

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 January 2016 Edition of China Life Scheme. If you are in doubt about the contents of this notice, you should seek independent professional financial advice.

Summary of the Key Changes to China Life Scheme

I. Changes with effect from 2 October 2018:

1. Addition of new grounds for suspension of dealings of Constituent Funds

The following new grounds to suspend dealings of Units of any Constituent Funds, namely:

- (i) during any period of implementation of restructuring or termination of one or more Constituent Funds;
or
- (ii) 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 fund are suspended;

will be incorporated into China Life Scheme for protection of Members' interests.

2. Modification of default arrangement for deemed instruction in relation to termination of Constituent Funds

Currently, if a Member has not taken any action in response to termination of Constituent Funds, the Member's accrued benefits in the terminating Constituent Fund will be transferred to and/or the part of investment mandate concerning the terminating Constituent Funds will be replaced by the default investment arrangement as specified in the Application of Participation Form, i.e. the Default Investment Strategy ("DIS"). This arrangement will be modified to provide for the Member's accrued benefits to be transferred to and/or the part of Member's investment mandate of investing future contributions and/or transfer-in assets into the terminating Constituent Fund in the previous investment mandate to be replaced by a Constituent Fund comparable to the terminating Constituent Fund as determined by the Approved Trustee. In case there are no available comparable Constituent Funds, the foregoing will be invested into the DIS.

Please refer to Section B "Modification of default arrangement for deemed instruction in relation to termination of Constituent Funds" below for details.

3. Fee Reduction of Certain Constituent Funds

The management fees of certain Constituent Funds will be reduced. Details of the new fees levels are set out in Section C "Fee Reduction of Certain Constituent Funds" below.

4. Others

The cut-off time for receipt of contributions, redemption requests, rebalancing instructions and new investment mandate for future contributions and transfer-in assets will be extended from 12:00 noon to 4:00 p.m. on any Dealing Day.

II. Changes with Immediate Effect:

1. The office address of Invesco Hong Kong Limited has been updated with immediate effect.

Dear Employer/Member,

We are writing to inform you of the following changes to be made to China Life Scheme:

A. Addition of New Grounds for Suspension of Dealings of Constituent Funds

The following two new grounds to suspend dealings of Units of any Constituent Funds, namely:

- (i) during any period of implementation of restructuring or termination of one or more Constituent Funds;
or
- (ii) 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 fund are suspended;

will become applicable to China Life Scheme from 2 October 2018 (“Effective Date”) in order to enable suspension may be declared to protect Members’ interests during implementation of any restructuring or termination of Constituent Funds or suspension of underlying approved pooled investment funds.

B. Modification of default arrangement for deemed instruction in relation to termination of Constituent Funds

Currently, if a Constituent Fund is to be terminated and the Approved Trustee has not received any rebalancing instructions and/or change of investment mandate from a Member, the Member’s accrued benefits in the terminating Constituent Fund and/or the part of investment mandate relating to investing future contributions and/or transfer-in assets in the terminating Constituent Fund will be transferred to and/or replaced by the DIS of China Life Scheme. Please refer to the Second Addendum to the Principal Brochure of China Life Scheme for details of the DIS.

However, the above arrangement under China Life Scheme will be modified with the aim of offering greater protection to Members in the case of termination of a Constituent Fund. If, within the relevant timeframe before the termination of a Constituent Fund, a Member fails to give a

- (a) rebalancing instruction, the Member will be 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) new investment mandate in respect of future contributions and/or transfer-in assets of the terminating Constituent Fund, the Member will be 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.

If 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 replaced by the DIS.

C. Fee Reduction of Certain Constituent Funds

Please note that the reduction of 0.02% of the trustee fee of the relevant APIFs of China Life Retire-Easy Capital Stable Fund, China Life Retire-Easy Balanced Fund and China Life Retire-Easy Global Equity Fund took effect on 1 April 2017.

In addition, the administration fee of 0.1% at Constituent Fund level for China Life MPF Conservative Fund, China Life Balanced Fund, China Life Growth Fund and China Life Retire-Easy Global Equity Fund will be reduced with effect from the Effective Date.

The following table sets out the existing Management fees of the above relevant Constituent Funds and APIFs in aggregate and their new Management fees after reduction for Members' information:

Fees and Charges

<u>Name of Constituent Fund</u>	Existing Management fee Before 2 October 2018	New Management fee On or After 2 October 2018
China Life MPF Conservative Fund	0.95%	0.85%
China Life Balanced Fund	1.60%	1.50%
China Life Growth Fund	1.60%	1.50%
China Life Retire-Easy Capital Stable Fund	1.58%*	1.58%
China Life Retire-Easy Balanced Fund	1.58%*	1.58%
China Life Retire-Easy Global Equity Fund	1.58%*	1.48%

* Such rate has taken into account the reduction of 0.02% of the trustee fee of the relevant APIFs of China Life Retire-Easy Capital Stable Fund, China Life Retire-Easy Balanced Fund and China Life Retire-Easy Global Equity Fund which took effect on 1 April 2017.

Members may refer to the Fourth Addendum to the Principal Brochure for the update changes relating to the disclosure of trustee, administration, custodian and investment management fees of the above relevant Constituent Funds and relevant APIFs for easy reference.

D. Other Changes

- To provide greater flexibility in handling Members' requests, the Approved Trustee has decided to extend the cut-off time for receipt of contributions, redemption requests, rebalancing instructions and new investment mandate for future contributions and transfer-in assets from 12:00 noon to 4:00 p.m. on any Dealing Day effective from the Effective Date.
- The office address of the Investment Manager, Invesco Hong Kong Limited, has been amended as follows and will be reflected in the Principal Brochure with immediate effect:
"41/F, Champion Tower, Three Garden Road, Hong Kong".

E. Impact on Scheme Participants

Employers, self-employed persons or personal account holders who do not wish to be involved in the above changes may transfer out of China Life Scheme to other MPF schemes free of charge. Employee members who do not wish to be involved in the above changes, may transfer their accrued benefits derived from their employee mandatory contributions under their current employment to another MPF scheme chosen by them once every year which will be free of charge as well. All costs and expenses associated with the above changes in relation to China Life Scheme will be solely borne by us. The Approved Trustee confirms that the changes above do not have any adverse impact on the interests of employers and Members. There is no action required by Members on the above amendments contained in this notice.

The Trust Deed as well as the latest Principal Brochure have been amended to reflect all the above changes by way of the nineteenth deed of variation and the Fourth 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, Second Addendum, Third Addendum and Fourth 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
21 August 2018

This is a computer printout and no signature is required.