rules of investment of the Fund shall mutatis mutandis apply to the insurance policy being invested in by the Fund.

5. Features of the Insurance policy

Guaranteed Policy

Currently, the only investment choice offered under the Fund is an insurance policy, the Deposit Administration (Guaranteed Fund) Policy - Guaranteed Policy.

This Guaranteed Policy is designed and issued by China Life Insurance (Overseas) as an investment vehicle solely available to participants through the Fund. It is issued under Class G of the Part 2 of the First Schedule of the Insurance Companies Ordinance dated 1 January 1999. The Guaranteed Policy is a non-unitized fund. Your investments are therefore subject to the credit risks of China Life Insurance (Overseas).

(a) Guarantee Features

(i) Guarantee Mechanism

For as long as the contributions made by or for a Member are invested in the Guaranteed Policy, the Guaranteed Policy will provide a capital* guarantee plus a minimum guaranteed net return of 1.50% p.a. (or such higher minimum guaranteed net return as agreed between China Life Insurance (Overseas), the Trustee, and the Employer) on the capital compounded annually on a daily accrual basis. The guaranteed net return of 1.50% p.a. will be net of all fees and expenses (including any investment fee, reserve fee and smoothing provision) chargeable by China Life Insurance (Overseas).

*The capital means the actual amount of all contributions invested in the Guaranteed Policy less any amount previously withdrawn, together with any previously declared return accumulated up to 1 January 2022 (the “Effective Date”).

(ii) Minimum Guaranteed Return

The minimum guaranteed net return of the Guaranteed Policy works as follows:

An “Actual Balance” and a “Guaranteed Balance” will be maintained for each Member Account.

“Actual Balance” means the balance in each Member Account to which (i) the capital (including any previously declared return accumulated up to the Effective Date), (ii) the actual investment return declared after the Effective Date by China Life Insurance (Overseas) from time to time compounded annually on a daily accrual basis, and (iii) where the calculation is made before 31 December of a given year when the actual investment return is declared, the guaranteed net return of 1.50% p.a. pro-rated on a daily accrual basis for the period from 1 January of that year to the Business Day (as defined below) immediately preceding the relevant day of calculation, is credited, net of all fees and charges including any investment fee, reserve fee and smoothing provision.

"Guaranteed Balance" means, from the Effective Date, the notional balance in each Member Account to which (i) the capital (including any previously declared return accumulated up to the Effective Date), and (ii) the guaranteed net return of 1.50% p.a. (compounded annually on a daily accrual basis) is credited.

"Business Day" means a day (not being a Saturday or Sunday or a public holiday) on which banks are generally open for usual banking business in Hong Kong.

If the Actual Balance exceeds the Guaranteed Balance at the time of withdrawal, the withdrawal amount will be the Actual Balance where the guaranteed net return is pro-rated up to the Business Day immediately preceding the day of withdrawal. Members will receive a higher return than the Guaranteed Balance return under such situation.

If the Actual Balance is lower than the Guaranteed Balance at the time of withdrawal, the withdrawal amount will be the Guaranteed Balance where the guaranteed net return is calculated up to the Business Day immediately preceding the day of withdrawal and the shortfall will first be made up by the smoothing provision (if any), and if the smoothing provision is insufficient, then by China Life Insurance (Overseas). The guaranteed net return will be credited to each Member Account at the time of withdrawal with retrospective effect.

However, you must note that a reserve fee of up to a maximum of 0.5% p.a. of the net asset value of the Guaranteed Policy (which has already been taken into account in the guaranteed net return) as at 31 December of each calendar year may be charged by China Life Insurance (Overseas) on the amount of gross return exceeding the guaranteed net return of 1.5% p.a. at its sole discretion. The reserve fee is paid to China Life Insurance (Overseas) as a consideration for which it has given its guarantee of continued growth of the Guaranteed Policy. The reserve fee belongs to China Life Insurance (Overseas).

In addition, China Life Insurance (Overseas) may at its sole discretion set, as smoothing provision, aside any amount on the amount of gross return exceeding (i) the guaranteed net return of 1.5% p.a., and (ii) the reserve fee of 0.5% p.a., provided that the amount shall not exceed 0.5% p.a. of the net asset value of the Guaranteed Policy as at 31 December of each calendar year. The smoothing provision is set up for the purpose of smoothing contingency at any time and maintaining the guaranteed net return. The smoothing provision is paid at the beginning of the following financial year of the Fund and is the property of the Fund.

Illustrative Examples

Member ABC joined the Scheme on 01/01/2022 and withdraws on 15/04/2025.
Monthly Contribution for 2022 is HK$1,500 for each month paid at relevant month

end.
Monthly Contribution for 2023 is HK$1,600 for each month paid at relevant month end.
Monthly Contribution for 2024 is HK$1,800 for each month paid at relevant month end.
Monthly Contribution for 2025 from Jan to Apr is HK$1,800 for each month paid at relevant monthly end.
Guaranteed net return = 1.50%p.a.

Scenario 1 (Actual Balance is greater than Guaranteed Balance)

Year	Contribution Amount	Guaranteed net return (@1.50%p.a*)	Guaranteed Balance at year end	Annual Declared Investment Return Rate	Investment Return credited^	Actual Balance at year end
2022	18,000	125.04	18,125.04	4.50%	375.17	18,375.17
2023	19,200	405.21	37,730.25	-2.00%	-545.31#	37,029.86
2024	21,600	715.66	60045.91	4.00%	1,880.47	60,510.33
2025	5,400	266.60	**65,712.51**	1.50%**	267.88	**66,178.21**

*Net of all fees and expenses including any investment charge, reserve fee and smoothing provision.
**Guaranteed net return at 1.50% will be used for calculation of Actual Balance for interim withdrawal.
^After deduction of the reserve fee and smoothing provision, if any, at its maximum limit of 0.5% p.a. each.
#Please note that negative investment return will be credited to the Actual Balance and will not be reset at the guaranteed rate of 1.50% p.a.

The withdrawal amount will be HK$**66,178.21** (i.e. the Actual Balance of HK$66, 178.21 is greater than the Guaranteed Balance of HK$65,712.51).

Scenario 2 (Actual Balance is less than the Guaranteed Balance)

Year	Contribution Amount	Guaranteed net return (@1.50%p.a*)	Guaranteed Balance at year end	Annual Declared Investment Return Rate	Investment Return credited^	Actual Balance at year end
2022	18,000	125.04	18,125.04	2.00%	166.71	18,166.71
2023	19,200	405.21	37,730.25	-3.00%	-811.78#	36,554.93
2024	21,600	715.66	60045.91	-2.00%	-930.67#	57,224.26
2025	5,400	266.60	**65,712.51**	1.50%**	254.54	**62,878.80**

*Net of all fees and expenses including any investment charge, reserve fee and smoothing provision.
**Guaranteed net return at 1.50% will be used for calculation of Actual Balance for interim withdrawal.
^After deduction of the reserve fee and smoothing provision, if any, at its maximum limit of 0.5% p.a. each.
#Please note that negative investment return will be credited to the Actual Balance and will not be reset at the guaranteed rate of 1.50% p.a.

The withdrawal amount will be HK$**65,712.51** (The Guaranteed Balance of HK$65,712.51 is greater than the Actual Balance of HK$62,878.80).

The guarantor of the above Guaranteed Policy is China Life Insurance (Overseas). Your investments are therefore subject to the credit risks of the guarantor, China

Life Insurance (Overseas).

(b) Asset Allocation and Geographical Distribution

The current range of asset allocation and geographical distribution of the intended direct and indirect investment of Guaranteed Policy are as follows:

Asset Allocation	Targeted Weighting (range%)
Fixed Income	60-100
Equities	0-10
Cash	0-30

Geographical Distribution	
Asia Pacific	70%
Rest of the World (ex-Asia Pacific)	30%

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. Risks Associated with the Investment in the Guaranteed Policy

Guarantor's Risk

The assets of the Fund are solely invested in the Guaranteed Policy. The investments in the Guaranteed Policy are held as assets of China Life Insurance (Overseas) and are subject to the credit risks of China Life Insurance (Overseas).

In case China Life Insurance (Overseas) fails to fulfil its obligation (including its own financial difficulties or closure) and is liquidated or is not able to meet the guarantee obligations under the Guaranteed Policy, the Fund may not be able to recover in full or any of the investments in the Guaranteed Policy, or its value may be reduced.

Counterparty Risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to the Guaranteed Policy. The Guaranteed Policy may be exposed to the default and/or settlement risk of a counterparty through its direct or indirect investments such as bonds or other fixed income securities and the value of the securities may be reduced.

Liquidity Risk

Under normal circumstances, the securities/investments held by the Guaranteed Policy can be easily bought and sold in markets. However, certain securities/investments may be difficult or impossible to be sold at the time that the Guaranteed Policy would like or at the price the Investment Manager believes that the security is currently worth. There may be difficulties in realizing these securities/investments at fair price due to adverse market conditions leading to limited liquidity. Realization of a security/an investment in these circumstances may be subject to a discount of its market value.

For the liquidity risk management of the Fund, the Trustee or the Investment Manager would regularly assess the liquidity profile of the portfolio under the current and likely future market conditions, against the expected liquidity demands having regard to factors such as past withdrawal patterns. In addition, please refer to section "Withdrawal Arrangement".

Others

The investments in the Guaranteed Policy are also subject to market fluctuations, and usual market risk and interest rate risk associated with its underlying investments.

Market Risk

Factors such as changes in economic environment, consumption pattern and investors' expectation etc. may have significant impact on the value of investments. The underlying investments may invest in equity securities whose value are affected by many factors, including but not limited to the business, performance and activities of individual companies as well as general market and economic conditions. The value of holdings may go down as well as up.

Interest Rate Risk

Change in interest rate may affect the value of securities as well as the financial markets in general. Bonds and other fixed income securities are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

EARLY TERMINATION OF PARTICIPATION IN THE POLICY

Employers of the Fund may through the Trustee terminate its participation to the Guaranteed Policy by giving 1 month's notice to China Life Insurance (Overseas). China Life Insurance (Overseas) shall then pay a Termination Value in accordance with the Guaranteed Policy. However, if the termination happens within 5 years of participation, a Termination Charge will apply.

Investment of the Guaranteed Policy will follow the investment restrictions contained in the Trust Deed. The Guaranteed Policy is governed by and construed in accordance with the laws of Hong Kong. Your investments are therefore subject to the credit risks of the guarantor, China Life Insurance Overseas.

In the event of any amendment, deletion or addition made to the Guaranteed Policy including the provisions for benefits premiums Member Account and the guaranteed net return of 1.5% p.a., the fee and charges, China Life Insurance (Overseas) will give 6 months' notice in writing to the Trustee and all participants.

Withdrawal

The guaranteed net return of 1.50% p.a. pro-rated for the relevant period on investments of premium is applicable to Members leaving the Guaranteed Policy during the policy period on a pro-rata basis.

WITHDRAWAL ARRANGEMENT

1. The maximum interval between:-

   (i) (a) the receipt of a properly documented request for Member’s benefit withdrawal/termination of Employer’s participation or (b) the effective date of termination of Member’s employment/Employer’s participation, whichever is later (provided that all outstanding contributions from Members and/or Employers have been received); and

   (ii) the payment of Member’s benefit/Termination Value

   is not expected to exceed one calendar month, unless the market(s) in which a substantial portion of the investments of the investment portfolio is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of benefits within the aforesaid time period not practicable. In such case, the extended time frame for the payment of benefits shall reflect the additional time needed in light of the specific circumstances in the relevant market(s).

2. Where withdrawal requests on any one Business Day exceed 10% of the total Guaranteed Balance of the Fund, withdrawal requests in excess of 10% may be deferred to the next Business Day.

TERMINATION OF PARTICIPATION

1. If there shall come into operation any law, regulations or rules prescribing for any provident fund or retirement scheme, mandatory or otherwise, or if all participating Employers agree to terminate the Fund or if the Trustee is required to terminate the Fund by law, then the Trustee shall terminate the Fund.

   In case there are any unclaimed benefits arising from the termination of the Fund above, the unclaimed benefits shall be held by the Trustee in a separate account for (i) a period of 3 months; or (ii) such other period as may be determined by the Trustee after the completion of the termination of the Fund, whichever is the later.

   The Trustee shall upon expiry of the period referred to in the above paragraph, pay all unclaimed benefits into the court of Hong Kong subject to the right of the Trustee to deduct therefrom any expenses (including legal expenses) the Trustee may incur in making such payment.

   Unclaimed benefits means (i) a proportion of Reserve Accumulation to be allocated in respect of a Member of an Employer determined by the Trustee upon distribution of Reserve Accumulation (due to winding up, cessation of business or cessation of existence of that Employer) under the Trust Deed ; or (ii) a benefit that is immediately payable in respect of the Member in accordance with any one of the conditions of payment in the Trust Deed as determined by the Trustee; AND neither the Member nor the beneficiary nominated by the Member has applied to the Trustee to have the foregoing proportion of Reserve Accumulation to be allocated as determined by the Trustee or the amount of benefits paid to him; and that the Trustee is unable to pay these benefits to the Member or the nominated beneficiary because the Trustee, after making reasonable efforts to find the Member or the nominated beneficiary, is unable to do so.

2. The Employer and/or the Trustee may give to the other party and the relevant Members three months' notice in writing or such other period as may be agreed between the parties or required by law to terminate the Scheme.

CHARGES

At Employer/Employee Level

1. **Administration Charges**

(a) Flat Fee and Membership Fee

An annual flat fee of HK$500 per Participating Scheme and Membership Fee of HK$30 per Member per annum will be chargeable at the inception of the Participating Scheme and thereafter at each anniversary by the Trustee. These charges may be paid either by the Employers or by deducting from Member Accumulation.

(b) Service Fees

(i) An annual service fee basing on current year contributions will be chargeable at the inception of the Participating Scheme and subsequently at each anniversary by the Trustee in accordance with the following scale:

Contribution (HK$)	Contribution Fee (% of Contribution)
First 100,000	4
Next 100,000	3
Next 300,000	2
Next 500,000	1
Excess	0.75

(ii) There is an one-off 1% charge on past service contributions.
(iii) There is no charge on amounts transferred from another recognized retirement scheme.
(iv) The Service Fees may be paid either by the Employer in addition to its contributions or be deducted from the Member Accumulation.

2. **Other Fees**

The following initial fees are payable by the Employer in respect of ORSO application for registration of a Participating Scheme with the Authority:-.

(i) an application fee of $1,800 payable to the Authority for registration;
(ii) fee payable to auditor for the auditor's statement on scheme's membership;
(iii) fee payable to auditor for the auditor's statement on scheme audit (if the Participating Scheme is an existing scheme only);
(iv) legal fee payable to solicitor for the Solicitor's Statement,

The following annual fees are payable by the Employer:-

(v) a periodic fee of $1,800 payable to the Authority;
(vi) fee payable to auditor to carry out audit on contribution details

Items (i) and (v) are charged by the Authority and are subject to change by the Authority.

At Insurance Policy Level

1. **Investment Charges**

An investment management fee of not more than 1% p.a. of the net asset value of the Member Account chargeable at the end of the policy year, will be deducted by China Life Insurance (Overseas) from the investment return of the Guaranteed Policy before the declaration of its final rate of the Interest.

2. **Termination Charges**

Should the Employer cancel participation in the Guaranteed Policy and requests that benefits be paid to Members or transferred to another approved retirement scheme, then a termination charge will apply. This charge is determined as a percentage of the value of asset of the Participating Scheme according to the following scale:

Completed years as at the date of termination	Termination Charge as a % of the value of asset of the Participating Scheme
Less than 1	5%
1 but less than 2	4%
2 but less than 3	3%
3 but less than 4	2%
4 but less than 5	1%
5 or more	Nil

3. **Reserve Fee**

A reserve fee of up to one half of a per centum (0.5%) per annum of net asset value of the Guaranteed Policy will be charged by China Life Insurance (Overseas) on the excess of actual return exceeding the guaranteed net return of 1.5% p.a.

At Insurance Policy/Fund Level

There may be other out-of-pocket fees and charges incurred at Fund/Policy level. Such fees and expenses include but not limited to SFC's licence fees, bank charges, insurance premiums and audit fees.

A Summary of Current Fees and Charges and Smoothing Provision

At Employer or Employee Level Chargeable by the Trustee		
Flat Fee	$500.00 per Participating Scheme	per annum
Membership Fee	$30.00 per Member	per annum
Services Fee	0.75% - 4% of contribution amount	per annum

At Employer Level **Chargeable by the Authority**		
Initial Registration^ Fee	$1,800	
Periodic Fee^	$1,800	per annum
Other Fees		
One-off fees to auditor(s) and solicitor	Per advice by auditor and solicitor	
Annual Fee to employer's auditor	Per advice by auditor	per annum

Insurance Policy Level		
Investment Charge	1% of net asset value of Member's Accounts	per annum
Termination Charge	0% - 5% of net asset value of Member's Account	based on completed year of participation
Reserve Fee	Up to a maximum of one half of a per centum of net asset value of the Guaranteed Policy	per annum
Smoothing Provision	Up to a maximum of one half of a per centum of net asset value of the Guaranteed Policy	per annum

The following fees, costs and expenses must not be paid from the Participating Scheme's property:

- commissions payable to sales agents for effecting any registered schemes to join the Fund;
- expenses arising out of any advertising or promotional activities in connection with the Fund;
- expenses which are not ordinarily paid from the property of Participating Schemes authorized in Hong Kong;
- expenses which have not been disclosed in the constitutive documents as required by Appendix B of the PRF Code.

Apart from the above section "Charges", there will be no other fees or charges.

All charges appear herein mentioned and stipulated in the Guaranteed Policy may only be varied after China Life Insurance (Overseas) has given six months' notice in advance to the Employers.

^ subject to change from time to time.

REBATES

Neither China Life Insurance (Overseas) /TAMHKL, investment delegate 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 Fund to the broker or dealer save that goods and services (soft dollars) may be retained if:

(a) the goods or services are of demonstrable benefit to investors;

(b) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;

(c) adequate prior disclosure is made in this Principal Brochure; and

(d) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

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 publications. 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.

AUDITOR

The auditor of the Fund is PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong.

OTHER INFORMATION

1. **Anti-Money Laundering**

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

The Trustee reserves the right to request such information as is necessary to verify the identity of a Fund 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 Trustee may refuse to accept any application and the contribution monies relating thereto to the extent permitted under the applicable law of Hong Kong.

2. **Automatic Exchange of Financial Account Information ("AEOI")**

Under the Inland Revenue Ordinance, the implementation of AEOI requires financial institutions ("FI") in Hong Kong to identify account holders who are reportable person, i.e. tax residents 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 persons with the tax authorities of the relevant reportable jurisdiction(s).

The Fund 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 Fund shall conduct due diligence procedures to identify the tax residency of the Fund's participants (i.e. Employers and Members, 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 applications on or after 1 January 2020, and in case no valid self-certification can be obtained by the Fund, the application process will be adversely affected and/or could not be completed. As for pre-existing Fund participants as at 31 December 2019, self-certification may also be requested by the Fund so to establish the tax residencies of the Fund participants,

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

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

INSPECTION OF DOCUMENTS

A copy of each of the followings:

- the Trust Deed;
- Deeds of Variation; and
- the Guaranteed Policy

are available for inspection by Employers and Members at the office of China Life Trustees Limited, Room 801, 8/F, Tower A, Chine Life Center, One HarbourGate, 18 Hung Luen Road, Hung Hom, Kowloon during normal office hours free of charge.

Every Employer and Member may request a copy of the Trust Deed upon payment of a reasonable charge.

The latest Principal Brochure (including all addenda), notices and announcements relating to the Fund can be downloaded from our website www.chinalife.com free of charge.

COMPLAINTS AND ENQUIRIES HANDLING

Employers or Members may contact China Life Trustees Limited for any queries or complaints by the following means:

- Call the Customer Service Hotline on (852) 3999 5555; or
- Call the Complaint Hotline on (852) 2891 3613; or
- Email to mpf@chinalife.com.hk; or
- Mail to the office address of China Life Trustees Limited, Room 801, 8/F, Tower A, Chine Life Center, One HarbourGate, 18 Hung Luen Road, Hung Hom, Kowloon

China Life Trustees Limited will, under normal circumstances, send an acknowledgment of receipt of the complaint to the concerned Employer or Member within one week of receipt, and will investigate the situation and take the necessary actions as soon as practicable.

HOW TO PARTICIPATE

To participate in the Fund, an employer simply has to:

(1) complete an Application of Adoption (agreeing to follow the provisions of the Trust Deed);

(2) complete other appropriate forms required by China Life Trustees Limited;

(3) complete the document required for registration under the relevant Ordinances; and

(4) complete a member enrollment form.

China Life Trustees Limited accepts responsibility for the accuracy of the information contained herein as at the date of this Principal Brochure and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

DATED: 1 March 2023

FIRST ADDENDUM TO THE PRINCIPAL BROCHURE OF CHINA LIFE CENTRAL PROVIDENT FUND

This is the First Addendum ("First Addendum") dated 7 March 2025 to the Principal Brochure dated 1 March 2023 ("Principal Brochure March 2023 Edition") of China Life Central Provident Fund ("Fund"). Capitalized terms used in this First Addendum bear the same meaning as in the Principal Brochure March 2023 Edition. This First Addendum together with the Principal Brochure March 2023 Edition form the latest version of the Principal Brochure of the Fund. The First Addendum must only be distributed and read with the Principal Brochure March 2023 Edition.

The following amendments will take effect on 1 May 2025:

1. Page 3 – "INTRODUCTION"

   The second sentence under the sub-section headed "Structure – An Approved Retirement Scheme" is amended and restated as follows:

   "The Fund contains the following features:

   - Employee will be attracted to the retirement benefits provided by the Employers and will thus stay longer in companies.
   - Employer contributions up to 15% of employee's income are eligible for profit tax relief.
   - Employees' lump sum benefits received are tax free to the extent allowed under relevant ordinances.
   - Benefits attributable to Employer's contributions may be used to offset statutory long service payments or severance payments payable to the employees in accordance with the Employment Ordinance (the "**LSP / SP**"), provided that, for MPF-exempted ORSO schemes, effective from 1 May 2025 (the "**Transition Date**"):

     (a) Employers cannot use the Carved-out Benefits to offset an employee's LSP / SP in respect of the employee's years of service from and including the Transition Date ("**post-Transition portion of LSP / SP**"). Despite this, Employers can continue to use the Carved-out Benefits to offset an employee's LSP / SP in respect of the employee's years of service before the Transition Date ("**pre-Transition portion of LSP / SP**").

     (b) Employers can continue to use the Remaining Benefits (i.e. the vested benefits attributable to the Employer's contributions less the Carved-out Benefits) to offset both an employee's pre-Transition portion of LSP / SP and post-Transition portion of LSP / SP.

   "Carved-out Benefits" is an amount calculated using the formula below:

$$\textbf{Carved-out Benefits} = \text{Average monthly relevant income in the 12 months immediately preceding the termination of employment (subject to the statutory cap of relevant income under the MPFSO)} \times \text{Years of service with the Participating Scheme on and after 1 December 2000} \times 5\% \times 12$$ "

The following amendments will take effect immediately:

2. Pages 3 to 4 - "PARTIES TO THE FUND, AUTHORIZATION & OTHERS"

   (a) The paragraph under the sub-section headed "The Trustee" is amended and restated as follows:

"In order to provide a comprehensive service, China Life Trustees Limited, a wholly owned subsidiary of China Life Insurance (Overseas), has been appointed as the trustee of the Fund ("Trustee"). The Trustee, which is also the product provider of the Fund, undertakes to manage the Fund and authorization matters in relation to the Fund. Its registered office situates at Room 801, 8/F, Tower A, Chine Life Center, One HarbourGate, 18 Hung Luen Road, Hung Hom, Kowloon. All assets under the Fund are vested in the Trustee to ensure that the investments are properly managed. The Trustee is licensed by the Securities and Futures Commission ("SFC") to carry on Type 13 regulated activity (providing depositary services for relevant collective investment schemes) under the Securities and Futures Ordinance."

(b) In the paragraph under the sub-section headed "Securities and Futures Commission Authorization", the wording " the Securities and Futures Commission ("SFC")" is deleted and replaced with " SFC ".

3. Page 23 - "AUDITOR"

The paragraph is amended and restated as follows:

"The auditor of the Fund is Deloitte Touche Tohmatsu, its registered address is 35/F, One Pacific Place, 88 Queensway, Hong Kong."