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中國人壽中央公積金簡介

China Life Central Provident Fund Principal Brochure

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

客戶服務熱線 Customer Service Hotline: 3999 5555
www.chinalife.com.hk

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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) Co Ltd Hong Kong Branch. Your investment in this insurance policy are held as the asset of China Life Insurance (Overseas) Co Ltd Hong Kong Branch. 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) Co Ltd Hong Kong Branch.

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) Co Ltd Hong Kong Branch is the guarantor of the Guaranteed Policy. Your investments are therefore subject to the credit risks of the guarantor, China Life Insurance (Overseas) Co Ltd Hong Kong Branch. 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.

CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED

HONG KONG BRANCH

BACKGROUND

China Life Insurance Company Limited Hong Kong Branch was renamed as China Life Insurance (Overseas) Company Limited Hong Kong Branch (“China Life Insurance (Overseas)”) in 2003. It was founded and registered in Hong Kong on 15th November 1984. China Life Insurance (Overseas) is the largest state-owned life insurance company in Hong Kong and Macau.

By pursuing the "Prudent, Enthusiastic, Efficient and Pragmatic" corporate objectives and adopting the "Customers First" business principle, China Life Insurance (Overseas) has firmly established its foundation in Hong Kong and has kept pace with the development in the society with its business development progress. The major lines of business include Life Insurance, Investment-linked Life Insurance, Health Insurance, Retirement Schemes (MPF & Provident Fund).

“All For The Insured, Serving Whole Society” is the spirit of the entrepreneur of the Company. The Company will, as it always has, take root in Hong Kong, create prosperity with Hong Kong people, and work together for a more glorious future of Hong Kong.

INTRODUCTION

The Fund is administered by China Life Insurance (Overseas). It 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.

STRUCTURE

An Approved Retirement Scheme

The Fund is established under a master 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.

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").

The Trust Deed

The Trust Deed of the Fund lays down the rules of operation and the duties and obligations of the Trustee.

The Trustee

The Trustee of the Fund is China Life Trustees Limited which undertakes to manage the Fund. Its registered office situates at 20/F., CLI Building, 313 Hennessy Road, Wanchai, Hong Kong. All assets under the Fund are vested in the Trustee to ensure that the investments are properly managed.

Administration Manager

The Trustee has appointed China Life Insurance (Overseas) as the administration manager of Participating Schemes. Its registered office situates at 22/F., CLI Building, 313 Hennessy Road, Wanchai, 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.

Investment Manager

All assets under the Fund will be invested and managed by Taiping Assets Management (HK) Limited (“TAMHKL ”)(formerly known as China Insurance Group Assets Management Limited) whose registered office is situate at 12/F., Ming An Plaza, Phase II, 8 Sunning Road, Causeway Bay, 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 sections 105 of the Securities and Futures Ordinance. The authorization by SFC does not imply official recommendation.

Tax Consequences

1. To the Employee

- (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 the maximum amount of \$12,000 per year.

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.

Legislation

The Fund is governed by the Occupational Retirement Schemes Ordinance ("ORSO"), MPFSO, the Regulation (where applicable) and the Code on Pooled Retirement Funds. 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 the proper law of the Fund is the laws of Hong Kong.

THE FUND

The Fund offers flexibility and simplicity of design and operation of defined contribution scheme. 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: -

<u>Completed Years of Service</u>	<u>Vested Percentage</u>
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

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.

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 insurance policy issued by China Life Insurance (Overseas). Your investments are subject to the credit risks of China Life Insurance (Overseas).

The above insurance policy will be invested in:

- (a) Stocks and shares and other equity-related instruments either listed in Hong Kong or other developed countries of not more than 65% of the net asset value of the Fund;
- (b) Authorized unit trusts of similar objectives;
- (c) Debt securities of credit rating A3 or above including commercial papers, certificate of deposits, bonds, notes, bills etc. issued by substantial international or Hong Kong companies or licensed banks constituting not more than 70% of the net asset value of the Fund;
- (d) Bank Deposits denominated in multiple currencies.

The investment portfolio is 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.

The Fund may invest in unquoted investments, subject to restrictions but not unauthorized unit trusts.

2. Investment Restrictions and Prohibitions

These investment restrictions and prohibitions apply to the Fund and insurance policy. Nevertheless, all Participating Schemes under the Fund must comply with the investment restrictions as stipulated under ORSO.

- (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 except where any of those parties is a substantial financial institution. The Fund or any part thereof may not be used to guarantee any loans;

- (b) No money will be invested
 - (i) in the writing of uncovered options;
 - (ii) the writing of call options on portfolio investments may not exceed 25 per cent of the Fund's total net asset value in terms of exercise price.

- (c) No money will be invested where the value of
 - (i) securities of any one company or body
 - (ii) total unquoted investments
 - (iii) options and warrants
 - (iv) futures contracts
 - (v) physical commodities (including gold, silver, platinum or other bullion), futures contracts, options or commodities and futures contracts and commodities based investments;held by the Fund exceeds 10% of the net asset value of the Fund.

- (d) No money available from the Fund will be invested where the value of the nominal amount of a security of any one class in any company or body would exceed 10 per cent of the total nominal amount of all the issued securities of that class immediately after such investment has been made.

Notwithstanding (c)(i) and (d) above up to 30 per cent of the Fund's total net asset value may be invested in Government and other public securities of the same issue;

- (e) Subject to the above, the Fund may invest all of its assets in Government and other public securities in at least six different issues.

- (f) **Borrowings**
Borrowings are permitted up to 10 per cent of the net asset value of the Fund as a hedge against currency movements or to enable the investment manager to acquire new investments for the Fund or rather than converting existing holdings to meet realisation payments and expenses of the Fund.

The Fund 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 Fund's portfolio, the amount of which has not already been taken into account for the purposes of (b) above.

The Fund 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 without the prior written consent of the Trustee. The Fund may not acquire any assets which involves the assumption of any liability which is unlimited.

The Fund 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) or in any securities of any class in any company or body if any director or officer of the investment manager 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 Fund may not engage in short selling which will have the consequence that the Fund'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.

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 insurance 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

At the end of each Annual Report Date, the Fund will be valued in accordance with the rules set out in the Trust Deed and the investment earnings so calculated will be credited to the relevant accounts of the participating employers and Members accordingly.

The Trustee shall within 6 months after the end of each financial year of the Fund 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 quoted or for which the market prices may not be available, the market value will be the value fixed by an independent professional valuer appointed by the Trustee;
- (c) if the investment is money market instruments, the market value will be 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;
- (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. Your investments are therefore subject to the credit risks of China Life Insurance (Overseas).

(a) Guarantee Features

(i) Guaranteed 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 3.5% p.a. (or such higher minimum rate of interest as agreed between China Life Insurance (Overseas), the Trustee, and the Employer) on the capital (together with any declared rate of return) compounded annually on a simple interest basis. The guaranteed net return of 3.5% will be net of all fees and expenses (including investment fee, reserve fee and smoothing provision) chargeable by China Life Insurance (Overseas).

* The capital means

1. the actual amount of contributions invested in the Guaranteed Policy, together with any declared rate of return accumulated up to and including 31st December of the preceding calendar year, plus
2. the actual amount of contributions invested in the Guaranteed Policy in the current year.

(ii) Minimum Guaranteed Return

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

If the actual gross return of the Guaranteed Policy declared by China Life Insurance (Overseas) at the end of December of each calendar year exceeds the guaranteed net return of 3.5% per annum for a particular year, the actual return for that year will be the actual gross return less the reserve fee. Members will receive a higher return than the guaranteed net return under such situation. However, you must note that a reserve fee up to a maximum of 0.5% per annum of the net asset value of the Guaranteed Policy as at 31st 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 3.5% 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).

If the actual gross return of the Guaranteed Policy is lower than the guaranteed net return of 3.5% p.a. for that particular year, the shortfall will be made up by China Life Insurance (Overseas). The guaranteed net return

will be credited to each Member Account at the beginning of the following financial year of the Fund with retrospective effect.

In addition, China Life Insurance (Overseas) may at its sole discretion set aside any amount as smoothing provision for the purpose of smoothing contingency at any time and the guaranteed net return provided that the amount shall not exceed 0.5% per annum of the net asset value of the Guaranteed Policy as at 31st December of each calendar year. The smoothing provision is paid at the beginning of the following financial year of the Fund and is the property of the Fund.

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:

<u>Assets Allocation</u>	<u>Targeted Weighting (range%)</u>
Fixed Income	50-90
Equities	5-30
Cash	5-20

<u>Geographical Distribution</u>	
Asia Pacific	70%
Rest of the World (ex-Asia Pacific)	30%

(c) Guaranteed Net Return Declared For the Past 5 Years

Year 2006	3.5%
Year 2007	3.5%
Year 2008	3.5%
Year 2009	3.5%
Year 2010	3.5%

Please note that these figures are illustration only and past performance is not indicative of future performance. 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.

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. However, if the termination happens within 5 years of participation, a Termination Charge will apply.

Termination Value

Where any Employer ceases to participate in the above Guaranteed Policy, China Life Insurance (Overseas) shall pay an amount in accordance with the Guaranteed Policy which amount is known as the Termination Value.

- (a) A Termination Value equal to or less than HK\$20,000,000 shall be payable in full within 30 days after the Termination Date.
- (b) The balance of the Termination Value in excess of HK\$20,000,000 shall be payable by
 - (i) HK\$5,000,000 each month until exhausted or
 - (ii) equal installments over a maximum period of 10 monthswhichever is the greater amount or such other arrangement as may be agreed among China Life Insurance (Overseas), the Trustee and the relevant Employer.
- (c) Interest at the normal Hong Kong Dollar savings account interest rate in Hong Kong Bank as determined by China Life Insurance (Overseas) shall be payable on the balance of the Termination Value and will be paid in a lump sum together with the last installment payment of the balance Termination Value.
- (d) The first installment in sub-clause(b)(ii) above shall become due and payable within 60 days after the Termination Date.

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 3.5%, 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 3.5% on investment of premiums per annum pro-rated for the relevant period is applicable to Members leaving the Guaranteed Policy during the policy year.

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.
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 Fund 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:

<u>Contribution (HK\$)</u>	<u>Contribution Fee (% of Contribution)</u>
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

An initial registration fee of HK\$1,200 will be paid by the Employer to the Authority in respect of the Participating Scheme joining the Fund. An annual prescribed fee of HK\$1,200 levied by the Authority together with the professional fees chargeable by the Participating Scheme's auditor and solicitor in preparing their annual statements for which at present do not exceed HK\$2,500.00 will be borne and paid by the Employer in addition to the contributions after registration.

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:

<u>Completed years as at the date of termination</u>	<u>Termination Charge as a % of the value of asset of the Participating Scheme</u>
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 3.5% per annum.

A Summary of Fees and Charges

At Fund Level		
Flat Fee	\$500.00 per Participating Scheme	per annum
Membership Fee	\$30.00 per Member	per annum
Services Fee	0.75% - 4%	per annum
Prescribed Fee	\$1,200.00	per annum
Professional Fee	currently not exceeding \$2,500.00	per annum

Insurance Policy Level		
Investment Charge	1% of net asset value of Member's Accounts	per annum
Termination Charge	0% - 5%	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

Apart from the above table “A Summary of Fees and Charges”, there will be no other fees or charges.

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

REBATES

Neither the Trustee/TAMHKL 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 Members;
- (b) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; and
- (c) adequate prior disclosure is made in this Principal Brochure.

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.

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.

AUDITOR

The auditor of the Fund is PricewaterhouseCoopers, 33/F, Cheung Kong Centre, 2 Queen’s Road Central, Hong Kong.

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 Insurance (Overseas);
- (3) complete the document required for registration under the relevant Ordinances; and
- (4) complete a member enrollment form.

The Employer will be given copies of:

- ◆ the completed documents;
- ◆ the Trust Deed; and
- ◆ relevant policy

China Life Trustees Limited and China Life Insurance (Overseas) Company Limited Hong Kong Branch accept responsibility for the accuracy of the information contained herein as at the date of this principal brochure.

DATED: 14 July 2011

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

This Addendum should be read in conjunction with and forms part of the Principal Brochure for China Life Central Provident Fund (14th July 2011 edition).

The following amendments shall take effect from 1 June 2012:

1. Tax Consequences

Item 1 (b) of section “Tax Consequence ” on page 5 shall be deleted and substituted by the following:

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

China Life Trustees Limited
Date: 11 May 2012

**SECOND ADDENDUM TO THE PRINCIPAL BROCHURE OF
CHINA LIFE CENTRAL PROVIDENT FUND**

This is the Second Addendum (“Second Addendum”) dated 12 May 2014 to the Principal Brochure dated 14 July 2011 (“Principal Brochure July 2011 Edition”) of China Life Central Provident Fund (“Provident Fund”). The First Addendum issued in May 2012 and this Second Addendum together with the Principal Brochure July 2011 Edition form the latest version of the Principal Brochure of the Provident Fund. The First Addendum and this Second Addendum must only be distributed and read with the Principal Brochure July 2011 Edition of the Provident Fund.

The following amendments will be effective from 19 May 2014:

1. The address of registered office of China Life Trustees Limited in line 2 of the section “The Trustee” on page 4 will be substituted by the following:

“17/F., CLI Building, 313 Hennessy Road, Wan Chai, Hong Kong”

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

This is the Third Addendum (“Third Addendum”) dated 31 August 2015 to the Principal Brochure dated 14 July 2011 (“Principal Brochure July 2011 Edition”) of China Life Central Provident Fund (“Fund”). The Addendum issued in May 2012, the Second Addendum issued in May 2014 and this Third Addendum together with the Principal Brochure July 2011 Edition form the latest version of the Principal Brochure of the Fund. The Addendum, the Second Addendum and this Third Addendum must only be distributed and read with the Principal Brochure July 2011 Edition.

The following amendments shall take effect from 1 March 2016:

1. The following item 4 “Implications of FATCA” shall be added after item 3 of “Tax Consequences” on page 6:

“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 tax payers 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.
2. The following new paragraph is added after the first paragraph of "Portability or Transferability of Minimum MPF Benefits under "B. For New Members of MPF exempted ORSO registered Scheme ("relevant scheme")" on page 11:

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.

**FOURTH ADDENDUM TO THE PRINCIPAL BROCHURE OF
CHINA LIFE CENTRAL PROVIDENT FUND**

This is the Fourth Addendum (“Fourth Addendum”) dated 8 January 2018 to the Principal Brochure dated 14 July 2011 (“Principal Brochure July 2011 Edition”) of China Life Central Provident Fund (“Fund”). Capitalised terms used in this Fourth Addendum bear the same meaning as in the Principle Brochure July 2011 Edition. The Addendum issued in May 2012, the Second Addendum issued in May 2014, the Third Addendum issued in August 2015 and this Fourth Addendum together with the Principal Brochure July 2011 Edition form the latest version of the Principal Brochure of the Fund. The Addendum, the Second Addendum, the Third Addendum and this Fourth Addendum must only be distributed and read with the Principal Brochure July 2011 Edition.

The following amendments shall take effect from 1 January 2019:

1. “Guaranteed Mechanism” in page [12] will be amended as follows:
 - (a) by substituting “net return of 3.5% p.a.” with “net return of 3% p.a.” in line 3; and
 - (b) by substituting “guaranteed net return of 3.5%” with “guaranteed net return of 3%” in line 7;
2. by substituting “3.5%” with “3%” wherever it appears in “(ii) Minimum Guaranteed Return” in page [12];
3. by substituting the original “(c) Guaranteed Net Return Declared For the Past 5 Years” in page [13] with the following:

“(c) Minimum Guaranteed Return For the Past 5 Years

Year 2012	3.5%
Year 2013	3.5%
Year 2014	3.5%
Year 2015	3.5%
Year 2016	3.5% ”
4. by substituting “3.5%” with “3%” in line 3 of the last paragraph of “Termination Value” in page [14];
5. by substituting “3.5%” with “3%” in line 1 of “Withdrawal” in page [14]; and
6. by substituting “3.5%” with “3%” in line 3 of “3. Reserve Fee” in page [16].

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

This is the Fifth Addendum (“Fifth Addendum”) dated 31st December 2019 to the Principal Brochure dated 14 July 2011 (“Principal Brochure July 2011 Edition”) of China Life Central Provident Fund (“Fund”). Capitalised terms used in this Fifth Addendum bear the same meaning as in the Principle Brochure July 2011 Edition. The Addendum issued in May 2012, the Second Addendum issued in May 2014, the Third Addendum issued in August 2015, the Fourth Addendum issued in January 2018 and this Fifth Addendum together with the Principal Brochure July 2011 Edition form the latest version of the Principal Brochure of the Fund. The Addendum, the Second Addendum, the Third Addendum, the Fourth Addendum and this Fifth Addendum must only be distributed and read with the Principal Brochure July 2011 Edition.

The following amendments will take effect immediately:

1. (i) “China Life Insurance (Overseas) Co Ltd Hong Kong Branch” in line 3 of the first paragraph of the second bullet point of “Important Notice” in page 1 will be replaced by “China Life Insurance (Overseas) Company Limited (incorporated in the People’s Republic of China with limited liability)[“China Life Insurance (Overseas)”]”;
- (ii) “China Life Insurance (Overseas) Co Ltd Hong Kong Branch” wherever it appears in the rest of the first paragraph of the second bullet point and the third bullet point of “Important Notice” in page 1 and “China Life Insurance (Overseas) Company Limited Hong Kong Branch” in page 18 will be replaced by “China Life Insurance (Overseas)” ;
2. (i) The heading “CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED HONG KONG BRANCH” will be substituted by “CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED (INCORPORATED IN THE PEOPLE’S REPUBLIC OF CHINA WITH LIMITED LIABILITY)” in page 2;
- (ii) “founded and” will be deleted in the first paragraph of “BACKGROUND” in page 2;
3. “12/F, Ming An Plaza Phase II, 8 Sunning Road, Causeway Bay, Hong Kong” in “Investment Manager” in page 4 will be substituted by “Unit 1-2, 19th Floor, No. 18 King Wah Road, Hong Kong”;
4. “Securities and Futures Commission Authorization” in page 4 will be replaced by the following:

“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.”

5. (i) The second paragraph of “1. Investment Objectives” in page 9 will be replaced by the following:
“ An investment portfolio is expected to comply with the general provisions of Chapter 7 of the SFC’s Code on Unit Trusts and Mutual Funds (“UT Code”).The above insurance policy 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. ”;
- (ii) The last paragraph of “1. Investment Objectives” in page 9 will be deleted.
6. Item “2. Investment Restrictions and Prohibitions” in pages 9 will be replaced by the following:

“ Investment Restrictions and Prohibitions

The investment restrictions and prohibitions apply to the Fund and the insurance policy.

- (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 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 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 Fund'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 Fund; or
 - (ii) the aggregate value of the Fund'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 Fund; 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 Fund.

The Fund 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 Fund's total net asset value may be invested in Government and other public securities of the same issue. Subject to the above, the Fund 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 Fund may not exceed 10% of the total net asset value of the Fund as a hedge against currency movements or to enable the investment manager to acquire new investments for the Fund or rather than converting existing holdings to meet realization payments and expenses of the Fund.

The Fund 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 Fund'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 Fund 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 Fund may not acquire any assets or engage in any transaction which involves the assumption of any liability which is unlimited.

The Fund 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 Fund may not engage in short selling which will have the consequence that the Fund'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.”

7. The first paragraph of “Rebates” in page 17 will be substituted by the following:

“8. 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 the 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.”

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

This is the Sixth Addendum (“Sixth Addendum”) dated 28th February 2021 to the Principal Brochure dated 14 July 2011 (“Principal Brochure July 2011 Edition”) of China Life Central Provident Fund (“Fund”). Capitalized terms used in this Sixth Addendum bear the same meaning as in the Principal Brochure July 2011 Edition. The Addendum issued in May 2012, the Second Addendum issued in May 2014, the Third Addendum issued in August 2015, the Fourth Addendum issued in January 2018, the Fifth Addendum issued in December 2019 and this Sixth Addendum together with the Principal Brochure July 2011 Edition form the latest version of the Principal Brochure of the Fund. The Addendum, the Second Addendum, the Third Addendum, the Fourth Addendum, the Fifth Addendum and the Sixth Addendum must only be distributed and read with the Principal Brochure July 2011 Edition.

I. Change to guaranteed net return and the range of asset allocation

The following amendments will take effect from 1 September 2021:

1. The following items 5(a)(i) and 5(a)(ii) on pages 12-13 shall be substituted by the following:

“(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 3% p.a. pro-rated for the period before 1 September 2021 (“Effective Date”) and 1.50% p.a. pro-rated for the period starting from the Effective Date (or such higher minimum guaranteed net return as agreed between China Life Insurance (Overseas), the Trustee, and the Employer) on the capital (together with any declared rate of return) compounded annually on a simple interest basis. The guaranteed net return of 3% p.a. (for the period before the Effective Date) or 1.50% p.a. (for the period starting from the Effective Date) will be net of all fees and expenses (including any investment fee, reserve fee and smoothing provision) chargeable by China Life Insurance (Overseas). 10.1(c)

*The capital means

1. the actual amount of all contributions invested in the Guaranteed Policy, together with any declared rate of return accumulated up to and including 31st December of the preceding calendar year, plus
2. the actual amount of contributions invested in the Guaranteed Policy in the current year.

(ii) Minimum Guaranteed Return

10.1(c)

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

If (i) the actual gross return of the Guaranteed Policy declared by China Life Insurance (Overseas) at the end of December of each calendar year pro-rated for the period before the Effective Date exceeds the guaranteed net return of 3% p.a. pro-rated for such period, or (ii) the actual gross return declared pro-rated for the period starting from the Effective Date exceeds the guaranteed net return of 1.50% p.a. pro-rated for such period, the actual return for the relevant period will be the pro-rated actual gross return less the pro-rated reserve fee. 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 3% p.a. pro-rated for the period before the Effective Date and 1.5% p.a. pro-rated for the period starting from the Effective Date 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). 10.1(c)

If (i) the actual gross return of the Guaranteed Policy declared by China Life Insurance (Overseas) at the end of December of each calendar year pro-rated for the period before the Effective Date is lower than the guaranteed net return of 3% p.a. pro-rated for such period, or (ii) the actual gross return declared pro-rated for the period starting from the Effective Date is lower than the guaranteed net

return of 1.50% p.a. pro-rated for such period, the shortfall for the relevant period 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 relevant guaranteed net return will be credited to each Member Account on a pro-rata basis at the beginning of the following financial year of the Fund with retrospective effect.

In addition, China Life Insurance (Overseas) may at its sole discretion set aside, as smoothing provision, any amount on the amount of gross return exceeding (i) the guaranteed net return of 3% p.a. pro-rated for the period before the Effective Date and 1.5% p.a. pro-rated for the period starting from the Effective Date, 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.

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)."

2. The range of asset allocation in item 5(b) on page 13 shall be substituted by the following: 10.1B

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

3. The following item 5(c) on page 13 shall be substituted by the following: 10.1(c)

“(c) Minimum Guaranteed Return for the Past 5 Years

Year 2016	3.5%
Year 2017	3.5%
Year 2018	3.5%
Year 2019	3%
Year 2020	3%

Please note that these figures are illustration only and past performance is not indicative of future performance. 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.”

4. The reference to the guaranteed net return of “3%” in the last paragraph of “Termination Value” on page 14 shall be replaced by “3% p.a. (for the period before the Effective Date) or 1.50% p.a. (for the period starting from the Effective Date)”.
5. The paragraph of “Withdrawal” on page 14 shall be substituted by the following:
- “The guaranteed net return of (i) 3% p.a. pro-rated for the period before the Effective Date or (ii) 1.50% p.a. pro-rated for the period starting from the Effective Date on investments of premium is applicable to Members leaving the Guaranteed Policy during the policy period on a pro-rata basis.”
6. The reference to the guaranteed net return of “3% per annum” in item 3 “Reserve Fee” on page 16 shall be replaced by “3% p.a. pro-rated for the period before the Effective Date and 1.50% p.a. pro-rated for the period starting from the Effective Date”. 10.1(c)

II. Change to guarantee mechanism

The following amendments will take effect from 1 January 2022:

7. The following items 5(a)(i) and 5(a)(ii) on pages 12-13 shall be substituted by the following:

“(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). 10.1(c)

*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

10.1(c)

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). 10.1(c)

In addition, China Life Insurance (Overseas) may at its sole discretion set aside, as smoothing provision, 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

10.1B

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	60,045.91	4.00%	1,880.47	60,510.33
2025	5,400	266.60	65,712.51	1.50%**	241.09	66,151.42

*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\$66,151.42** (i.e. the Actual Balance of HK\$66,151.42 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	60,045.91	-2.00%	-930.67 [#]	57,224.26
2025	5,400	266.60	65,712.51	1.50%**	229.09	62,853.35

*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\$62,853.35).

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)."

8. The reference to the guaranteed net return of “3% p.a. (for the period before the Effective Date) or 1.50% p.a. (for the period starting from the Effective Date)” in the last paragraph of “Termination Value” on page 14 shall be replaced by “1.50% p.a.”.
9. The paragraph of “Withdrawal” on page 14 shall be substituted by the following:

“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.”
10. The reference to the guaranteed net return of “3% p.a. pro-rated for the period before the Effective Date and 1.50% p.a. pro-rated for the period starting from the Effective Date” in item 3 “Reserve Fee” on page 16 shall be replaced by “1.50% p.a.”.