

China Life MPF Master Trust Scheme
(“China Life Scheme”)
Termination of China Life Retire-Easy Balanced Fund and
China Life Retire-Easy Capital Stable Fund (“Termination”) – FAQs

1. What is the key point of the Termination?

Pursuant to clause 17.3.1 of the Trust Deed, China Life Retire-Easy Balanced Fund and China Life Retire-Easy Capital Stable Fund (each is referred to as is a “Terminating CF”) will be terminated with effect from 23 September 2019. The redemption proceeds of each of the Terminating CF will be transferred to and used to purchase units in China Life Balanced Fund and China Life Age 65 Plus Fund (each a “Transferee CF”) respectively whereby the Transferee CFs have very similar investment objectives. There will be no increase in the management fees as a result of the transfer of members’ investment from the Terminating CF(s) to the corresponding Transferee CF(s).

2. When will the restructuring take place?

The effective date of the Termination is 23 September 2019.

3. Which funds will be terminated and what will happen to the assets in these funds?

On 23 September 2019, we, China Life Trustees Limited, will redeem all units relating to each of the above Terminating CFs and use the redemption proceeds to purchase the units in the corresponding Transferee CFs, i.e. China Life Balanced Fund and China Life Age 65 Plus Fund which share similar investment objectives.

The following is a diagram of Terminating CFs and their corresponding Transferee CFs for reference:

| | | |
|--|---|-----------------------------|
| China Life Retire-Easy Balanced Fund | → | China Life Balanced Fund |
| China Life Retire-Easy Capital Stable Fund | → | China Life Age 65 Plus Fund |

4. Why is the Termination taking place? What are the benefits?

The Termination will simplify the choice of Constituent Funds available under China Life Scheme and enhance the competitiveness of China Life Scheme. Besides, as the Terminating CFs and the corresponding Transferee CFs’ share similar investment objectives, the MPF assets will be combined for investment, we believe economic of scale can be achieved. In addition, the Transferee CFs have lower management fees comparing with the corresponding Terminating CFs, for members whose MPF benefits are invested in the Terminating CFs and will be transferred to Transferee CFs can enjoy a lower fee. We consider that the Termination is for the interests of members.

5. Why have the China Life Balanced Fund and China Life Age 65 Plus Fund been selected as the Transferee CFs?

The Transferee CFs share very similar investment objectives and risk levels compared to the Terminating CFs. Members who hold units in the Terminating CFs will not be subject to higher risk after the termination of the Terminating CFs and their unit holdings are transferred to the corresponding Transferee CFs.

6. How many constituent funds will there be after the Termination?

There will be 9 constituent funds in China Life Scheme after the completion of the termination of Terminating CFs.

7. Will my accrued benefits and account balances be affected at all by the Termination?

We will liaise with all service providers such as the Investment Managers, Custodians and Administrator of China Life Scheme and the relevant APIFs to ensure proper arrangements (including but not limited to administrative and operational) are in place for the transition and a smooth transfer of accrued benefits of the members from the Terminating CFs to the Transferee CFs (or to other constituent funds as the members may instruct).

There will be no bid and offer spreads or other transaction costs in relation to the redemptions of the units of the Terminating CFs and the subsequent subscriptions in the units of the Transferee CFs.

We do not foresee any loss of accrued benefits of members arising out of the termination of the Terminating CFs. In case there is any event (other than fluctuation of fund price or circumstances beyond the control of us) resulting in any loss of accrued benefits of the members as a result of the termination of the Terminating CFs, we will compensate the loss incurred.

8. How will the transfer of accrued benefits take place for the Terminating CFs?

On 23 September 2019, all units in each of the Terminating CFs will be redeemed and the redemption proceeds of each of the Terminating CFs will be used to purchase the units in the corresponding Transferee CFs. We will issue a confirmation to members who have units holding or investment mandate investing in Terminating CF(s) immediately prior to 23 September 2019, showing the amount of accrued benefits and unit holdings and/or investment mandates being transferred from the Terminating CFs to the corresponding Transferee CFs. The confirmation will be issued within 1 month after 23 September 2019. For members who have units holding investing in the Terminating CFs immediately prior to 23 September 2019, may also check their latest unit holdings as a result of the termination of the Terminating CFs by accessing our website on 25 September 2019.

The value of holdings of the members investing in a Terminating CF immediately before the termination will be the same as the value of holdings of the members transferred to the corresponding Transferee CF immediately after the termination of the Terminating CFs.

The number of units of the Transferee CFs to be allocated to each member concerned will be determined by dividing the redemption value of each Terminating CF attributable to the member concerned on 23 September 2019 by the unit price of the corresponding Transferee CF on 23 September 2019.

9. Will the dealing be suspended due to the Termination?

Dealings of the Terminating CFs will be suspended on 20 September 2019 (“Suspension”) in order to process and settle all dealing instructions that may be received by us prior to the Suspension. The determination of the net asset value of each of the Terminating CFs, however, will continue and remain unaffected during the Suspension.

For cut-off times for various types of instructions involving the Terminating CFs to be received by us in the transitional arrangement, please refer to Q14 below or the “Notice to Participating Employers and Members” issued on 10 June 2019.

10. Will there be changes to the management fees as a result of the Termination?

There will be no increase in the management fees as a result of the transfer of members’ investment from the Terminating CF(s) to the corresponding Transferee CF(s).

The following is a diagram of Terminating CFs and their corresponding Transferee CFs (with respective management fees set out in brackets) for members’ reference:

| | | |
|--|---|---|
| China Life Retire-Easy Balanced Fund (1.58% p.a.) | → | China Life Balanced Fund (1.50% p.a.) |
| China Life Retire-Easy Capital Stable Fund (1.58% p.a.) | → | China Life Age 65 Plus Fund (0.75% p.a.) |

11. Will the website or Interactive Voice Response System continue to be in service during the Termination?

The website will continue in service during the Termination. However, members should note that the Terminating CFs will not be available for selection for rebalancing or change of investment mandate after 4p.m. on 11 September 2019. The relevant instructions will be rejected and we will inform the affected members of the rejection as soon as practicable.

The Interactive Voice Response System only provides enquiry services and is not available for receiving instructions.

12. Do I need to pay any extra fees or charges for the Termination?

No. All costs of the Termination will be borne by us.

13. Do I need to change the forms that I am now using?

Yes. New versions of administration forms (with Terminating CFs removed) will be made available from 23 September 2019 onwards via our website (www.chinalifetrustees.com.hk) and other channels.

14. Will there be any special administration arrangement that requires my attention?

Details of the transitional arrangement of instructions involving the Terminating CFs will be as follows:

| Types of instructions relating to the Terminating CFs | Relevant cut-off time | After the relevant cut-off time |
|---|--|---|
| Member enrolment, Subscriptions (i.e. contributions and transfer-in assets) Redemption (i.e. claims, withdrawals, and transfer-out assets) | Relevant instructions received on or before the relevant cut-off time (i.e. 19 September 2019 4p.m.) will be processed in accordance with the normal timeframe free of charge. | Relevant instructions received after the relevant cut-off time (i.e. 19 September 2019 4p.m.) will be withheld. Such instructions involving the Terminating CFs will be deemed and processed as instructions with respect to the corresponding Transferee CFs. Processing of these instructions will be resumed from 24 to 27 September 2019. |
| Rebalancing and change of investment mandate | Relevant instructions received on or before the relevant cut-off time (i.e. 11 September 2019 4p.m.) will be processed in accordance with the normal timeframe free of charge. | Relevant instructions received after the relevant cut-off time (i.e. 11 September 2019 4p.m.) will be rejected. We will inform the affected members of the rejection as soon as practicable. |

Members should note that the Terminating CFs will not be available for selection for rebalancing or change of investment mandate after 4p.m. on 11 September 2019.

Website service for account balance enquiry will be available to members before and after cut-off time.

New versions of enrolment forms (with Terminating CFs removed) will be made available from 23 September 2019 onwards. There will be a transitional period of 3 months (i.e. up to 22 December 2019) for accepting the old version of enrolment forms by us. Upon receipt of the old versions of enrolment forms during the 3-month period, instructions for investing in any of the Terminating CFs will be deemed and processed as instructions with respect to the corresponding Transferee CFs. Old versions of enrolment forms received by us after the 3-month period will be rejected.

15. Do I need to take any action if I am investing / have investment mandate in the Terminating CFs?

If members who are holding units in the Terminating CF(s) and/or whose investment mandates are to invest in the Terminating CF(s), do not wish their units and future contributions and/or transfer-in assets to be transferred and/or invested in the Transferee CFs from 23 September 2019 onwards, they may give instructions to switch their units or future investment in the Terminating CF(s), so that we receive them on or before 4p.m. on 11 September 2019. Members' instructions may be submitted online, delivered by hand, fax, post, or via email to us. The above mentioned rebalancing and change of investment mandate instruction will be processed in accordance with normal timeframe free of charge.

16. What should I do if I do not wish to involve in the Termination?

Employers, self-employed persons or personal account holders who do not wish to be involved in the Termination 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 Termination, 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.

17. How can I find out more information about the Termination?

We have sent a notice to all participating employers and members regarding the Termination on 10 June 2019. The Trust Deed as well as the latest Principal Brochure have been amended to reflect all the related changes by way of the Twenty First deed of variation and the Second 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 Second 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 Termination.

For Participating Employers only

18. Will the Termination affect my contribution payment arrangements?

No. The Termination will not affect the contribution payment arrangements.

19. Will the restructuring affect regular contributions for our employees?

The regular contributions will not be affected. You can submit the contributions for your employees as usual.

20. How will our employees be notified regarding the Termination?

We have sent notice to all members (including your employees who have enrolled into China Life Scheme) and please refer details under Q17. We will also send notice regarding the Termination to new enrolled members during notification period by inserting it with the Notice of Participation. .