

**MANULIFE PROVIDENT PLAN  
("Plan")**

**NOTICE TO EMPLOYERS AND MEMBERS ("Notice")**

**This notice is important. It requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice.**

Capitalized terms herein, unless otherwise specified, shall have the same meaning as those defined in the explanatory memorandum of the Plan ("**Explanatory Memorandum**").

**Summary of changes to the Plan:**

- I. Key amendments to the Explanatory Memorandum and the Trust Deed (as applicable) to comply with the amended SFC's Code on Pooled Retirement Funds (December 2021 sixth edition) ("**PRF Code**") with effect from 30 November 2022 (the "**Effective Date**")
  - Enhancement of disclosures regarding the obligations of the key operators of the Plan, i.e. the Sponsor, the Trustee and investment manager (if any)
  - Enhancement of disclosures on investment and borrowing restrictions
  - Enhancement of risk disclosures
  - Inclusion of information on the Trustee's liquidity risk management
  - Enhancement of disclosures on the Defined Contribution Funds and Designated Funds
  - Enhancement of disclosures in relation to the operations of the Plan
- II. Other key amendments to the Explanatory Memorandum
  - Update to the investment objective and policy of the underlying Designated Fund of HSBC Hong Kong Equity Fund (MPP)
  - Enhanced disclosures for the management fees and trustee/custodian fees in Appendix 2 (Summary of Fees and Charges) to the Explanatory Memorandum
  - Internal reorganisation of RBC group

**I. Key amendments to the Explanatory Memorandum and the Trust Deed (as applicable) to comply with the amended PRF Code with effect from the Effective Date**

**1. Reason for the Updates**

The PRF Code has been amended with effect from 1 December 2021. A 12-month transitional period ending on 30 November 2022 has been provided to allow scheme operators to make the necessary changes to comply with the applicable enhanced requirements of the amended PRF Code. In order to comply with the requirements under the amended PRF Code, the Explanatory Memorandum and the trust deed of the Plan ("**Trust Deed**") are updated with effect from the Effective Date. Section I(2) below provides a summary of the key updates to the Explanatory Memorandum and the Trust Deed (as applicable).

In addition, the Explanatory Memorandum is also updated to reflect the latest information pertaining to the Plan, Defined Contribution Funds and Designated Funds and for the purpose of streamlining or enhancement of disclosures. Section II below provides a summary of such general update.

## **2. Description of key amendments to Explanatory Memorandum and Trust Deed (as applicable)**

### **(a) Enhancement of disclosures regarding the obligations of the key operators of the Plan, i.e. the Sponsor, the Trustee and investment manager (if any)**

The PRF Code imposes certain obligations on the key operators of the Plan, including the Sponsor (as the product provider), the Trustee and investment manager (if any). In connection therewith, the disclosures on the obligations of the Sponsor and the Trustee in the section headed "*Administration*" of the Explanatory Memorandum, respectively, have been enhanced. In particular, the disclosures on the Trustee's duty for the safekeeping of the assets of the Plan and its duties for selection, appointment and ongoing monitoring of custodians are enhanced.

The Trust Deed has also been amended to clarify and reflect the obligations of the Sponsor (as the product provider), the Trustee and investment manager (if any) imposed by the PRF Code.

### **(b) Enhancement of disclosures on investment and borrowing restrictions**

Enhancement of disclosures in the section headed "*General Information - Investment and Borrowing Restrictions*" of the Explanatory Memorandum that the Constituent Funds shall comply with the Trust Deed, applicable investment requirements under the PRF Code, the Occupational Retirement Schemes Ordinance of Hong Kong and the Mandatory Provident Fund Schemes (Exemption) Regulation. A summary of the applicable investment restrictions under the amended PRF Code has been included in Appendix 3 to the Explanatory Memorandum.

The disclosures in the aforementioned section have been further enhanced to provide that each Constituent Fund will not engage in securities lending and will not enter into repurchase agreements.

The Trust Deed is also amended to include investment restrictions imposed by the PRF Code.

### **(c) Enhancement of risk disclosures**

The section headed "Risk Factors" in the Explanatory Memorandum is amended to update/enhance the risk disclosures therein and to include additional risk factors such as "Risks associated with investing in money market funds", "Company-specific risk", "Risk related to charges deducted from capital and distribution out of capital", "Equity risk", "Foreign investment restrictions risk", "Asset allocation strategy risk", "Europe and Eurozone risk", "Risk related to investment in exchanged-traded funds and index-tracking funds" and "Securities lending risk".

With respect to each Defined Contribution Fund, risk factors applicable to the Defined Contribution Fund have been included in the last paragraph of

the investment objective and policy of the respective Defined Contribution Funds in Appendix 1.

For details, please refer to the section headed "*Risk Factors*" and Appendix 1 to the Explanatory Memorandum.

(d) Inclusion of information on the Trustee's liquidity risk management

A new section headed "*Liquidity Risk Management*" containing a summary of the liquidity risk management policy adopted by the Trustee for managing the liquidity risk of the Constituent Funds has been added to the Explanatory Memorandum.

(e) Enhancement of disclosures on the Defined Contribution Funds and Designated Funds

In Appendix 1 to the Explanatory Memorandum, a summary table has been inserted to highlight the key information about the Defined Contribution Funds and their respective Designated Funds. In addition, the description of the investment objective and policy and other key information of the Designated Funds provided in Appendix 1 to the Explanatory Memorandum have been enhanced. Disclosures on asset allocation and the net derivative exposures of each Designated Fund have also been added or enhanced.

(f) Enhancement of disclosures in relation to operations of the Plan

- (i) The section headed "*Benefits – Payment of Benefits*" of the Explanatory Memorandum has been enhanced to clarify that payment of benefits may be extended where the market(s) in which a substantial portion of investments of the relevant Constituent Fund is made is subject to legal or regulatory requirements, rendering the payment of benefits within the stipulated timeline (i.e. 30 days after the Trustee receives such duly completed claim for payment of benefits or if later, the date upon which the entitlement arises) not practicable.
- (ii) Enhanced disclosures in the section headed "*Charges and Expenses – Payment Mechanism for Charges and Expenses*" to clarify that the Sponsor may share in fees received by the managers of the Designated Funds in return for the services provided by the Sponsor as the product provider of the Plan and such fees are not equivalent to a rebate to the Sponsor. The Sponsor has in place a process for selection of a Designated Fund which is independent of the amount of fees that may be shared by the managers of the Designated Fund.
- (iii) Disclosures on the soft dollar arrangement provided in the section headed "*General Information - Cash Rebates and Soft Commissions*" of the Explanatory Memorandum have been enhanced to include additional examples of soft dollar benefits.
- (iv) The section headed "*General Information - Trust Deed*" of the Explanatory Memorandum and the relevant provisions under the Trust Deed have been enhanced to provide for the following:

- scope of liability and indemnity of the Trustee and the Sponsor in accordance with the PRF Code. In particular, the Trustee and the Sponsor shall not be exempted from any liability to employers and Members imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability at the employers or Members' expense; and
- any unclaimed proceeds or other cash held by the Trustee during the dissolution process of the Plan, may at any time after the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

In addition, additional disclosure is made in the Explanatory Memorandum that the Plan shall continue until the expiration of the period of 80 years from 31 May 1976 or such longer period as may be allowed by law.

- (v) The section headed "*General Information - Modification of Trust Deed and Deeds of Attachment*" has been enhanced to provide that the Trust Deed may be amended without the consent of the employers or the Members provided that the Trustee is able to provide the required certifications. In all other cases involving any material changes, no alteration to the Trust Deed may be made except with the approval of the SFC or in accordance with the Trust Deed. The Trust Deed has also been amended accordingly.
- (vi) The disclosures on conflict of interest are added under a new section headed "*General Information - Conflict of Interest*".

The relevant provisions in the Trust Deed governing transactions with connected persons are also enhanced.

## **II. Other key amendments to the Explanatory Memorandum**

### **1. Update to the investment objective and policy of the underlying Designated Fund of HSBC Hong Kong Equity Fund (MPP)**

HSBC Global Investment Funds - Hong Kong Equity ("**Designated Fund**") is the underlying Designated Fund of HSBC Hong Kong Equity Fund (MPP). The investment objective and policy of the Designated Fund has been enhanced to reflect that the Designated Fund is managed as an Article 8 Sustainable Finance Disclosure Regulation fund ("**Article 8 fund**").

According to the notice ("**HSBC Notice**") issued in respect of the Designated Fund, Article 8 funds promote environmental, social and governance ("**ESG**") factors as an integral part of their investment strategy and decision making process, which could be accomplished by focusing, for example, on companies with a better than average ESG rating, companies following strong corporate governance practices or restricting investment in certain industries. In addition, for the purposes of the said Article 8, a restriction ("**Additional Restriction**") on

investing in companies with exposure to specific excluded activities, such as thermal coal extraction, came into force from 14 October 2022.

According to the HSBC Notice, the enhancement of the investment objective and policy of the Designated Fund, and the Additional Restrictions do not signify a change to the Designated Fund's core investment objectives or risk ratings, the charges and expenses relating to the Designated Fund have not changed.

The corresponding disclosures relating to the Designated Fund in Appendix 1 to the Explanatory Memorandum are amended to reflect the above changes as well as for enhancement. For further details, please refer to the Annexure to this Notice.

## **2. Enhanced disclosures for the management fees and trustee/custodian fees in Appendix 2 (Summary of Fees and Charges) to the Explanatory Memorandum**

- (a) The maximum management fee of Barings Global Balanced Fund (a sub-fund of Barings International Umbrella Fund), the underlying Designated Fund of the Barings Global Balanced Fund (MPP), has been enhanced from "no prescribed limit" to "1.00% p.a."
- (b) The trustee/custodian fee of Barings Global Bond Fund (a sub-fund of Barings International Umbrella Fund), the underlying Designated Fund of the Baring International Bond Fund (MPP), has been updated from "up to 0.025% p.a." to "0.45% p.a.". The reason for such update is to align with the fee disclosures in the offering document of the Barings Global Bond Fund, where the depositary fee (at the rate of up to 0.025% p.a.) is no longer disclosed separately. Instead, a composite fee covering the administration, depositary and operating fees (at the rate of 0.45% p.a.) is disclosed. A new footnote to such effect is added.
- (c) The maximum management fee of Morgan Stanley Investment Funds US Growth Fund (a sub-fund of Morgan Stanley Investment Funds), the underlying Designated Fund of the Morgan Stanley Investment Funds US Growth Fund (MPP), has been clarified from "3.00% p.a." to "no prescribed limit".

For details, please see the section headed "*Summary of Fees and Charges - Charges of the Designated Funds*" as set out in Appendix 2 to the Explanatory Memorandum.

## **3. Internal reorganisation of RBC group**

As a result of the internal reorganisation within RBC (Royal Bank of Canada) group, the Trustee will cease to be an indirect subsidiary of RBC Investor Services Bank S.A. effective 30 November 2022. However, the Trustee will remain part of the RBC group.

The above change will have no adverse impact on the capacity, ability or eligibility of the Trustee to continue to perform its role in respect of the Plan. In addition, all costs and expenses associated with the change will be borne by RBC group and will not be borne by the members or employers of the Plan.

### **III. Implication to the Plan and/or the Plan participants**

Save as disclosed above, there is no material change to the investment objectives, policies and restrictions, and overall risk profiles of the Constituent Funds of the Plan.

The above updates and amendments do not result in (i) any increment in the fees payable at the Plan and/or any of its Constituent Funds level (but, please note the changes to the fees of certain Designated Funds as set out in Section II(2) above); and (ii) do not have any material adverse impact on the Plan participants.

### **IV. For further information**

The Explanatory Memorandum is revised to reflect the amendments described in this Notice, as well as other updates, enhancements, and drafting, consequential, administrative and/or miscellaneous amendments.

The Trust Deed is amended by way of a supplemental trust deed to reflect the applicable amendments described in this Notice and other changes required for compliance with the PRF Code as well as other updates, enhancements and drafting, consequential, administrative and/or miscellaneous amendments. The changes described in this Notice are in summary form only. Employers and Members should review the revised Explanatory Memorandum and Trust Deed for further details.

The Explanatory Memorandum, as amended, is available from the Sponsor upon request. To obtain a copy of the latest Explanatory Memorandum, please visit [www.manulife.com.hk](http://www.manulife.com.hk) or contact the Manulife Pension Services Hotline. Copies of the Trust Deed are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Trustee or the Sponsor. Copies of the Trust Deed can be purchased from the Trustee on payment of a reasonable fee.

For further details about the Designated Funds, including their investment objectives and policies, investment principles and investment restrictions (if applicable), risk factors, as well as other investment-related information, please refer to the latest offering documents of each Designated Fund. Copies of the offering documents (save for the Designated Funds invested by Manulife Balanced Fund (MPP), Manulife Growth Fund (MPP) and Manulife Stable Fund (MPP)) may be obtained free of charge by calling the Manulife Pension Services Hotline.

Should you have any questions about the above matters, please contact the Manulife Pension Services Hotline at 3183 1717.

Manulife (International) Limited (Incorporated in Bermuda with limited liability)  
30 November 2022

## Annexure

Unless otherwise defined below, capitalised terms used hereunder shall have the same meaning as those defined in the Explanatory Memorandum.

Changes to the disclosures immediately under the sub-heading "HSBC Hong Kong Equity Fund (MPP)" in Appendix 1 to the Explanatory Memorandum are set out below (where applicable, new insertions are underlined and deletions are shown with strikethrough text).

This Defined Contribution Fund invests solely in the HSBC Global Investment Funds – Hong Kong Equity (the "**Designated Fund**"). The Designated Fund aims to provide long-term capital growth by investing in a portfolio of Hong Kong SAR equities, while promoting ESG characteristics within the meaning of Article 8 of Sustainable Finance Disclosure Regulation ("**SFDR**").

The Designated Fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities, or are listed on a regulated market, in Hong Kong SAR. The Designated Fund may also invest in eligible closed-ended real estate investment trusts.

The Designated Fund includes the identification and analysis of a company's ESG credentials ("**ESG Credentials**") as an integral part of the investment decision making process to reduce risk and enhance returns. The Designated Fund will not invest in equities issued by companies with specified involvement in specific excluded activities ("**Excluded Activities**").

ESG Credentials, Excluded Activities and the need for enhanced due diligence may be identified and analysed by using, but not exclusively, HSBCs proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. The investment adviser of the Designated Fund may rely on expertise, research and information provided by financial and non-financial data providers.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China. The Designated Fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the Designated Fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("**CAAP**") such as, but not limited to, participation notes linked to China A-shares.

The Designated Fund may invest up to 20% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The Designated Fund's maximum exposure to China A-shares and China B-shares is 20% of its net assets.

The Designated Fund normally invests across a range of market capitalisations without any capitalisation restriction.

The Designated Fund's net derivative exposure may be up to 50% of its net asset value.

The Designated Fund is a sub-fund of HSBC Global Investment Funds. HSBC Investment Funds (Luxembourg) S.A. is the manager of HSBC Global Investment Funds and the Designated Fund and has appointed HSBC Global Asset Management (Hong Kong) Limited as the investment adviser of the Designated Fund.

This Defined Contribution Fund and the Designated Fund are denominated in US dollars.

Please refer to "Risk Factors" section above for the relevant investment risks associated with the Defined Contribution Fund, including: Investment risk, liquidity risk, equity risk, concentration risk, risks associated with investing in small and/or mid-sized capitalisation companies, risks associated with investing in financial derivative instruments, currency risk.