

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 (“Scheme Brochure”). 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:

Restructuring of China Life US Equity Fund under China Life Scheme

With effect from 1 February 2023 (“Effective Date”), the following changes (“Restructuring”) will be made to the China Life US 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 restructuring 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 ITCIS”).
- c. Franklin Templeton Investments (Asia) Limited (“Current Investment Manager”) 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 (taking into account management fees charged both at the Constituent Fund level and at the underlying fund level) will be lowered from up to 1.19% per annum to up to 0.86% 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 the applicable type of instructions (as specified in Part I(3) below) to us by the relevant time on the Cut-off Date (as defined in Part I(3) below).

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

Dear Employers and Members,

I. Restructuring of China Life US 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 take effect from the Effective Date.

1. Reasons for the Restructuring

The Approved Trustee has been informed by the Current Investment Manager of the Current APIF in which the Fund invests that they will be selling the Current APIF to another investment manager, who has expressed the intention of exclusive usage of the Current APIF upon acquisition. This prompted the Restructuring of the Fund, the details of which are set out below.

The Approved Trustee believes 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. The Restructuring will also result in the reduction of aggregate fees of the Fund (taking into account management fees charged at both the Constituent Fund level and the underlying fund level).

2. Details of the Restructuring of the Fund

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.

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.

Change of Investment Manager

The Current Investment Manager, Franklin Templeton Investments (Asia) Limited, will cease to be the investment manager of the Current APIF of the Fund and CAMHK will be appointed as the Investment Manager of the Fund.

CAMHK is the sole offshore subsidiary of China Asset Management Company Limited. CAMHK has been licensed by Hong Kong Securities and Futures Commission to carry on regulated activities including asset management, dealing in securities and advising on securities.

CAMHK has been managing ETFs in Hong Kong since July 2012 following the listing of the ChinaAMC 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. The Approved Trustee believes that CAMHK, as the new Investment Manager of the Fund and an active ETF issuer, will exercise independent judgement in choosing Approved ITCISs available in the market, taking into account Members’ interest. The Approved Trustee is of the view that the appointment of CAMHK as the new Investment Manager of the Fund, should be in the interests of Members.

Changes to Fees

The aggregate fees and charges of the Fund (taking into account Management fees charged both at the Constituent Fund level and at the underlying fund level) will be lowered from up to 1.19% per annum to up to 0.86% per annum with effect from the Effective Date.

Types of Management fees	Currently	After Restructuring
Constituent fund level		
Trustee Fee	0.10% p.a.	0.21% p.a.
Administration Fee	0.40% p.a.	0.40% p.a.
Custodian Fee	0.10% p.a.	0.10% p.a.
Investment Management Fee	N/A	0%
Underlying fund level		
Investment Management Fee	0.52% p.a.	Up to 0.15% p.a. [^]
Trustee Fee	Up to 0.07% p.a.	
<u>Aggregate Management fees</u>	<u>Up to 1.19% p.a.</u>	<u>Up to 0.86% p.a.</u>

[^]Breakdown of the fees at underlying fund level is not available as the Fund invests in multiple underlying Approved ITCISs which may have different management fees or adopt all-in-fee charging mechanism and the weighting of such underlying Approved ITCISs may vary. In any event, the Management fees at underlying fund level will be up to 0.15% p.a. of the weighted average of Net Asset Value of the underlying funds.

For further details, please refer to the Third Addendum to the Scheme Brochure.

Other Changes

With the change of fund structure from feeder fund to portfolio management fund, the Approved Trustee has reviewed the risk factors associated with the Fund. Enhancement changes will be made to the disclosure on concentration risk and other corresponding changes will be made as well to reflect the updated applicable risk disclosures to the Fund. Please refer to the Third Addendum to the Scheme Brochure for details.

3. Actions Required

The Restructuring will involve, in respect of the Fund, full redemption of the units held in the Current 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 26 January 2023 to 31 January 2023 (“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. The Approved Trustee believes that the Suspension Period is necessary and reasonable to ensure Members’ instructions are accurately and properly carried out in Members’ interests. The determination of Net Asset Value of the Fund will continue and will not be affected during the Suspension.

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, 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 China Life 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 (“ECA”).

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

Types of instructions in the form of paper, fax and electronic means that involve units in the Fund	Details of arrangement
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 20 January 2023 (the “Cut-off Date”)*.
Instructions which relate to redemption (including withdrawal claims, transfer-out benefits and ECA transfer)**	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 1 February 2023 after the Suspension Period.
Instructions which relate to fund rebalancing or change of investment mandate	

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, Wan Chai, Hong Kong.

**Transfer-out instructions must be submitted in paper form, and must be (i) accompanied by a transfer form completed by all relevant parties, including the transferee trustee and such other documents as the Approved Trustee may reasonably request and (ii) submitted through the transferee trustee.

4. Impact on Members

Transforming the Fund from a feeder fund investing in the Current APIF to become a portfolio management fund investing in Approved ITCISs will help diversify the investments. In the view of the Approved Trustee, the Restructuring should not impact the risk level of the Fund as the investment objective of the Fund remains unchanged and there are no material changes to the scope of investment before and after the Restructuring and to the Fund despite becoming a portfolio management fund. The Approved Trustee does not expect that the Restructuring will have any adverse impact on China Life Scheme or its Members.

5. Costs and Expenses

The costs and expenses incurred in relation to the Restructuring will be solely borne by the Approved Trustee.

6. Corporate Governance

Endorsement from the board of directors of the Approved Trustee 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.

II. **Amendments to the Trust Deed, the Scheme Brochure and the Key Scheme Information Document (“KSID”)**

The Trust Deed and the Scheme Brochure will be amended to reflect the above changes by way of the Third Deed of Variation and the Third Addendum respectively. The KSID will also be updated to reflect the above changes. The Trust Deed (including the Third Deed of Variation and previous Deeds of Variation) and the Scheme Brochure (including the Third Addendum and all previous addenda) will be available for inspection at our office at 17/F, CLI Building, 313 Hennessy Road, Wan Chai, Hong Kong from the date of this notice, whereas the updated KSID reflecting the Restructuring will be available for inspection at our office at 17/F, CLI Building, 313 Hennessy Road, Wan Chai, Hong Kong from the Effective Date.

The latest Scheme Brochure (together with the Third Addendum and all previous addenda), the Trust Deed (together with the Third Deed of Variation and previous Deeds of Variation), and the KSID can be downloaded from our website www.chinalife.com.hk free of charge. Members who have any queries in relation to this notice may contact our hotline 3999 5555.

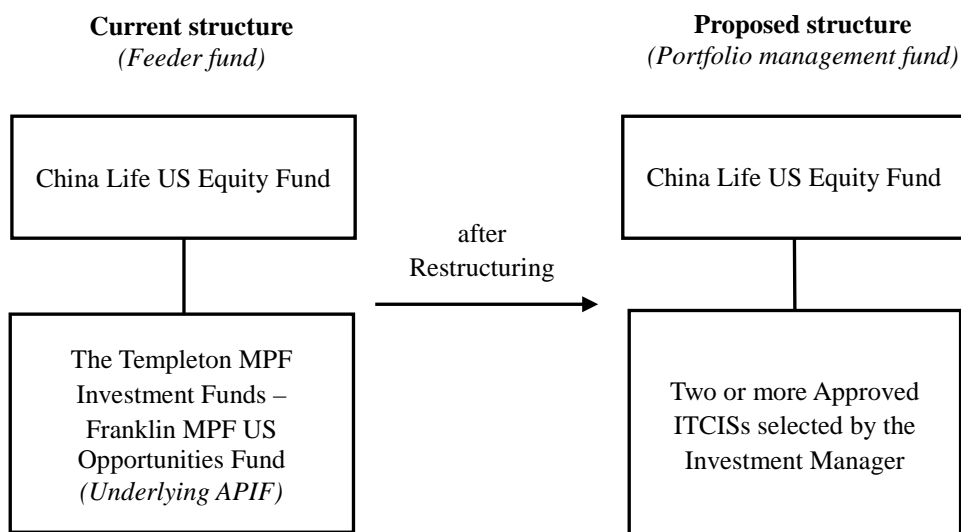
China Life Trustees Limited

17 October 2022

This is a computer printout and no signature is required.

Appendix

Part I



Part II

Before the Restructuring	After the Restructuring
The investment objective is to provide capital appreciation in the long term through investment in US equities.	The investment objective is to provide capital appreciation in the long term through investment in US equities.
<p>The Fund will achieve its investment objectives through investing in an approved pooled investment fund (“relevant APIF”) which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company’s general operating results. Equity securities include common stocks, convertible securities and warrants on securities to the extent permissible under the relevant requirement as set out in the MPF Regulations.</p> <p>Investments of the relevant APIF will be made principally in small, medium and large capitalization companies with strong growth potential across a wide range of sector. In selecting equity investments, the investment manager of the relevant APIF utilizes fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. It will focus on sectors that have exceptional growth potential and fast growing, innovative companies within these sectors. In addition, solid management and sound financial records are factors that investment manager of the relevant APIF also considers. Although the investment manager of the</p>	<p>The Fund will achieve its investment objectives through investing in two or more index-tracking collective investment schemes duly approved by MPFA for the purposes of section 6A of Schedule 1 to the Regulation (“Approved ITCISs”), which will invest principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy.</p> <p>Investments of the Approved ITCISs will be made principally in small, medium or large capitalization companies with strong growth potential across a wide range of sectors. In selecting the Approved ITCISs, the Investment Manager of the Fund utilizes fundamental research focusing on Approved ITCISs that have exposure to companies that are believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria, and sectors that have exceptional growth potential. In addition, solid management and sound track records of the Approved ITCISs are factors that Investment Manager of the Fund also considers. Although the Investment Manager of the Fund under normal circumstances, searches for diversified investments across different sectors through investments in different Approved ITCISs, the Investment Manager of the Fund shall take into account</p>

Before the Restructuring	After the Restructuring
<p>relevant APIF under normal circumstances, searches for diversified investments across different sectors, the investment manager of the relevant APIF shall take into account the prevailing market conditions and investment opportunities and may, at its discretion, invest more than 15% of the relevant APIF's assets in a particular sector (such as information technology), but in any event, such sector allocation shall not be more than 45% of the relevant APIF's assets.</p>	<p>the prevailing market conditions and investment opportunities and may, at its discretion, invest more of the Fund's assets in an Approved ITCIS having a greater exposure to a particular sector (such as information technology).</p>
<p>The Fund will invest in The Templeton MPF Investment Funds – Franklin MPF US Opportunities Fund, the relevant APIF.</p> <p>The Fund has no prescribed allocation for investments in any single country or specified industry. There is no specific target allocation for single market sector. Through the relevant APIF, the Fund will have a maximum of 70% of its net assets in non-HK dollar currency investments, which will have a US investment mandate, and a minimum of 30% of its net assets in HK dollar currency investments.</p> <p>The Fund may, during periods in which the investment manager of the relevant APIF believes changes in economic, financial or political conditions make it advisable to do so, through the relevant APIF, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.</p>	<p>The Fund will invest in two or more Approved ITCISs selected by the Investment Manager having regard to the investment objective and policy of the Fund.</p> <p>In light of the above, the Fund has no prescribed allocation for investments in any specified industry. There is no specific target allocation for single market sector. The Fund will maintain a minimum effective currency exposure of 30% of its Net Asset Value in Hong Kong dollars.</p>
<p>The Fund itself will not enter into any financial futures and option contracts. However, the Fund may through the relevant APIF enter into currency options, forward contracts and futures contracts for hedging purposes only.</p> <p>The Fund will not enter into any security lending activity.</p>	<p>The Fund itself will not enter into any financial futures and option contracts. However, the relevant Approved ITCISs may enter into currency options and futures contracts.</p> <p>The Fund will not enter into any security lending activity. However, the relevant Approved ITCIS(s) may enter into security lending activity.</p>
<p>It will be invested in ONE approved pooled investment fund.</p>	<p>It will be invested in two or more Approved ITCISs</p>
<p>Feeder Fund.</p>	<p>Portfolio Management Fund.</p>