China Life MPF Master Trust Scheme
("China Life Scheme")

NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

This notice is important. Terms used in this notice (unless otherwise defined below) bear the same meaning as in the Principal Brochure October 2018 Edition of China Life Scheme. If you are in doubt about the contents of this notice, you should seek independent professional financial advice.

Dear Employer/Member,

Tax Deductible Voluntary Contributions ("TVC")

Changes to the Inland Revenue Ordinance will take effect on 1 April 2019. From 1 April 2019, similar to premiums paid for qualifying deferred annuity products, MPF voluntary contributions made in a specified account set-up by scheme members (namely, TVC account) can also enjoy tax concession in order for them to meet the long-term saving objective for retirement protection.

Your investment decision should not be based on this document alone. We encourage you to read the First Addendum to the Principal Brochure carefully because the new arrangement may affect your retirement planning and tax benefits associated with the TVC account.

What is TVC?

TVC is a new type of contributions and can only be paid into a TVC account of an MPF scheme. TVC may enjoy tax concession. Other characteristics of TVC are as follows:

- TVC can only be made directly by the persons who fulfil the eligibility requirements as mentioned in item (b) below
- Involvement of employers is not required
- Although 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 the TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved. **Members should note that accrued benefits held in a TVC Account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation**.

TVC Account holders can make their own fund selection or choose to invest in DIS under China Life Scheme according to their circumstance 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.

(a) <u>*Tax Concessions for TVC*</u>

TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is $60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.

Same as the tax deduction for Mandatory Contributions and other tax concessions, **the individual tax payer (not the Approved Trustee, sponsor and/or other operators of China Life Scheme) is responsible for the application of tax deduction and keeping track of how maximum tax deductible limit is fully utilized**. In this regard, the Approved Trustee will provide a tax deductible voluntary contributions summary to facilitate TVC Account holders in filling in the relevant tax concession information on their tax return if TVC is made by the Member to China Life Scheme during a year of assessment.

(b) *Eligibility*

Any person who is:

- **a current holder of contribution account or personal account of an MPF scheme; or**
- **a current member of an MPF exempted ORSO scheme**

can make TVC to an MPF scheme by opening a TVC account.

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 applicants 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.

(c) *Transfer of TVC accrued benefits*

TVC Account holder may, at any time, choose to have ALL accrued benefits in the TVC Account in China Life Scheme transferred to another TVC account in another MPF scheme nominated by such TVC Account holder. **Transfer of TVC accrued benefits in part or to a contribution account / personal account, however, will not be accepted.**

For the avoidance of doubt, such benefit transfer amount cannot be claimed as deductions for taxation purpose.

(d) *Termination of TVC Accounts*

TVC Accounts with zero balance and has had no activity for 365 days may be terminated by the Approved Trustee.

The Trust Deed as well as the latest Principal Brochure have been amended to reflect the above changes by way of the Twentieth deed of variation and the First Addendum respectively and will be available for inspection at our office at 17/F, CLI Building, 313 Hennessy Road, Wanchai, Hong Kong. The latest Principal Brochure including the First Addendum can also be obtained free of charge by accessing our website www.chinalifetrustees.com.hk. Alternatively, Members may contact our hotline 3999 5555 for any queries regarding the above matters.

China Life Trustees Limited
29 March 2019
This is a computer printout and no signature is required.

Note: Investment involves risks and the account balance of TVC (as tax incentivized retirement savings) may go up as well as down.