

THIRD ADDENDUM TO THE PRINCIPAL BROCHURE OF CHINA LIFE MPF MASTER TRUST SCHEME

This is the third addendum (“Third Addendum”) dated 27 September 2017 to the Principal Brochure dated 12 January 2016 (“Principal Brochure January 2016 Edition”) of China Life MPF Master Trust Scheme (“Scheme”). Capitalized terms used in this Third Addendum bear the same meaning as in the Principal Brochure January 2016 Edition. The First Addendum issued in October 2016, the Second Addendum issued in December 2016 and this Third Addendum together with the Principal Brochure January 2016 Edition form the latest version of the Principal Brochure of the Scheme. The First Addendum, the Second Addendum, this Third Addendum and the latest version of the Principal Brochure can be obtained free of charge by accessing our website www.chinalifetrustees.com.hk. The First Addendum, the Second Addendum and this Third Addendum must only be distributed and read with the Principal Brochure January 2016 Edition of the Scheme.

The following amendments will be effective from 1 January 2018:

1. “the rate of 5% p.a.” in line 1 and “a net guaranteed rate of return of around 3.5% p.a.” in lines 4 and 5 of item (e)(ii) of Annexure A-2 in page 30 will be substituted by “the rate of 4% p.a.” and “a net guaranteed rate of return of 2.5% p.a.”;
2. “the net guaranteed rate of return of around 3.5% p.a.” in line 6 and “the net guaranteed rate of return around 3.5% p.a.” in line 7 of the third paragraph in item (e)(iii) of Annexure A-2 in page 30 will be substituted by “the net guaranteed rate of return of 2.5% p.a.”;
3. “the net guaranteed rate of return of around 3.5%” in line 4 of item (e)(vii) of Annexure A-2 in page 30 will be substituted by “the net guaranteed rate of return of 2.5% p.a.*”;
4. the following will be added after the last paragraph of item (e) of Annexure A-2 commencing “A smoothing provision is set up by the Guarantor ...” in page 31:

“*The net guaranteed rate of return of the Fund for the purpose of calculating guarantee return - 3.5% p.a. up to and including 31 December 2017.”;

- 5 (A) and (B) of the item “Illustrative Examples” of Annexure A-2 in pages 31&32 will be substituted by the followings:

“(A)

A Member requests to withdraw accrued benefits of Mandatory Contributions on 1 February 2018 on the ground of terminal illness during current employment. The Member has invested both Mandatory Contributions and Voluntary Contributions into China Life Guaranteed Return Fund. It is assumed that the Member does not make any mandatory or voluntary contribution for the period from January 2018 to March 2018.

As of 1 January 2018, the Opening Balances of both Mandatory Contributions and Voluntary Contributions are:

Mandatory Contributions (“MC”) = HK\$5,000. (i.e. 500 units at unit price HK\$10.00 as at 31 December 2017)

Voluntary Contributions ("VC") = HK\$10,000. (i.e. 1,000 units at unit price HK\$10.00 as at 31 December 2017)

The unit price of China Life Guaranteed Return Fund is:

HK\$10.01 as of 1 February 2018

HK\$10.03 as of 1 March 2018

<u>Opening Balance of Guaranteed Account of MC as at 01/01/2018 (HK\$)</u>	<u>Capital Guarantee of MC as at 31/01/2018 (HK\$5,000 x (1+2.5% x 31/365)) (HK\$)</u>	<u>Net asset value of MC as at 01/02/2018 (HK\$)</u>	<u>Payout amount on 01/02/2018 (HK\$)</u>
5,000.00	5,010.62	5,005.00	5,005.00

Since the withdrawal request on the ground of terminal illness is neither made on the first dealing day on or after 1 January of 2018 or by reason of termination of employment, there is no capital guarantee on the accrued benefits of Mandatory Contributions and the amount to be paid in respect of the terminal illness claim is therefore calculated on the basis of Net Asset Value will be:

- Net Asset Value of Mandatory Contributions as of 1 February 2018 being paid to the Member = HK\$5,005.00 (being 500 units x unit price HK\$10.01 as of 1 February 2018).

Apart from the withdrawal of Mandatory Contribution as stated above, the Voluntary Contributions will continue to be invested in the Member's Account and there will be no impact on the guarantee entitlement of the Voluntary Contributions.

(B)

Subsequently, the Member ceases to be employed and requests to withdraw accrued benefits of Voluntary Contributions on 1 March 2018. As the withdrawal satisfies the condition of termination of employment, the amount to be paid is calculated and compared as below (assuming zero relevant income and no Mandatory Contributions nor Voluntary Contributions for the Member is required to be contributed for the month of March 2018):

<u>Opening Balance of Guaranteed Account of VC as at 01/01/2018 (HK\$)</u>	<u>Capital Guarantee of VC as at 28/02/2018 (HK\$10,000 x (1+2.5% x 59/365)) (HK\$)</u>	<u>Net asset value of VC as at 01/03/2018 (HK\$)</u>	<u>Payout amount on 01/03/2018 (HK\$)</u>
10,000.00	10,040.41	10,030.00	10,040.41

- The amount derived from Voluntary Contribution being paid to the Member = HK\$10,040.41 (i.e. the greater of [i] Net Asset Value of Voluntary Contribution as of 1 March 2018 (*being 1,000 units x unit price HK\$10.03 as of 1 March 2018 = HK\$10,030.00*) or [ii] capital guaranteed balance as of 28 February 2018 = HK\$10,040.41 (*being Opening Balance as of 1 January 2018 (i.e. HK\$10,000) x (1 + 2.5% x 59/365)*));
6. "The Guaranteed Rate of Return is Four and one-half (4.5%) per cent per annum" in lines 1 and 2 and "... a net guaranteed rate of return of around three (3%) per cent per annum." in line 5 of item (e)(ii) of Annexure A-5 in page 38 will be substituted by "The Guaranteed Rate of Return is Three and one-half (3.5%) per cent per annum" and "... a net guaranteed rate of return of two (2%) per cent per annum." respectively.