

# China Life MPF Master Trust Scheme

## ("China Life Scheme")

### NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

This notice is important and requires your immediate attention. Terms used in this notice (unless otherwise defined below) bear the same meaning as in the MPF Scheme Brochure December 2020 Edition of China Life Scheme. If you are in doubt about the contents of this notice, you should seek independent professional financial advice. The Approved Trustee of China Life Scheme accepts responsibility for the contents of this notice as being accurate as of the date of this notice.

The following is a summary of the changes which are elaborated in the main body of this notice:

#### **I. Issuance of Key Scheme Information Document**

A new "key scheme information document" ("KSID") will be issued to form part of the offering document of a registered scheme under MPFSO pursuant to the amended MPFA's Code on Disclosure for MPF Investment Funds. The KSID of China Life Scheme will be available from 30 June 2022.

#### **II. Restructuring of China Life Retire-Easy Global Equity Fund under China Life Scheme**

With effect from 26 September 2022 ("Effective Date"), the following changes ("Restructuring") will be made to the China Life Retire-Easy Global Equity Fund ("Fund"):

- A. The structure of the Fund will be changed from a feeder fund to a portfolio management fund.
- B. The statement of investment policy and objective ("SIPO") will be amended to reflect that the restructure of the Fund from a feeder fund investing in a single underlying Approved Pooled Investment Fund ("Current APIF") to become a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA ("Approved ITCISs").
- C. Invesco Hong Kong Limited will cease to be the investment manager of the Current APIF of the Fund and China Asset Management (Hong Kong) Limited ("CAMHK") will be appointed as the Investment Manager of the Fund.
- D. The aggregate fees and charges of the Fund will be lowered from 1.48% per annum to no more than 1.40% per annum.

#### **Impact on Members**

The Restructuring of the Fund from a feeder fund into a portfolio management fund will help diversify the investments. The aggregate fees and charges of the Fund will be reduced after the Restructuring. The Approved Trustee does not expect the Restructuring will have any adverse impact on China Life Scheme or its Members.

#### **Actions Required**

- A. No action has to be taken if the participants of China Life Scheme decide to remain to invest in the Fund.
- B. However, if participants of China Life Scheme who do not wish to be involved in the Restructuring from the Effective Date and hold units in the Fund and/or have investment mandates to invest contributions in the Fund, they may notify us by submitting different types of instruction (as specified in Part 3 below) to us by the relevant time on the Cut-off Date (as defined in Part 3 below).

Members who have any queries in relation to this notice may contact our hotline 3999 5555.

Dear Employers and Members,

## **I. Issuance of Key Scheme Information Document**

In accordance with the amendments of the MPFA's Code on Disclosure for MPF Investment Funds in December 2021, a new "key scheme information document" - KSID, will be issued to form part of the offering document.

KSID is a simplified disclosure document which discloses the key information about China Life Scheme, and provides access to the detailed disclosure documents of China Life Scheme via electronic references (e.g. web link and/or QR code). The KSID of China Life Scheme will be available from 30 June 2022.

The Approved Trustee confirms that KSID will be in the interest of the Members and will not have any adverse impact on China Life Scheme or Members.

## **II. Restructuring of China Life Retire-Easy Global Equity Fund under China Life Scheme**

Thank you for your continuous support to China Life. As a result of our recent review of the Constituent Funds offered under China Life Scheme, the Restructuring of the Fund will be effective from the Effective Date.

### **1. Reason of the Restructuring**

We believe that the Restructuring will enhance the competitiveness of China Life Scheme and generate a more consistent return of the Fund in the long run by diversifying the portfolio into two or more Approved ITCISs. In addition, the aggregate fees of the Fund (at Constituent Fund level) will be reduced.

### **2. Details of the Restructuring of the Fund**

#### **A. Change of fund structure from feeder fund to portfolio management fund**

The Fund will be restructured from a feeder fund to a portfolio management fund.

Passive managed funds and exchange traded funds ("ETFs") have gained increased popularity in recent years. The underlying investment of the Fund will be changed from investing in a single Current APIF to allowing investment into two or more Approved ITCISs whereby passive managed funds will be available to Members. Please refer to Part I of the Appendix to this notice for details.

#### **B. Changes relating to SIPO**

The SIPO of the Fund will be amended to reflect that the Fund will be restructured from a feeder fund investing in a single APIF to become a portfolio management fund. As a result of the change of fund structure, the SIPO will be amended in the manner as stated in Part II of the Appendix.

#### **C. Change of Investment Manager**

Invesco Hong Kong Limited will cease to be the investment manager of the Current APIF of the Fund and China Asset Management (Hong Kong) Limited ("CAMHK") will be appointed as the Investment Manager of the Fund.

CAMHK is the sole off-shore subsidiary of China Asset Management Company Limited. CAMHK has been licensed by Hong Kong Securities and Futures Commission to engage in asset management, dealing in securities and advising securities.

CAMHK has been managing ETFs in Hong Kong since July 2012 following the listing of the CAMHK CSI 300 Index ETF and remains an active ETF issuer ever since. Throughout the years, CAMHK has continually launched strategies with various exposures and asset classes. Two or more Approved ITCISs will be selected

by CAMHK. We believe that CAMHK, as the new Investment Manager of the Fund, an active ETF issuer, will exercise independent judgement in choosing Approved ITCISs available in the market, taking into account Members' interest. We are of the view that the appointment of CAMHK as the new investment manager of the Fund, should be in the interests of Members.

**D. Reduction of Fees**

The aggregate fees and charges of the Fund will be lowered from 1.48% per annum to no more than 1.40% per annum with effect from the Effective Date. For further details, please refer to the Second Addendum to the Scheme Brochure.

**3. Actions Required**

The Restructuring will involve, in respect of the Fund, full redemption of the units held in the current single APIF and application of all redemption proceeds in the new Approved ITCISs on the Effective Date. The dealing transactions of the Fund will be suspended ("Suspension") from 20 September 2022 to 23 September 2022 ("Suspension Period") in order to process and settle all the dealing instructions that may be received by the Approved Trustee prior to the Suspension Period and to complete redemption of portfolio under the Current APIF. The Suspension is only applicable to the instructions of the Fund. We believe that the Suspension Period is necessary and reasonable to ensure Members' instructions are accurately and properly carried out in Members' interests.

Details of the transitional arrangement of instructions involving the Restructuring of the Fund will be as follows:

- a. Participants of China Life Scheme need not buy/sell or transfer their units in the Fund if they decide to remain to invest in the Fund.
- b. However, if participants of China Life Scheme who do not wish to be involved in the Restructuring from the Effective Date and hold units in the Fund and/or have investment mandates to invest contributions in the Fund may notify us (i) to rebalance their existing investments; and/or (ii) change their investment mandates in respect of any new contributions and transfer in benefits in the Fund to other Constituent Funds.

Alternatively, participants of China Life Scheme may transfer out of China Life Scheme to another MPF scheme, while Smart Easy Personal Contribution Account holders may withdraw accrued benefits from China Life Scheme. Please note that a Member (who is an employee) will not be entitled to transfer out of the Scheme unless his Employer elects to do so. However, such Member may transfer his accrued benefits derived from employee mandatory contributions under his current employment to another MPF scheme of his choice once every calendar year under the Employee Choice Arrangement.

Details of arrangement of types of instructions involving item b above will be as follows:

| <b>Types of instructions that involve units in the Fund</b>   | <b>At or before the relevant time on 19 September 2022 (the "Cut-off Date")</b>   |
|---|---|
| Instructions which relate to subscription and Member enrolment (including contributions and transfer-in monies) | The instructions (including receipt of cleared funds for subscription instructions) will be processed under the Approved Trustee's normal service benchmark, if the instructions are received at or before 4:00 p.m. (Hong Kong time) on the Cut-off Date.<br><br>Relevant instructions received after the relevant cut-off time (i.e. 4 p.m. on the Cut-off Date) will be withheld. Processing of these instructions will be resumed from 26 September 2022 after the Suspension Period. |
| Instructions which relate to redemption (including withdrawal claims, transfer-out benefits and ECA transfer)   |   |
| Instructions which relate to fund   | The instructions will be processed under the Approved   |

|   |   |
|---|---|
| rebalancing or change of investment mandate | Trustee's normal service benchmark, if the instructions are received at or before: <ul style="list-style-type: none"> <li>● for paper* and fax instructions: 4:00 p.m. (Hong Kong time) on the Cut-off Date</li> <li>● for electronic instructions via website and/or mobile App: 4:00 p.m. (Hong Kong time) on the Cut-off Date</li> </ul> |
|---|---|

c. Arrangement after the Cut-off Date

For Member enrolment and subscription (i.e. contributions and transfer-in assets), redemption (i.e. claims withdrawals and transfer out assets), relevant instructions received after the relevant time of the Cut-off Date (i.e. 4 p.m. on 19 September 2022) will be withheld. Processing of these instructions will be resumed from 26 September 2022 after the Suspension Period.

For fund rebalancing and change of investment mandate, relevant instructions received after the relevant time of the Cut-off Date (i.e. 4 p.m. on 19 September 2022) will be withheld. Processing of these instructions will be resumed from 26 September 2022 after the Suspension Period.

No fees or penalty, bid/offer spread will be imposed on any transfer, change of investment mandate and fund switching.

\*Paper instructions must reach us at 17/F, CLI Building, 313 Hennessy Road, Wanchai, Hong Kong.

**4. Other Changes**

With the change of fund structure from feeder fund to portfolio management fund, we have reviewed the risk factors associated with the Fund. Risk in investment in Approved ITCISs will be added and other corresponding changes will be made. Please refer to the Second Addendum to the Scheme Brochure for details.

In our view, the Restructuring should not impact the risk level of the Fund as the investment objective of the Fund remains unchanged and there are only minimal changes to the scope of investment before and after the Restructuring.

**5. Impact on Members**

Transforming the Fund from a feeder fund investing in a single APIF to become a portfolio management fund investing in Approved ITCISs will help diversify the investments. There are only minimal changes to the Fund despite becoming a portfolio management fund.

**6. Costs and Expenses**

The Approved Trustee does not expect that the Restructuring will have any adverse impact on China Life Scheme or its Members. The costs and expenses incurred in relation to the Restructuring will be solely borne by the Approved Trustee.

**7. Corporate Governance**

Endorsement from the Board of Directors has been obtained regarding the Restructuring. The changes relating to the Restructuring set out in this notice are in line with the governing rules of China Life Scheme.

**8. Amendments to the Trust Deed and the MPF Scheme Brochure and KSID**

The Trust Deed and the MPF Scheme Brochure December 2020 Edition will be amended to reflect the above changes by way of the Second Deed of Variation and the Second Addendum. The KSID will also be updated to reflect the above changes. The foregoing Trust Deed, Second Deed of Variation, MPF Scheme Brochure December 2020 Edition and Second Addendum will be available for inspection at our office at 17/F, CLI Building, 313 Hennessy Road, Wanchai, Hong Kong from the date of this notice. The updated KSID will be available from the Effective Date onwards.

The latest MPF Scheme Brochure together with the first and second addenda and KSID can be downloaded from our

website [www.chinalife.com.hk](http://www.chinalife.com.hk) free of charge. Members who have any queries in relation to this notice may contact our hotline 3999 5555.

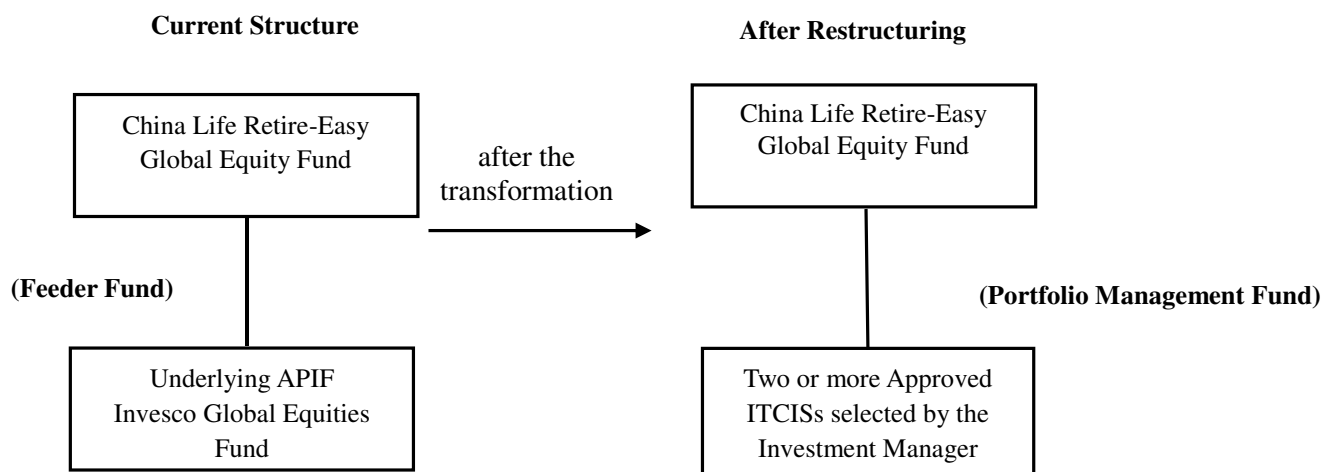
China Life Trustees Limited

21 June 2022

This is a computer printout and no signature is required.

## Appendix

### Part I



### Part II

|      | <b>Before the Restructuring</b>  | <b>After the Restructuring</b>   |
|------|--|--|
| i.   | The investment objective is to maximize capital appreciation over the long term through investment in global equities.   | The investment objective is to maximize capital appreciation over the long term through investment in global equities.   |
| ii.  | The Fund will achieve its investment objectives through investing in an approved pooled investment fund (“relevant APIF”) which will invest up to 100% of net asset value in global equities. The Fund will maintain a minimum effective currency exposure of 30% of its Net Asset Value in Hong Kong dollars. | The Fund will achieve its investment objectives through investing in <u>two or more index-tracking collective investment schemes (“ITCIS”) duly approved by MPFA for the purposes of section 6A of Schedule 1 to the Regulation (“Approved ITCISs”)</u> which will invest up to 100% of net asset value in global equities. The Fund will maintain a minimum effective currency exposure of 30% of its Net Asset Value in Hong Kong dollars. |
| iii. | The Fund will invest in Invesco Global Equities Fund, the relevant APIF. Investments will be made with an emphasis on the Hong Kong market but in general may cover a global range of markets in Asia, Australia, Japan, Europe and North America.   | <u>The Fund will invest in two or more Approved ITCISs selected by the Investment Manager having regard to the investment objective and policy. Investments in general may cover a global range of markets in Asia, Japan, Europe and North America.</u>   |
| iv.  | <u>Restrictions</u><br>The Fund itself will not enter into any financial futures and option contract. However, the Fund may through the relevant APIF enter into futures and option contracts for hedging purposes only.<br>The Fund will not enter into any security lending activity.                        | <u>Restrictions</u><br>The Fund itself will not enter into any financial futures, option contract and security lending activity.<br><br><u>However, the relevant Approved ITCIS may enter into financial futures, option contracts and security lending activity.</u>  |
| v.   | It will be invested in ONE approved pooled investment fund.  | It will be invested in <u>two or more Approved ITCISs.</u>   |
| vi.  | Feeder Fund.   | <u>Portfolio Management Fund.</u>  |