Manulife 宏利

Manulife Global Select (MPF) Scheme

Offering Document

Manulife Provident Funds Trust Company Limited
22/F, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong

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OFFERING DOCUMENT
MANULIFE GLOBAL SELECT (MPF) SCHEME

Important to note:

- **You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds or the Default Investment Strategy, you are in doubt as to whether a certain fund or the Default Investment Strategy is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and make investment choices most suitable for you taking into account your circumstances.**
- **The asset allocation of the Default Investment Strategy and some of the constituent funds which are referred to as "Retirement Funds" will change over time and hence the risk profile and return will also change over time. The Default Investment Strategy or the Retirement Funds may not be suitable for all members. You should understand the relevant risks involved before investment and consider factors other than age and review your own investment objectives.**
- **The Manulife MPF Interest Fund and the Manulife MPF Stable Fund (collectively the "Guaranteed Funds") under this scheme invests solely in approved pooled investment funds in the form of insurance policies provided by Manulife (International) Limited. The guarantee is also given by Manulife (International) Limited. Your investments in the Guaranteed Funds, if any, are therefore subject to the credit risks of Manulife (International) Limited. Please refer to sections 6.2.2 and 6.2.3 of this Offering Document for details of the credit risks, guarantee features and qualifying conditions.**

INTRODUCTION

Manulife Provident Funds Trust Company Limited is the trustee of the Manulife Global Select (MPF) Scheme, a mandatory provident fund scheme registered with the Mandatory Provident Fund Schemes Authority (the "Authority") under the Mandatory Provident Fund Schemes Ordinance ("MPFS Ordinance") and authorized by the Securities and Futures Commission# (the "SFC"). Manulife Provident Funds Trust Company Limited is capitalised in excess of statutory requirements and supported by Manulife (International) Limited under the Manulife Financial Group.

Manulife Financial is a leading Canadian-based financial services group operating in 22 countries and territories worldwide. For more than 120 years, clients have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients. We provide asset management services to institutional customers worldwide as well as reinsurance solutions, specializing in life and property and casualty retrocession. Funds under management by Manulife Financial and its subsidiaries were Cdn$454 billion (HK$3,332.7 billion) as at June 30, 2010.

The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States. The shares of Manulife Financial Corporation ("MFC"), the holding company of Manulife Financial, are listed on the New York Stock Exchange, as well as the stock exchanges of Toronto, Hong Kong and Philippines.

The Manulife Global Select (MPF) Scheme is promoted by Manulife (International) Limited. In 1936, Manulife sold its first provident fund plan in Hong Kong. With its wealth of experience and ISO 9001 certification, Manulife provides the highest quality of provident fund services to both employers and members.

Manulife Asset Management (Hong Kong) Limited {formerly known as Manulife Funds Direct (Hong Kong) Limited} ("MAMHK") manages certain underlying investments (as detailed below) of the Manulife Global Select (MPF) Scheme. MAMHK is a wholly-owned subsidiary of MFC which now conducts its global institutional asset management under the brand name of Manulife Asset Management* ("Manulife AM"). The investment division of MFC has been operating for over 100 years†, and has global expertise around the world in wealth management. MAMHK is licensed with the SFC to carry out asset management activities in Hong Kong.

Certain underlying investments are managed by FIL Investment Management (Hong Kong) Limited (formerly known as Fidelity Investments Management (Hong Kong) Limited). FIL Investment Management (Hong Kong) Limited was established in Hong Kong in 1981 and currently offers more than 80 mutual funds to investors through over 100 distributors in Hong Kong, including retail banks and insurance companies.

Certain underlying investments are managed by Vanguard Investments Hong Kong Limited. Vanguard Investments Hong Kong Limited is a wholly owned subsidiary of The Vanguard Group, Inc. The Vanguard Group, Inc. is based in Malvern, Pennsylvania, and managing funds in the U.S. and other markets. Vanguard Investments Hong Kong Limited has delegated the investment management function of the underlying investments to Vanguard Investments Australia Ltd as the investment adviser. Vanguard Investments Australia Ltd which is based in Melbourne, Australia, is a wholly-owned subsidiary of The Vanguard Group, Inc. and an affiliate of Vanguard Investments Hong Kong Limited.

Important: If you are in doubt about the meaning or effect of the contents of this Offering Document, you should seek independent professional advice.

Manulife Provident Funds Trust Company Limited accepts responsibility for the accuracy of the information contained in this Offering Document as at the date of publication.

\# Although the Scheme has been registered with and authorized by the Authority and the SFC respectively, such registration and authorization do not imply official recommendation of the Scheme by the Authority and the SFC.

* Manulife Asset Management Limited, Manulife Asset Management (North America) Limited, Manulife Asset Management (US) LLC, Manulife Asset Management (Europe) Limited, Manulife Asset Management (Asia), a division of Manulife Asset Management (Hong Kong) Limited and affiliates in Asia are referred to collectively under the brand name of Manulife Asset Management ("Manulife AM"). Manulife AM was formerly branded as "MFC Global Investment Management".

† A wholly owned subsidiary of MFC, The Manufacturers Life Insurance Company, was incorporated on June 23, 1887, and, as such, has been operating for over 100 years, providing a wide range of financial, insurance and investment management services to individuals, families, businesses and groups.

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1. SUMMARY

The Manulife Global Select (MPF) Scheme (the "Scheme") is a provident fund scheme constituted by a master trust deed appearing in the deed of amendment dated March 13, 2012, and seven supplemental deeds dated September 3, 2012, December 11, 2013, January 15, 2014, May 11, 2015, July 27, 2015, December 7, 2015 and December 6, 2016 (the said master trust deed together with any subsequent amendments will hereinafter refer as "Trust Deed") and is governed by the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). The Scheme is designed to provide retirement benefits to the members under the Scheme.

The Scheme is a master trust scheme which currently consists of twenty-nine constituent funds as listed below. Each constituent fund has been structured as a feeder fund, the assets of which will be invested directly in a corresponding pooled investment fund in the form of a unit trust, except that the pooled investment funds in which the Manulife MPF Interest Fund and Manulife MPF Stable Fund invest are in the form of an insurance policy issued by Manulife (International) Limited ("MIL") (collectively referred to as the "first level pooled investment funds"). The Scheme also offers an investment arrangement which is the Default Investment Strategy in accordance with the MPFS Ordinance (as described in section 3.1 and 3.1A).

The twenty-nine constituent funds (each of these is denominated in Hong Kong dollars ("HKD")) in the Manulife Global Select (MPF) Scheme are:

(i) Manulife MPF Interest Fund ("Interest Fund")

(ii) Manulife MPF Stable Fund ("Stable Fund")

(iii) Manulife MPF Growth Fund ("Growth Fund")

(iv) Manulife MPF Aggressive Fund ("Aggressive Fund")

(v) Manulife MPF Conservative Fund ("Conservative Fund")

(vi) Manulife MPF Hong Kong Equity Fund ("Hong Kong Equity Fund")

(vii) Manulife MPF International Equity Fund ("International Equity Fund")

(viii) Manulife MPF Pacific Asia Equity Fund ("Pacific Asia Equity Fund")

(ix) Manulife MPF European Equity Fund ("European Equity Fund")

(x) Manulife MPF North American Equity Fund ("North American Equity Fund")

(xi) Manulife MPF Japan Equity Fund ("Japan Equity Fund")

(xii) Manulife MPF Hong Kong Bond Fund ("Hong Kong Bond Fund")

(xiii) Manulife MPF RMB Bond Fund ("RMB Bond Fund")

(xiv) Manulife MPF Pacific Asia Bond Fund ("Pacific Asia Bond Fund")

(xv) Manulife MPF International Bond Fund ("International Bond Fund")

(xvi) Manulife MPF China Value Fund ("China Value Fund")

(xvii) Manulife MPF Healthcare Fund ("Healthcare Fund")

(xviii) Manulife MPF Hang Seng Index Tracking Fund ("Hang Seng Index Tracking Fund")

(xix) Manulife MPF Fidelity Growth Fund ("Fidelity Growth Fund")

(xx) Manulife MPF Fidelity Stable Growth Fund ("Fidelity Stable Growth Fund")

(xxi) Manulife MPF Core Accumulation Fund ("Core Accumulation Fund" or "CAF")

(xxii) Manulife MPF Age 65 Plus Fund ("Age 65 Plus Fund" or "A65F")

(xxiii) Manulife MPF Smart Retirement Fund ("Smart Retirement Fund")

(xxiv) Manulife MPF 2020 Retirement Fund ("2020 Retirement Fund")

(xxv) Manulife MPF 2025 Retirement Fund ("2025 Retirement Fund")

(xxvi) Manulife MPF 2030 Retirement Fund ("2030 Retirement Fund")

(xxvii) Manulife MPF 2035 Retirement Fund ("2035 Retirement Fund")

(xxviii) Manulife MPF 2040 Retirement Fund ("2040 Retirement Fund")

(xxix) Manulife MPF 2045 Retirement Fund ("2045 Retirement Fund")

The constituent funds described in (xxiii) to (xxix) above are collectively referred to as "Retirement Funds", and each of them as a "Retirement Fund".

Except for the Interest Fund, the other twenty-eight constituent funds in the Scheme are unitised.

The assets of all first level pooled investment funds invested by the respective constituent funds will be managed by MAMHK, and sub-investment manager(s) may be appointed by MAMHK. The assets of the first level pooled investment fund invested by (v) Manulife MPF Conservative Fund will be invested in direct investment permissible under the Mandatory Provident Fund Schemes (General) Regulation (the "Regulation"). The assets of the first level pooled investment fund invested by (xviii) Manulife MPF Hang Seng Index Tracking Fund will be invested in an index-tracking collective investment scheme permissible under Section

6A of Schedule 1 to the Regulation ("ITCIS"). Assets of twenty-three first level pooled investment funds invested by the respective constituent funds (i) to (iv), (vi) to (xvii) and (xxiii) to (xxix) will be invested in an umbrella unit trust currently managed by MAMHK, and sub-investment manager(s) may also be appointed by MAMHK for the umbrella unit trust. The assets of the eleven first level pooled investment funds invested by the respective constituent funds (ii) to (iv), (vii) and (xxiii) to (xxix) may also be invested in one or more ITCIS. The assets of the first level pooled investment funds invested by the respective constituent funds (xix) to (xx) and (xxi) to (xxii) will each be invested as a feeder fund into the respective portfolios operated within another umbrella unit trust structure currently managed by FIL Investment Management (Hong Kong) Limited and Vanguard Investments Hong Kong Limited respectively. Subject to the prior approval of the SFC and agreement of the Authority, at the first level pooled investment fund and the underlying umbrella unit trust level ("second level umbrella unit trusts"), the investment manager may from time to time delegate any or all of its investment management functions to one or more sub-investment managers who may or may not be within the Manulife Group. Both the first level pooled investment funds and the second level umbrella unit trusts are approved by the Authority and authorized by the SFC as *approved pooled investment funds* ("APIF") under the Regulation‡.

‡ Although the first level pooled investment funds and the second level umbrella unit trusts have been approved by the Authority and authorized by the SFC, such approval and authorization do not imply official recommendation of the first level pooled investment funds and the second level umbrella unit trusts by the Authority and the SFC.

Manulife Global Select (MPF) Scheme Constituent Funds		APIF (Insurance Policy/ Unit Trust Fund)
Manulife MPF Interest Fund	→	Interest Fund Policy
Manulife MPF Stable Fund	→	Stable Fund Policy
Manulife MPF Growth Fund	→	Manulife Growth Unit Trust Fund
Manulife MPF Aggressive Fund	→	Manulife Aggressive Unit Trust Fund
Manulife MPF Conservative Fund	→	Manulife Conservative Unit Trust Fund
Manulife MPF Hong Kong Equity Fund	→	Manulife Hong Kong Equity Unit Trust Fund
Manulife MPF International Equity Fund	→	Manulife International Equity Unit Trust Fund
Manulife MPF Pacific Asia Equity Fund	→	Manulife Pacific Asia Equity Unit Trust Fund
Manulife MPF European Equity Fund	→	Manulife European Equity Unit Trust Fund
Manulife MPF North American Equity Fund	→	Manulife North American Equity Unit Trust Fund
Manulife MPF Japan Equity Fund	→	Manulife Japan Equity Unit Trust Fund
Manulife MPF Hong Kong Bond Fund	→	Manulife Hong Kong Bond Unit Trust Fund
Manulife MPF RMB Bond Fund	→	Manulife RMB Bond Unit Trust Fund
Manulife MPF Pacific Asia Bond Fund	→	Manulife Pacific Asia Bond Unit Trust Fund
Manulife MPF International Bond Fund	→	Manulife International Bond Unit Trust Fund
Manulife MPF China Value Fund	→	Manulife China Value Unit Trust Fund
Manulife MPF Healthcare Fund	→	Manulife Healthcare Unit Trust Fund
Manulife MPF Hang Seng Index Tracking Fund	→	Manulife Hang Seng Index Tracking Unit Trust Fund
Manulife MPF Fidelity Growth Fund	→	Manulife Growth Unit Trust Fund (Series I)
Manulife MPF Fidelity Stable Growth Fund	→	Manulife Stable Growth Unit Trust Fund
Manulife MPF Core Accumulation Fund	→	Manulife Core Accumulation Unit Trust Fund
Manulife MPF Age 65 Plus Fund	→	Manulife Age 65 Plus Unit Trust Fund
Manulife MPF Smart Retirement Fund	→	Manulife Smart Retirement Unit Trust Fund
Manulife MPF 2020 Retirement Fund	→	Manulife 2020 Retirement Unit Trust Fund
Manulife MPF 2025 Retirement Fund	→	Manulife 2025 Retirement Unit Trust Fund
Manulife MPF 2030 Retirement Fund	→	Manulife 2030 Retirement Unit Trust Fund
Manulife MPF 2035 Retirement Fund	→	Manulife 2035 Retirement Unit Trust Fund
Manulife MPF 2040 Retirement Fund	→	Manulife 2040 Retirement Unit Trust Fund
Manulife MPF 2045 Retirement Fund	→	Manulife 2045 Retirement Unit Trust Fund

The first level pooled investment funds established under the Scheme will not be available to retail investors.

The commencement date of the Scheme is December 1, 2000. The Scheme financial year end will be the 31st of March.

The trustee of the Scheme is Manulife Provident Funds Trust Company Limited (the "Trustee"). The Trustee will assume the investment management function of the Scheme. The investment manager and the trustee of the first level pooled investment funds are MAMHK and HSBC Institutional Trust Services (Asia) Limited respectively.

Units in the unitised constituent funds will be valued for each dealing day which will be any day on which the banks in Hong Kong are open for business (excluding Saturdays) or such other day as the Trustee may from time to time determine. Interests will be credited monthly in arrears to the Interest Fund.

Amounts payable on the subscriptions and redemptions under the Scheme will be in Hong Kong dollars.

For information on fees and charges, please refer to section 7 of this Offering Document.

The constituent funds in the Scheme will be subject to risks inherent in all investments. Please refer to the risk factors in section 3.2 for more details.

The Scheme shall be governed and construed in accordance with the laws of the Special Administrative Region of Hong Kong.

2. MANAGEMENT AND ADMINISTRATION

The Scheme:

Trustee and Custodian: Manulife Provident Funds Trust Company Limited
22/F, Manulife Financial Centre
223-231 Wai Yip Street
Kwun Tong
Kowloon, Hong Kong

Auditors: Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Administrator: Manulife (International) Limited
22/F, Manulife Financial Centre
223-231 Wai Yip Street
Kwun Tong
Kowloon, Hong Kong

Guarantor in relation to Interest Fund and Stable Fund:	Manulife (International) Limited 22/F, Manulife Financial Centre 223-231 Wai Yip Street Kwun Tong Kowloon, Hong Kong

For further enquiries, please call our customer service representative at 21081234 (Employer Hotline) / 21081388 (Member Hotline) or write to us by facsimile at 21043504.

Please visit our website at www.manulife.com.hk for the latest version of Offering Document.

3. INVESTMENT AND BORROWING

3.1 MPF Default Investment Strategy ("DIS")

In the contents of the DIS and the DIS CFs (refer to section 3.1.1), the following terms are defined herein for reference:

- "Higher risk assets" mean assets identified in the guidelines issued by the Authority from time to time and include such as shares, warrants, financial futures contracts and financial option contracts (that are used other than for hedging purposes), ITCIS, etc.
- "CAF Reference Portfolio" and "A65F Reference Portfolio" are the MPF industry developed reference portfolio and published by the Hong Kong Investment Funds Association for the purpose of providing a common reference point for performance and asset allocation of the DIS CFs, i.e. the CAF and A65F respectively. The reference portfolio is a composite benchmark with attribution to the underlying indices and at the initial launch the composite is as follows:

  CAF Reference Portfolio: 60% FTSE MPF All-World Index (HKD unhedged total return) + 37% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)

  A65F Reference Portfolio: 20% FTSE MPF All-World Index (HKD unhedged total return) + 77% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)

  The reference portfolio is subject to review on regular basis and may change. For more and the latest information about the reference portfolio, please visit the website of the Hong Kong Investment Funds Association at www.hkifa.com.hk.

DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself for members who find it suitable for their own circumstances. With effect from April 1, 2017, the default investment arrangement of the Scheme will be the DIS in replacing the original default investment arrangement i.e. the Interest Fund and for those members who do not make an investment choice, their contributions and accrued benefits transferred from another scheme ("transferred monies") will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

3.1.1 Key features about DIS

Asset allocation of the DIS

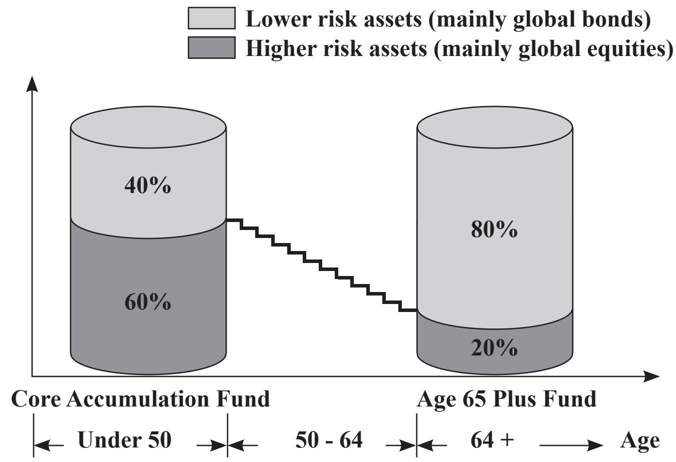
The DIS aims to balance the long term effects of investment risk and return through investing in two constituent funds, namely the Manulife MPF Core Accumulation Fund ("Core Accumulation Fund" or "CAF") and the Manulife MPF Age 65 Plus Fund ("Age 65 Plus Fund" or "A65F") (each a "DIS CF" and together the "DIS CFs"), according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. Both constituent funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market instruments and cash, and other types of assets allowed under the MPF legislation.

De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in CAF and increasing the holding in A65F throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until the age of 64, after which it stays steady again.

Members should refer to "Additional key risks relating to the DIS" in section 3.2 for further information on the risks associated with investing in accordance with the DIS.

Diagram 1: Asset allocation between constituent funds in the DIS



Note: The exact proportion of the portfolio in higher/lower risk assets at any point in time may deviate from the target glide path mainly due to market fluctuations.

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the CAF to the A65F under the DIS. Switching of the existing accrued benefits among the CAF and A65F will be automatically carried out each year ("annual de-risking") on a member's birthday and according to the allocation percentages in the DIS de-risking table as shown in Diagram 2 below.

3.1.2 Dealing day of annual de-risking

If a member's birthday is not on a dealing day, then the annual de-risking will be moved to the next available dealing day. If the birthday of the relevant member falls on the 29th of February and in the year which is not a leap year, then the annual de-risking will be moved to the 1st of March or the next available dealing day. Members should also note that as the de-risking process involves switching between the two DIS CFs, rounding differences in the number of units may arise and please refer to section 6.3 below on how the number of units will be calculated. **When one or more instructions from members, such as subscription, redemption or switching instructions, are also being processed and with units to be issued/redeemed (in the case of the Interest Fund where investment to be made**

in or monies to be withdrawn from) on the same dealing day as the dealing day scheduled for the annual de-risking for a relevant member, such instruction(s) and the annual de-risking in respect of such member will take place on the same day. In such case, the annual de-risking will only take place after processing those instruction(s). Member can visit our website at www.manulife.com.hk for the relevant information on our MPF services. To the extent practicable, a notice will be sent to those members who invest in the DIS at least 60 days prior to their 50th birthday to notify them the commencement of the first de-risking. A confirmation of de-risking details will also be sent to the member within 5 business days after the de-risking process is completed. **Member should be aware that the above de-risking will not apply where a member has chosen the CAF and A65F as individual fund choices (rather than as part of DIS).**

In summary, under the DIS:

- When a member is below the age of 50, all his contributions and transferred monies will be invested in the CAF.
- When a member is between the ages of 50 and 64, all his contributions and transferred monies will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table in Diagram 2 below. The de-risking on the existing accrued benefits will be automatically carried out as described above.
- When a member reaches the age of 64, all his contributions and transferred monies will be invested in the A65F.

If the Trustee does not have the full date of birth of the relevant member, the annual de-risking will be carried out as follows:

- If only the year and month of birth is available, the annual de-risking will take place on the last calendar day of the birth month or the next available dealing day if such day is not a dealing day.
- If only the year of birth is available, the annual de-risking will take place on the last calendar day of the year or the next available dealing day if such day is not a dealing day.

When the relevant member provides or rectifies his/her date of birth and the allocation percentages between the CAF and A65F for DIS at the member's age is different from the current allocation percentages for such member in the Trustee's record, the Trustee will adjust the allocation percentages between the CAF and A65F for the accrued benefits and update the allocation percentages applicable to new contributions according to the allocation percentages in the DIS de-risking table shown in Diagram 2 below as soon as practicable. The annual de-risking will discontinue at the time when the Trustee being satisfied that the member has deceased.

Diagram 2: DIS de-risking table

Age	*Core Accumulation Fund*	*Age 65 Plus Fund*
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

***Note:** The above allocation between the CAF and A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.*

Please refer to section 3.1A (xxi) and (xxii) for the investment policies of the CAF and A65F and sections 4.4, 4.5, 4.5A and 6.3 about specific administrative arrangements for the DIS.

3.1A Investment Policies

(i) Manulife MPF Interest Fund

The Interest Fund is a non-unitised bond fund of the Scheme that provides a capital guarantee and aims to provide members with interest each month at a rate that equals to or exceeds the prescribed savings rate§ published by the Authority. The interest rate (which shall not be less than zero) shall be declared by the Trustee at its sole discretion at the recommendation of MIL at the end of the month. Please refer to section 6.2.3 below for details. The Interest Fund is designed to provide capital guarantee and short term growth for members who wish to invest conservatively, members who are close to the age of retirement or members who are seeking a temporary safe-haven during more turbulent economic times.

It is intended that the underlying investments for the Interest Fund will invest at least 70% of the net asset value of the Interest Fund in Hong Kong dollar fixed income instruments. The underlying portfolio may also include other investments as permitted under the Regulation, up to 30% of the net asset value of the Interest Fund.

In order to provide the capital guarantee and return, a reserve account funded solely by a smoothing provision will be maintained at the insurance policy level inside the Interest Fund to provide for systematic funding for the cost of the guarantee. The guarantee feature will therefore lead to a dilution of performance of the Interest Fund. In addition, MIL will use its own assets to ensure that the guarantee is fulfilled over the term of the Scheme if assets of the Interest Fund prove inadequate. Please refer to section 6.2.3 below for a detailed explanation of the smoothing provision.

The portfolio of any underlying APIF under the Interest Fund will not engage in security lending nor enter into repurchase agreements. It may acquire financial futures contracts and financial option contracts for hedging purpose.

§ Prescribed savings rate means for any month, the prescribed savings rate declared by the Authority for the purposes of section 37(8) of the Regulation.

(ii) Manulife MPF Stable Fund

The Stable Fund is a unitised balanced fund of the Scheme that aims to provide relatively stable medium to long term growth. Members are also provided with an interest guarantee upon the occurrence of certain pre-determined events provided that the qualifying condition is satisfied (see section 6.2.2 below). The guaranteed rate of interest for each month will be equal to the prescribed savings rate published by the Authority. The Stable Fund provides a conservative investment for members who are prepared to accept modest fluctuations in the value of their investment in order to achieve long term returns.

It is intended that the underlying investment will be made on a diversified basis. Up to 40% of the portfolio of the Stable Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in any region such as America, Pacific Asia, Japan, Europe, etc, with a relative bias towards Hong Kong. This intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The guarantee provides a comfort zone for members upon the occurrence of the pre-determined events (see section 6.2.2 below), during an unfavourable investment climate which may temporarily jeopardise investment returns.

A reserve account funded by a provision for guarantee, which is deducted from the assets value of the insurance policy corresponding to the Stable Fund, will be maintained at the insurance policy level inside the Stable Fund to provide for systematic funding for the cost of the guarantee. The guarantee features will therefore lead to a dilution of performance of the Stable Fund. In addition, MIL provides a third party guarantee and will use its own assets to ensure that the guaranteed benefits are paid by the Stable Fund over the term of the Scheme if assets of the Stable Fund prove inadequate.

The portfolio of any underlying APIF under the Stable Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(iii) Manulife MPF Growth Fund

The Growth Fund is a unitised balanced fund of the Scheme which is designed to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis. Around 50% to 90% of the underlying portfolio of the Growth Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in any region such as America, Pacific Asia, Japan, Europe, etc. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Growth Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(iv) Manulife MPF Aggressive Fund

The Aggressive Fund is a unitised equity fund aiming to provide long term capital growth. The Aggressive Fund is designed for members who hold a long term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis. The underlying portfolio will be indirectly invested mainly in equities and equity-related investments. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the Aggressive Fund. The investment manager may at its discretion invest in any region such as America, Pacific Asia, Japan, Europe, etc, with a relative bias towards Hong Kong and Pacific Asia region markets. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Aggressive Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(v) Manulife MPF Conservative Fund

The Conservative Fund[##], mandated by the MPFS Ordinance, aims to provide a rate of return to match the prescribed savings rate published by the Authority but with no guarantee of capital or interest.

It is intended that the underlying investments for Conservative Fund will invest in fixed income instruments that comply with Section 37 and Schedule 1 of the Regulation. The underlying assets of the Conservative Fund must have an average portfolio remaining maturity period of not more than 90 days. The Conservative Fund must also maintain a total value of Hong Kong dollar currency investment equal to the total market value of the constituent fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 of the Regulation.

Members in the Scheme should note that an investment in the Conservative Fund is not the same as placing funds on deposit with a bank or deposit taking company and that there is no obligation on the part of the Trustee to redeem the investment at the subscription value. In addition, members should note that the Conservative Fund is not subject to the supervision of the Hong Kong Monetary Authority.

The portfolio of any underlying APIF under the Conservative Fund will not engage in security lending nor enter into repurchase agreements.

[##] Fees and charges of an MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The Manulife MPF Conservative Fund uses method (i) and, therefore, any unit prices / NAV / fund performance quoted for the fund have incorporated the impact of fees and charges.

(vi) Manulife MPF Hong Kong Equity Fund

The Hong Kong Equity Fund is a unitised equity fund of the Scheme which is designed to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis mainly in shares of companies listed on Hong Kong Stock Exchange or companies covering different sectors of the economy in Hong Kong and which are listed on any stock exchange. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the Hong Kong Equity Fund. The underlying portfolio may also, via the Stock Connect, invest up to 10% of its net asset value in shares of companies listed in Mainland China. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Hong Kong Equity Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(vii) Manulife MPF International Equity Fund

The International Equity Fund is a unitised equity fund aiming to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis. The underlying portfolio of the International Equity Fund will invest indirectly in global equities and equity-related investment. The investment manager may at its discretion invest in any region such as North America, Japan, Europe, other Pacific Asia region markets and Hong Kong. At least 30 per cent of the International Equity Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the International Equity Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the International Equity Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(viii) Manulife MPF Pacific Asia Equity Fund

The Pacific Asia Equity Fund is a unitised equity fund of the Scheme which is designed to provide medium to long term capital growth for members who hold a long term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis in shares of companies covering different sectors of the Asia Pacific markets, excluding Japan and which are listed on any stock exchange. At least 30 per cent of the Pacific Asia Equity Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the Pacific Asia Equity Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Pacific Asia Equity Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(ix) Manulife MPF European Equity Fund

The European Equity Fund is a unitised equity fund of the Scheme which seeks to achieve medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis in shares of companies covering different sectors of the economy in Europe and which are listed on any stock exchange. At least 30 per cent of the European Equity Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the European Equity Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the European Equity Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(x) Manulife MPF North American Equity Fund

The North American Equity Fund is a unitised equity fund of the Scheme aiming to provide medium to long term capital growth for members who hold a long term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis in shares of companies covering different sectors of the economy in North America and which are listed on any stock exchange. At least 30 per cent of the North American Equity Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the North American Equity Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the North American Equity Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xi) Manulife MPF Japan Equity Fund

The Japan Equity Fund is a unitised equity fund of the Scheme which is designed to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis in shares of companies covering different sectors of the economy in Japan and which are listed on any stock exchange. At least 30 per cent of the Japan Equity Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the Japan Equity Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Japan Equity Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xii) Manulife MPF Hong Kong Bond Fund

The Hong Kong Bond Fund is a unitised bond fund of the Scheme which is designed to provide a competitive overall rate of return for members who hold a conservative investment view.

It is intended that the underlying investments will be made on diversified basis with at least 70% of the net asset value of the Hong Kong Bond Fund invested in Hong Kong dollar denominated permitted deposits and debt securities (in a range of portfolio remaining maturity periods) issued by the government of Hong Kong or any government, central bank or multilateral international agency. It may also purchase Debt Securities which satisfy the minimum credit rating stipulated by the Authority or those which are listed on any approved stock exchange, being a security issued by, or guaranteed by, a company whose shares are so listed. The underlying portfolio may also include other investments as permitted under the Regulation, up to 30% of the net asset value of the Hong Kong Bond Fund. The intended asset allocation as aforesaid is for reference only, and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Hong Kong Bond Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xiii) Manulife MPF RMB Bond Fund

The RMB Bond Fund is a unitised bond fund of the Scheme which is designed to provide competitive overall rate of returns for members who hold a longer term investment view and want to seek returns through capital appreciation and income generation.

The RMB Bond Fund will be invested solely into an APIF (Manulife RMB Bond Unit Trust Fund) which is denominated in HKD and not in RMB. The underlying investments will be made on a diversified basis (in terms of issuers and geographical distribution of such issuers) with at least 70% of the net asset value of the RMB Bond Fund invested in Renminbi ("RMB") denominated debt securities which are issued, traded or distributed by any government, central bank, supra-nationals, multilateral international agencies and corporate issuers outside Mainland China. It may also purchase RMB denominated debt securities which satisfy the minimum credit rating stipulated by the Authority or those which are listed on any approved stock exchange being a security issued by, or guaranteed by, a company whose shares are so listed. These RMB denominated debt securities include but are not limited to bonds and convertible debt securities.

The RMB Bond Fund may also, through the underlying APIF, invest up to 30% of its net asset value in other RMB or non-RMB denominated investments including money market instruments, certificates of deposits, cash and deposits, and non-RMB denominated debt securities, as permitted under the Regulation. The non-RMB denominated investments are primarily denominated in Hong Kong dollars or US dollars, but may also be denominated in other currencies in the Asia Pacific Region as the investment manager deems appropriate having regard to various market conditions. It is intended that the non-RMB denominated investment exposure may help to mitigate the risks arising from RMB exchange rate fluctuations, provide flexibility to achieve steady growth over the long term in different market conditions and/or reduce the cost of currency hedging.

The RMB Bond Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent of its net asset value in accordance with s.16 of Schedule 1 to the Regulation through investments in Hong Kong dollars or currency hedging.

The target ranges of asset allocation of the underlying APIF are as follows:

By investment type:	
Debt securities	70%-100%
Other instruments including money market instruments, certificates of deposits, cash and deposits	0%-30%

By currency:	
RMB denominated investments	70%-100%
Non-RMB denominated investments	0%-30%

The underlying APIF of the RMB Bond Fund will not invest in securities issued within Mainland China through any Qualified Foreign Institutional Investor (QFII) quota.

The asset allocation of the underlying APIF may, at the discretion of its investment manager, deviate from the above target ranges during the period when there may be adverse impacts to the performance of the underlying APIF due to market, political, structural, economic and other conditions change as determined by the investment manager acting in good faith and in a reasonable manner.

The RMB Bond Fund will not acquire financial future contracts and financial option contracts, however the portfolio of any underlying APIF may acquire financial futures contracts and financial option contracts for hedging purpose. Both the RMB Bond Fund and any underlying APIF will not engage in securities lending nor enter into repurchase agreements.

(xiv) Manulife MPF Pacific Asia Bond Fund

The Pacific Asia Bond Fund is a unitised bond fund of the Scheme which is designed to provide competitive overall rate of returns for members who hold a longer term investment view and want to seek returns through income and capital appreciation.

It is intended that the underlying investments will be made on diversified basis mainly in debt securities issued by any government, central bank, supra-nationals, multilateral international agency and corporate issuers in the Asia Pacific region. It may also purchase debt securities which satisfy the minimum credit rating stipulated by the Authority or those which are listed on any approved stock exchange being a security issued by, or guaranteed by, a company whose shares are so listed. At least 30 per cent of the Pacific Asia Bond Fund will be exposed to Hong Kong dollar currency investments, as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include other investments as permitted under the Regulation, up to 30% of the net asset value of the Pacific Asia Bond Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Pacific Asia Bond Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xv) Manulife MPF International Bond Fund

The International Bond Fund is a unitised bond fund of the Scheme which is designed to provide competitive overall rates of return for members who want to have a stable return.

It is intended that the underlying investments will be made on diversified basis mainly in Permitted Deposits, Debt Securities issued by any government, central bank or multilateral international agency. It may also purchase Debt Securities which satisfy the minimum credit rating stipulated by the Authority or those which are listed on any approved stock exchange being a security issued by, or guaranteed by, a company whose shares are so listed. At least 30 per cent of the International Bond Fund will be exposed to Hong Kong dollar currency investments, as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The investment manager may at its discretion invest in any region such as North America, Europe, United Kingdom and Asia. The underlying portfolio may also include other investments as permitted under the Regulation, up to 30% of the net asset value of the International Bond Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the International Bond Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xvi) Manulife MPF China Value Fund

The China Value Fund is a unitised equity fund of the Scheme which is designed to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis mainly in shares of companies covering different sectors of the economy in the Greater China region, including the People's Republic of China, Hong Kong and Taiwan, and which are listed on any stock exchange subject to the restrictions in the Regulation and which have a value or growth proposition. At least 30 per cent of the China Value Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the China Value Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the China Value Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xvii) Manulife MPF Healthcare Fund

The Healthcare Fund is a unitised equity fund of the Scheme which is designed to provide long term capital growth for members who hold a long term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will be made on a diversified basis mainly consisting of equity-related investments and equities of companies in health care and related industries and which are listed on any stock exchange. The underlying portfolio may invest in share of companies covering mainly in pharmaceutical, healthcare equipment & services, food & drug retails, managed care business and biotechnology sectors. At least 30 per cent of the Healthcare Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The investment manager may at its discretion invest in any region such as North America (including Canada), Europe (including UK), Asia and Japan. The underlying portfolio may also include bonds, deposits and other investments as permitted under the Regulation, up to 30% of the net asset value of the Healthcare Fund. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Healthcare Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xviii) Manulife MPF Hang Seng Index Tracking Fund

The Hang Seng Index Tracking Fund is a unitised equity fund of the Scheme which is designed to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long term returns.

It is intended that the underlying investments will invest in shares of constituent companies of the Hang Seng Index in substantially similar composition and weighting as they appear in the index through an approved index-tracking collective investment scheme ("ITCIS") (currently, the Tracker Fund of Hong Kong managed by State Street Global Advisors Asia Limited). The Hang Seng Index Tracking Fund seeks to track the performance of the Hang Seng Index of Hong Kong. However, members should note that there is no guarantee or assurance of exact or identical replication at any time of the performance of the index. The Hang Seng Index is a widely quoted indicator of the performance of some of the largest companies in terms of capitalization listed on the Main Board of Hong Kong Stock Exchange.

The portfolio of the underlying APIF under the Hang Seng Index Tracking Fund will not engage in security lending nor enter into repurchase agreements. The underlying ITCIS will not engage in security lending and may acquire financial futures contracts and financial option contracts for the purpose of hedging or achieving the investment objective.

Disclosure

As of September 2015, the Hang Seng Index comprises 50 constituent stocks representing approximately 56.8% of the total market value of all main board primary listings. The top 10 constituent stocks of the Hang Seng Index are as follows:

Code	Company Name	Weighting (%)
700	Tencent Holdings Ltd.	10.19%
5	HSBC Holdings plc	9.78%
941	China Mobile Ltd.	8.20%
1299	AIA Group Ltd.	7.01%
939	China Construction Bank Corporation	6.30%
1398	Industrial and Commercial Bank of China Ltd.	4.78%
1	CK Hutchison Holdings Ltd.	3.94%
3988	Bank of China Ltd.	3.85%
388	Hong Kong Exchanges and Clearing Ltd.	2.92%
2318	Ping An Insurance (Group) Co. of China Ltd.	2.91%

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Members investing in the Hang Seng Index Tracking Fund will be regarded as having acknowledged, understood and accepted the disclaimer above and will be bound by it. The level of the Hang Seng Index at any time for the purposes of the Hang Seng Index Tracking Fund will be the level as calculated by Hang Seng Indexes Company Limited in its sole discretion.

The accuracy and completeness of the calculation of the Hang Seng Index may be affected if there is any problem with the system for the computation and/or compilation of the Hang Seng Index.

There is no assurance that the licence granted to the Trustee for the use of, and reference to, the Hang Seng Index, will be granted for the operation of the Hang Seng Index Tracking Fund for as long as the Trustee deems necessary, and in the event that the licence is terminated and that no appropriate substitute can be obtained, the Hang Seng Index Tracking Fund may have to be terminated. The Hang Seng Indexes Company Limited and the Hang Seng Data Services Limited are independent of and not associated with both the investment manager of the underlying APIF and the Trustee of the Scheme.

There are particular risks involved in investing in an ITCIS which include, but are not limited to, the following: (i) the performance of the Hang Seng Index Tracking Fund will be subject to a degree of tracking error which is attributable to various factors including, without limitation, the tracking error of the underlying ITCIS and the fees and charges payable in relation to the Hang Seng Index Tracking Fund; (ii) to the extent that the Hang Seng Index is concentrated in the securities of a single issuer or several issuers, or in a particular industry or several industries, the ITCIS will likewise be subject to the risks relating to such concentration; (iii) due to the inherent nature of index funds, the ITCIS lacks the discretion to adapt to market changes and that falls in the index are expected to result in corresponding falls in the value of the fund; and (iv) the composition of the index may change and securities may be delisted. There is no guarantee or assurance of exact replication at any time of the performance of the Hang Seng Index. For more and the latest information regarding the Hang Seng Index including its methodology and constituent stocks, please visit the website of the Hang Seng Indexes Company Limited on www.hsi.com.hk.

Since the Hang Seng Index Tracking Fund and its underlying APIF/ITCIS are not actively managed, the respective investment manager will not attempt to select stock individually or does not have discretion to take defensive positions in declining markets. Declines on the Hang Seng Index are expected to result in corresponding falls in the value of the underlying APIF/ITCIS.

Due to the delay in actually subscribing for shares in the ITCIS arising from the time required to process instructions to invest in the Hang Seng Index Tracking Fund in the initial period, the tracking error and the performance of the Hang Seng Index Tracking Fund may respectively be higher and less favourable immediately after launch although such a phenomenon would diminish over time as the fund size of the Hang Seng Index Tracking Fund grows. Other than the above, due to the fact that the calculation of performance of the Hang Seng Index Tracking Fund is on an after-fee basis and its underlying APIF may hold idle cash to meet redemption and/or switching requests, hence tracking error resulted from such fee deduction and cash holding would be unavoidable.

(xix) Manulife MPF Fidelity Growth Fund

The Fidelity Growth Fund is designed to provide long-term capital growth for members who hold a long term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve a long term return. The underlying investments of Fidelity Growth Fund will focus its investments into the global equity markets while enjoying the flexibility of investing in global bonds. It will be managed with a view to limit the volatility of returns in the short term.

The assets of the first level pooled investment fund under the Fidelity Growth Fund will be invested as a feeder fund into the respective APIF operated within the umbrella unit trust structure currently managed by FIL Investment Management (Hong Kong) Limited.

It is intended that the investments of the APIF managed by FIL Investment Management (Hong Kong) Limited will be on a geographically diversified basis with a bias towards Hong Kong. Approximately 90% of the APIF will be invested in global equities in the markets of Hong Kong, Europe, Japan, America and the Asia Pacific region.

The APIF managed by FIL Investment Management (Hong Kong) Limited under the respective first level pooled investment fund under the Fidelity Growth Fund may not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xx) Manulife MPF Fidelity Stable Growth Fund

The Fidelity Stable Growth Fund is designed to provide medium to long term capital growth for members who hold a medium to longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve a medium to long term return. The underlying investments of the Fidelity Stable Growth Fund will diversify its investment between equities and bonds and will be managed with a view to limit the volatility of returns in the short term.

The assets of the first level pooled investment fund under the Fidelity Stable Growth Fund will be invested as a feeder fund into the respective APIF operated within the umbrella unit trust structure currently managed by FIL Investment Management (Hong Kong) Limited.

It is intended that the investments of the APIF managed by FIL Investment Management (Hong Kong) Limited will be on a geographically diversified basis with a bias towards Hong Kong. Approximately 50% of the APIF will be invested in global equities and 45% of the APIF will be invested in global bonds in the markets of Hong Kong, Europe, Japan, America and the Asia Pacific region; with the remainder of 5% of the assets being in cash deposits as permitted under the Regulation.

The APIF managed by FIL Investment Management (Hong Kong) Limited under the first level pooled investment fund under the Fidelity Stable Growth Fund may not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose.

(xxi) Manulife MPF Core Accumulation Fund

Investment objective

The investment objective of the Core Accumulation Fund ("CAF") is to provide capital growth to members by investing in a globally diversified manner. It is a unitised fund of the Scheme and is intended for members who hold a medium to long term investment view and want to seek returns through capital appreciation and modest income generation. Members should be prepared to accept fluctuations in the value of investments.

Investment strategy

The CAF will adopt a passive investment strategy through indirectly investing in an underlying APIF (currently the Vanguard Moderate Growth Fund ("VMGF")) in order to reduce the deviation of performance from the CAF Reference Portfolio. The investment manager of the VMGF will use sampling techniques in its passive investment strategy to select securities for investment for efficient portfolio management. Sampling is an approach whereby the investment manager of the VMGF tracks the CAF Reference Portfolio by investing in a representative portion, or "sample", of the full list of securities contained in the CAF Reference Portfolio, such that the overall characteristics of the portion of securities would be similar to those of the full list of securities contained in the CAF Reference Portfolio. Applying sampling techniques to the VMGF, the investment manager of the VMGF will seek to hold a range of securities that, in the aggregate, approximate the CAF Reference Portfolio in terms of the key characteristics:

(i) in respect of the equity investments, the securities will consist of a broadly diversified collection of stocks that approximate those included in the CAF Reference Portfolio in terms of factors such as country weightings, industry weightings, market capitalization and other financial characteristics of stocks; and

(ii) in respect of the bond investments, the securities will be made in consideration of factors such as country weightings, duration and cash flow.

Under the sampling techniques, the vast majority of the holdings of the VMGF will be constituent securities that are within the universe of the CAF Reference Portfolio, except in limited circumstances for efficient portfolio management. Such limited circumstances may include but not limited to where:

(i) it is not possible or it is difficult to buy or hold constituent securities (e.g. due to liquidity or restrictions of ownership of such constituent securities);

(ii) the holding of non-constituent securities which were originally constituent securities is, in the opinion of the investment manager of the VMGF, more cost efficient to reflect the overall characteristics of the CAF Reference Portfolio;

(iii) investment in the constituent securities is not the most efficient way to reflect the performance of the CAF Reference Portfolio (e.g. when it is more cost efficient to invest in the non-constituent securities which reflect the overall characteristics of the CAF Reference Portfolio);

(iv) the non-constituent securities which are, in the reasonable opinion of the investment manager of the VMGF, likely to form part of the CAF Reference Portfolio within 6 months of acquisition;

(v) the non-constituent securities which the investment manager of the VMGF considers to be an appropriate substitute for the constituent securities of the CAF Reference Portfolio having regard to the investment objectives of the VMGF; and

(vi) to gain exposure to permissible securities under the Regulation in countries where such access is otherwise limited.

Investment structure

The CAF will be invested solely into an APIF, the Manulife Core Accumulation Unit Trust Fund which will in turn invest as a feeder fund into an APIF, currently the Vanguard Moderate Growth Fund.

Constituent Fund	APIF (Unit Trust Fund)	APIF (Unit Trust Fund)
Manulife MPF Core Accumulation Fund →	Manulife Core Accumulation Unit Trust Fund (managed by Manulife Asset Management (Hong Kong) Limited) →	Vanguard Moderate Growth Fund (managed by Vanguard Investments Hong Kong Limited)

Asset allocation

Through the underlying investment, it is intended that the net assets of the CAF will be invested approximately 60% in higher risk assets (such as global equities), with the remainder invested in lower risk assets (such as global bonds and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

The investments of the VMGF will be made globally in securities listed on approved stock exchanges, government bonds, money market instruments, ITCIS and other investments as permitted under the Regulation and subject to the guidelines issued by the Authority.

Geographical allocation

The CAF, through the underlying APIFs, is adopting a passive investment strategy and there is no prescribed allocation for investments in any specific countries or currencies.

Hong Kong dollar currency exposure

The CAF will, through the underlying APIFs, maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent of its net asset value in accordance with s.16 of Schedule 1 to the Regulation through investments in Hong Kong dollars or currency hedging.

Policies regarding security lending, repurchase agreement and the acquisition, holding and disposal of financial futures contracts and financial option contracts

The CAF may, through the underlying APIFs, acquire currency forward contracts, financial futures contracts and financial option contracts for hedging purpose but will not engage in security lending nor enter into repurchase agreements.

Risk inherent and expected return

The risk exposure of the CAF is medium to high mainly due to its asset allocation of around 60% in higher risk assets (such as global equities). It is expected that the performance of the CAF over the long term to be substantially consistent with the CAF Reference Portfolio. However, the performance of the CAF may at any time deviate from the CAF Reference Portfolio and there is no guarantee or assurance on the returns of the CAF. While the VMGF will adopt a passive investment strategy with reference to the CAF Reference Portfolio, the performance of the VMGF may not reflect exactly the performance of the CAF Reference Portfolio. Factors such as liquidity of the market, timing differences for changes to the underlying investment portfolios and differences in asset allocations due to market movements may have influence in the VMGF's ability to achieve close correlation with the performance of the CAF Reference Portfolio. Even if the VMGF can mimic the performance of the CAF Reference Portfolio, the investment manager of the VMGF does not guarantee that the VMGF can generate any positive return for members. Members investing in the CAF should be prepared to accept fluctuations in the value of investments and are expected to hold a medium to long term investment view.

There are particular risks involved in adopting, through the underlying APIF, a passive investment strategy which include, but are not limited to, the following:

(i) the performance of the CAF will be subject to a degree of tracking error which is attributable to various factors including, without limitation, the tracking error of the underlying APIF and the fees and charges payable in relation to the CAF and its underlying APIFs;

(ii) due to the inherent nature of the passive investment strategy, the investment manager of the underlying APIF has very restricted discretion to adapt to market changes and that falls in the CAF Reference Portfolio are expected to result in corresponding falls in the value of the CAF; and

(iii) the composition of the CAF Reference Portfolio may change and securities may be delisted. Thus, the investment in the underlying APIF may not closely reflect the composition and weightings of the CAF Reference Portfolio for a short period of time.

In addition, due to the delay in actually subscribing for units in the underlying APIF arising from the time required to process instructions to invest in the CAF in the initial period, the tracking error and the performance of the CAF may respectively be higher and less favourable immediately after launch although the phenomenon would diminish over time as the fund size of the CAF grows. Other than the above, due to the fact that the calculation of performance of the CAF is on an after-fee basis and the first level pooled investment fund may hold idle cash to meet redemption and/or switching requests, hence tracking error resulted from such fee deduction and cash holding would be unavoidable.

Please refer to section 3.2 for further information on risk factors.

(xxii) Manulife MPF Age 65 Plus Fund

Investment objective

The investment objective of the Age 65 Plus Fund ("A65F") is to provide stable growth to members by investing in a globally diversified manner. It is a unitised fund of the Scheme and is intended for members who hold a medium to long term investment view and want to seek returns through some capital appreciation and current income generation. Members should be prepared to accept fluctuation in the value of investments.

Investment strategy

The A65F will adopt a passive investment strategy through indirectly investing in an underlying APIF (currently the Vanguard Income Fund (“VIF”)) in order to reduce the deviation of performance from the A65F Reference Portfolio. The investment manager of the VIF will use sampling techniques in its passive investment strategy to select securities for investment for efficient portfolio management. Sampling is an approach whereby the investment manager of the VIF tracks the A65F Reference Portfolio by investing in a representative portion, or "sample", of the full list of securities contained in the A65F Reference Portfolio, such that the overall characteristics of the portion of securities would be similar to those of the full list of securities contained in the A65F Reference Portfolio. Applying sampling techniques to the VIF, the investment manager of the VIF will seek to hold a range of securities that, in the aggregate, approximate the A65F Reference Portfolio in terms of the key characteristics:

(i) in respect of the equity investments, the securities will consist of a broadly diversified collection of stocks that approximate those included in the A65F Reference Portfolio in terms of factors such as country weightings, industry weightings, market capitalization and other financial characteristics of stocks; and

(ii) in respect of the bond investments, the securities will be made in consideration of factors such as country weightings, duration and cash flow.

Under the sampling techniques, the vast majority of the holdings of the VIF will be constituent securities that are within the universe of the A65F Reference Portfolio, except in limited circumstances for efficient portfolio management. Such limited circumstances may include but not limited to where:

(i) it is not possible or it is difficult to buy or hold constituent securities (e.g. due to liquidity or restrictions of ownership of such constituent securities);

(ii) the holding of non-constituent securities which were originally constituent securities is, in the opinion of the investment manager of the VIF, more cost efficient to reflect the overall characteristics of the A65F Reference Portfolio;

(iii) investment in constituent securities is not the most efficient way to reflect the performance of the A65F Reference Portfolio (e.g. when it is more cost efficient to invest in the non-constituent securities which reflect the overall characteristics of the A65F Reference Portfolio);

(iv) the non-constituent securities which are, in the reasonable opinion of the investment manager of the VIF, likely to form part of the A65F Reference Portfolio within 6 months of acquisition;

(v) the non-constituent securities which the investment manager of the VIF considers to be an appropriate substitute for the constituent securities of the A65F Reference Portfolio having regard to investment objectives of the VIF; and

(vi) to gain exposure to permissible securities under the Regulation in countries where such access is otherwise limited.

Investment structure

The A65F will be invested solely into an APIF, the Manulife Age 65 Plus Unit Trust Fund which will in turn invest as a feeder fund into an APIF, currently the Vanguard Income Fund.

Constituent Fund		APIF (Unit Trust Fund)		APIF (Unit Trust Fund)
Manulife MPF Age 65 Plus Fund	→	Manulife Age 65 Plus Unit Trust Fund (managed by Manulife Asset Management (Hong Kong) Limited)	→	Vanguard Income Fund (managed by Vanguard Investments Hong Kong Limited)

Asset allocation

Through the underlying investment, it is intended that the net assets of the A65F will be invested approximately 20% in higher risk assets (such as global equities), with the remainder invested in lower risk assets (such as global bonds and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.

The investments of the VIF will be made globally in securities listed on approved stock exchanges, government bonds, money market instruments, ITCIS and other investments as permitted under the Regulation and subject to the guidelines issued by the Authority.

Geographical allocation

The A65F, through the underlying APIFs, is adopting a passive investment strategy and there is no prescribed allocation for investments in any specific countries or currencies.

Hong Kong dollar currency exposure

The A65F will, through the underlying APIFs, maintain an effective currency exposure to Hong Kong dollars of not less than 30 per cent of its net asset value in accordance with s.16 of Schedule 1 to the Regulation through investments in Hong Kong dollars or currency hedging.

Policies regarding security lending, repurchase agreement and the acquisition, holding and disposal of financial futures contracts and financial option contracts

The A65F may, through the underlying APIFs, acquire currency forward contracts, financial futures contracts and financial option contracts for hedging purpose but will not engage in security lending nor enter into repurchase agreements.

Risk inherent and expected return

The risk exposure of the A65F is low to medium mainly due to its asset allocation of around 80% in lower risk assets (such as global bonds and money market instruments). It is expected that the performance of the A65F over the long term to be substantially consistent with the A65F Reference Portfolio. However, the performance of the A65F may at any time deviate from the A65F Reference Portfolio and there is no guarantee or assurance on the returns of the A65F. While the VIF will adopt a passive investment strategy with reference to the A65F Reference Portfolio, the performance of the VIF may not reflect exactly the performance of the A65F Reference Portfolio. Factors such as liquidity of the market, timing differences for changes to the underlying investment portfolios and differences in asset allocations due to market movements may have influence in the VIF’s ability to achieve close correlation with the performance of the A65F Reference Portfolio. Even if the VIF can mimic the performance of the A65F Reference Portfolio, the investment manager if the VIF does not guarantee that the VIF can generate any positive return for members. Members investing in the A65F should be prepared to accept fluctuations in the value of investments and are expected to hold a medium to long term investment view.

There are particular risks involved in adopting, through the underlying APIF, a passive investment strategy which include, but are not limited to, the following:

(i) the performance of the A65F will be subject to a degree of tracking error which is attributable to various factors including, without limitation, the tracking error of the underlying APIF and the fees and charges payable in relation to the A65F and its underlying APIFs;

(ii) due to the inherent nature of the passive investment strategy, the investment manager of the underlying APIF has very restricted discretion to adapt to market changes and that falls in the A65F Reference Portfolio are expected to result in corresponding falls in the value of the A65F; and

(iii) the composition of the A65F Reference Portfolio may change and securities may be delisted. Thus, the investment in the underlying APIF may not closely reflect the composition and weightings of the A65F Reference Portfolio for a short period of time.

In addition, due to the delay in actually subscribing for unit in the underlying APIF arising from the time required to process instructions to invest in the A65F in the initial period, the tracking error and the performance of the A65F may respectively be higher and less favourable immediately after launch although the phenomenon would diminish over time as the fund size of the A65F grows. Other than the above, due to the fact that the calculation of performance of the A65F is on an after-fee basis and the first level pooled investment fund may hold idle cash to meet redemption and/or switching requests, hence tracking error resulted from such fee deduction and cash holding would be unavoidable.

Please refer to section 3.2 for further information on risk factors.

(xxiii) Manulife MPF Smart Retirement Fund

The Smart Retirement Fund is a unitised fund of the Scheme and is a matured Retirement Fund designed to enable accrued benefits investing in any other Retirement Funds upon their maturity to be switched to the Smart Retirement Fund. It aims to provide medium to long term capital growth for members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve potential medium to long term returns.

It is intended that the underlying investments will be made on a diversified basis. Around 40% to 60% of the underlying portfolio of the Smart Retirement Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. The asset allocation strategy of the underlying portfolio will contain equities and fixed income securities as described in the illustrative Glide Path below.

At least 30 per cent of the Smart Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and in the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the Smart Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(xxiv) Manulife MPF 2020 Retirement Fund

The 2020 Retirement Fund is a unitised fund of the Scheme designed for members expecting to attain their normal retirement age around 2020. It aims to provide long term capital growth while lowering the risk of loss as the members approach their normal retirement age.

The 2020 Retirement Fund is designed for members who hold a long term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long term returns.

The 2020 Retirement Fund has a maturity date which is the last business day of 2020, or such other date as approved by the Authority. Subject to the approval of the Authority and the SFC, upon reaching its maturity date, the 2020 Retirement Fund will be closed with member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to the "Termination of the Retirement Funds" for details on the termination of the 2020 Retirement Fund.

It is intended that the underlying investments will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2020 Retirement Fund will be around 65% - 85% of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2020 Retirement Fund gets closer to its maturity date on the last business day of 2020, or such other date as approved by the Authority, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain more and more fixed-income securities as described in the illustrative Glide Path Chart below. This rebalancing to the Glide Path is carried out by the investment manager automatically on a regular basis.

At least 30 per cent of the 2020 Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the 2020 Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(xxv) Manulife MPF 2025 Retirement Fund

The 2025 Retirement Fund is a unitised fund of the Scheme designed for members expecting to attain their normal retirement age around 2025. It aims to provide long term capital growth while lowering the risk of loss as the members approach their normal retirement age.

The 2025 Retirement Fund is designed for members who hold a long term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long term returns.

The 2025 Retirement Fund has a maturity date which is the last business day of 2025, or such other date as approved by the Authority. Subject to the approval of the Authority and the SFC, upon reaching its maturity date, the 2025 Retirement Fund will be closed with member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to the "Termination of the Retirement Funds" for details on the termination of the 2025 Retirement Fund.

It is intended that the underlying investments will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2025 Retirement Fund will be around 75% - 95% of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2025 Retirement Fund gets closer to its maturity date on the last business day of 2025, or such other date as approved by the Authority, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain more and more fixed-income securities as described in the illustrative Glide Path Chart below. This rebalancing to the Glide Path is carried out by the investment manager automatically on a regular basis.

At least 30 per cent of the 2025 Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the 2025 Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(xxvi) Manulife MPF 2030 Retirement Fund

The 2030 Retirement Fund is a unitised fund of the Scheme designed for members expecting to attain their normal retirement age around 2030. It aims to provide long term capital growth while lowering the risk of loss as the members approach their normal retirement age.

The 2030 Retirement Fund is designed for members who hold a long term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long term returns.

The 2030 Retirement Fund has a maturity date which is the last business day of 2030, or such other date as approved by the Authority. Subject to the approval of the Authority and the SFC, upon reaching its maturity date, the 2030 Retirement Fund will be closed with member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to the "Termination of the Retirement Funds" for details on the termination of the 2030 Retirement Fund.

It is intended that the underlying investments will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2030 Retirement Fund will be around 75% - 95% of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2030 Retirement Fund gets closer to its maturity date on the last business day of 2030, or such other date as approved by the Authority, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain more and more fixed-income securities as described in the illustrative Glide Path Chart below. This rebalancing to the Glide Path is carried out by the investment manager automatically on a regular basis.

At least 30 per cent of the 2030 Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the 2030 Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(xxvii) Manulife MPF 2035 Retirement Fund

The 2035 Retirement Fund is a unitised fund of the Scheme designed for members expecting to attain their normal retirement age around 2035. It aims to provide long term capital growth while lowering the risk of loss as the members approach their normal retirement age.

The 2035 Retirement Fund is designed for members who hold a long term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long term returns.

The 2035 Retirement Fund has a maturity date which is the last business day of 2035, or such other date as approved by the Authority. Subject to the approval of the Authority and the SFC, upon reaching its maturity date, the 2035 Retirement Fund will be closed with member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to the "Termination of the Retirement Funds" for details on the termination of the 2035 Retirement Fund.

It is intended that the underlying investments will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2035 Retirement Fund will be around 80% - 100% of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2035 Retirement Fund gets closer to its maturity date on the last business day of

2035, or such other date as approved by the Authority, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain more and more fixed-income securities as described in the illustrative Glide Path Chart below. This rebalancing to the Glide Path is carried out by the investment manager automatically on a regular basis.

At least 30 per cent of the 2035 Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the 2035 Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(xxviii) Manulife MPF 2040 Retirement Fund

The 2040 Retirement Fund is a unitised fund of the Scheme designed for members expecting to attain their normal retirement age around 2040. It aims to provide long term capital growth while lowering the risk of loss as the members approach their normal retirement age.

The 2040 Retirement Fund is designed for members who hold a long term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long term returns.

The 2040 Retirement Fund has a maturity date which is the last business day of 2040, or such other date as approved by the Authority. Subject to the approval of the Authority and the SFC, upon reaching its maturity date, the 2040 Retirement Fund will be closed with member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to the "Termination of the Retirement Funds" for details on the termination of the 2040 Retirement Fund.

It is intended that the underlying investments will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2040 Retirement Fund will be around 80% - 100% of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2040 Retirement Fund gets closer to its maturity date on the last business day of 2040, or such other date as approved by the Authority, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain more and more fixed-income securities as described in the illustrative Glide Path Chart below. This rebalancing to the Glide Path is carried out by the investment manager automatically on a regular basis.

At least 30 per cent of the 2040 Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the 2040 Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

(xxix) Manulife MPF 2045 Retirement Fund

The 2045 Retirement Fund is a unitised fund of the Scheme designed for members expecting to attain their normal retirement age around 2045. It aims to provide long term capital growth while lowering the risk of loss as the members approach their normal retirement age.

The 2045 Retirement Fund is designed for members who hold a long term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long term returns.

The 2045 Retirement Fund has a maturity date which is the last business day of 2045, or such other date as approved by the Authority. Subject to the approval of the Authority and the SFC, upon reaching its maturity date, the 2045 Retirement Fund will be closed with member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to the "Termination of the Retirement Funds" for details on the termination of the 2045 Retirement Fund.

It is intended that the underlying investments will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2045 Retirement Fund will be around 80% - 100% of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2045 Retirement Fund gets closer to its maturity date on the last business day of 2045, or such other date as approved by the Authority, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain more and more fixed-income securities as described in the illustrative Glide Path Chart below. This rebalancing to the Glide Path is carried out by the investment manager automatically on a regular basis.

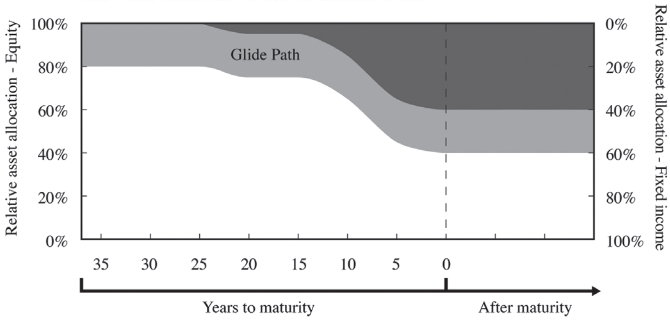
At least 30 per cent of the 2045 Retirement Fund will be exposed to Hong Kong dollar currency investments as measured by the effective currency exposure in accordance with s.16 of Schedule 1 of the Regulation. The intended asset allocation as aforesaid and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The portfolio of any underlying APIF under the 2045 Retirement Fund will not engage in security lending nor enter into repurchase agreements and may acquire financial futures contracts and financial option contracts for hedging purpose. The underlying ITCIS may engage in security lending, enter into repurchase agreements, and acquire financial futures contracts and financial option contracts as permitted under applicable laws and regulations including the Regulation and guidelines issued by the Authority.

The asset allocation strategy of all Retirement Funds will change according to a pre-determined “Glide Path” shown in the following illustrative Glide Path Chart. (The Glide Path represents the shifting of asset classes over time). As the Glide Path shows, each Retirement Fund’s asset mix becomes less aggressive as time elapses. This reflects the need to reduce investment volatility as retirement approaches.

The allocations reflected in the Glide Path are also referred to as “neutral” allocations because they do not reflect tactical decisions made by the investment manager of underlying APIFs. Each Retirement Fund has a target allocation for the broad asset classes of equities and fixed income. The target allocations are not expected to vary significantly from the prescribed Glide Path formula (the neutral allocations) except for circumstances where the investment manager of underlying APIFs determines to adjust significantly, in light of market or economic conditions, in order to achieve the objective of the Retirement Funds.

Illustrative Glide Path
Asset allocation model for Retirement Fund



- Equity
- Fixed Income
- Target allocation for the broad asset classes of equities and fixed income varies over time

The Glide Path will be reviewed regularly by the investment manager and can be changed at any time as the investment manager deems appropriate. Notwithstanding that, any change that will affect the investment policy of any constituent fund to change will, subject to the approval of the Authority and the SFC, notify members of the Scheme by giving a 3 months notice period, or such other shorter notice as agreed with the Authority and following any SFC regulatory requirement.

Termination of the Retirement Funds (other than the Manulife MPF Smart Retirement Fund)

Subject to the approval of the Authority and the SFC, each Retirement Fund (other than the Smart Retirement Fund) will be terminated on or after its maturity date. On the maturity date of such Retirement Fund, the Retirement Fund will be closed (for both subscription and redemption purposes) and all units of the Retirement Fund held by each member under the Scheme as at the maturity date shall be automatically redeemed by the Trustee, and the redemption proceeds shall be applied by the Trustee to invest in and subscribe for units of the Smart Retirement Fund except as otherwise determined by the procedures set out in the following sections under the headings *“Closure of subscription prior to the maturity date”, “Contribution investment instruction and Switching of units of a Retirement Fund prior to its maturity date” and “Redemption Requests”* . The Trustee shall effect all such redemptions and subscriptions as at the maturity date of the relevant Retirement Fund.

Three months prior to the maturity date of a Retirement Fund (other than the Smart Retirement Fund), notice will be given to all existing members of the Scheme either by mail or via electronic means, so as to remind any existing member concerned of the forthcoming maturity date and the transfer to the Smart Retirement Fund as described below. Any new member enrolled within the three months’ period will also be reminded of the forthcoming maturity date.

On the maturity date of a Retirement Fund (other than the Smart Retirement Fund), the Trustee shall make a best estimate of the amount of all fees, charges and expenses that shall be accrued to this Retirement Fund up to and including its maturity date and deduct it from the redemption proceeds of such Retirement Fund before such proceeds are applied to invest in and subscribe for units of the Smart Retirement Fund. The best estimate should include all trustee fees, custodian fees, management fees, all other fees and charges, and out of pocket expenses which are to be charged to such Retirement Fund. If the estimated amount deducted by the Trustee is not sufficient to cover the final actual amount of fees payable by this Retirement Fund, the amount of shortfall shall be borne by the Trustee. Alternatively, if the estimated amount deducted exceeds the final actual amount of fees payable by this Retirement Fund, the Trustee shall credit the residual amount to the Scheme to defray general scheme expenses.

For the purpose of redemption of units of the Retirement Fund (other than the Smart Retirement Fund) and investing the redemption proceeds in the Smart Retirement Fund, the Trustee may transfer any investments held by the relevant Retirement Fund in specie to the Smart Retirement Fund.

On or after the maturity date, the relevant Retirement Fund will be terminated subject to the approval of the Authority and the SFC.

Closure of subscription prior to the maturity date

In order to facilitate the termination of a Retirement Fund (other than the Smart Retirement Fund) at or after its maturity date, subscription for units of such Retirement Fund will be closed for a period of seven business days (**“Subscription Closure Period”**) prior to the end of its maturity date (inclusive of the maturity date). During the Subscription Closure Period, no new contribution may be invested in, and no unit of other constituent fund may be switched into, such Retirement Fund. If the Trustee receives a request prior to the Subscription Closure Period for subscription for units of such Retirement Fund (whether for the purpose of investing contribution monies or implementing a contribution investment instruction or fund switching instruction), the Trustee will use its reasonable endeavours to implement such subscription prior to the Subscription Closure Period. If the subscription cannot be implemented prior to the Subscription Closure Period, the subscription monies will be used to invest in the Smart Retirement Fund.

If the Trustee receives a request for subscription for units of a Retirement Fund (other than the Smart Retirement Fund) during its Subscription Closure Period (whether for the purpose of investing contribution monies or implementing a contribution investment instruction or fund switching instruction), the subscription monies will be used to invest in the Smart Retirement Fund.

If the Trustee receives a request for subscription for units of a Retirement Fund (other than the Smart Retirement Fund) after its maturity date for the purpose of investing contribution monies (other than in the course of implementing a new contribution investment instruction or a fund switching instruction), the subscription monies will be used to invest in the Smart Retirement Fund.

Contribution investment instruction and Switching of units of a Retirement Fund prior to its maturity date

Prior to the maturity date of a Retirement Fund (other than the Smart Retirement Fund), members holding units in such Retirement Fund and wishing to switch out such units or cease to invest in the Retirement Fund may submit a new contribution investment instruction and/or fund switching instruction to the Trustee in such format as prescribed by the Trustee and request the Trustee to implement the instructions before the maturity date of such Retirement Fund. The Trustee will use its reasonable endeavours to implement any such new contribution investment instruction and/or fund switching instruction on or prior to the maturity date of the Retirement Fund. In effecting the fund switching instruction, the Trustee shall redeem the relevant units in the Retirement Fund and shall apply such redemption proceeds to invest in the new constituent fund specified in the fund switching instruction on the same date when units in the Retirement Fund are redeemed or, if such date is not a dealing day of the new constituent fund, on the dealing day immediately following the date on which units in the Retirement Fund are redeemed.

If the new contribution investment instruction for investing in another constituent fund submitted to the Trustee above cannot be implemented by the Trustee on or prior to the maturity date of a Retirement Fund, then, after the maturity date, any further contributions which (according to the old contribution investment instruction) are intended to be invested in such Retirement Fund shall be invested in the Smart Retirement Fund, until such time that the new contribution investment instruction is implemented by the Trustee.

If the new fund switching instruction for switching out from the Retirement Fund to other constituent funds submitted to the Trustee above cannot be implemented by the Trustee on or prior to the maturity date of such Retirement Fund, then,

(i) any units of such Retirement Fund held by each member as at the maturity date shall be automatically switched to units of the Smart Retirement Fund;

(ii) the Trustee shall not have any further obligation to implement the new fund switching instruction.

Any new fund switching instruction in respect of a Retirement Fund received by the Trustee after its maturity date shall not be accepted or implemented by the Trustee. Members will be notified if the new fund switching instruction has not been implemented by the Trustee.

For newly enrolled members, if the Trustee receives a new contribution investment instruction after the maturity date of a Retirement Fund and this instruction contains an investment in such Retirement Fund, then, the investment instruction in such Retirement Fund will be regarded as invalid and the allocation percentage to such Retirement Fund will be made to the DIS. For existing members, if the Trustee receives a new contribution investment instruction after the maturity date of a Retirement Fund and this instruction contains an investment in such Retirement Fund, then the new contribution investment instruction relating to such Retirement Fund will be rendered invalid and will not be implemented, in which case, the then prevailing contribution investment instruction of the member will continue to be applicable and the member will be notified about the arrangement.

If a member whose existing contribution investment instruction includes investment of future contributions in a Retirement Fund and fails to notify the Trustee of his new contribution investment instruction in time to allow the Trustee to implement the instruction on or prior to the maturity date of such Retirement Fund, the member shall be deemed to have elected to apply any such future contributions to invest in the Smart Retirement Fund until such time that the new contribution investment instruction is implemented by the Trustee.

Redemption requests

If a Trustee receives a redemption request which includes units of a Retirement Fund (other than the Smart Retirement Fund) that will soon reach its maturity date, then, insofar as the redemption of such units is concerned,

(i) where an individual relevant employee member wishes to make a withdrawal of units of the Retirement Fund from his Flexi Retirement Contribution account balance under section 4.7A below, or an employee member wishes to make a withdrawal of units of the Retirement Fund under section 4.8 below, the Trustee may use its reasonable endeavours to process the redemption of the relevant units on or before the maturity date, provided that if the actual redemption of such units cannot be effected on or before the maturity date, the redemption request of such units will not be further processed and the units of the Retirement Fund will be automatically switched to units of the Smart Retirement Fund as at the maturity date. The Trustee shall notify the member concerned of the result of the redemption request;

(ii) where the redemption request submitted is a result of the member withdrawing his accrued benefits under section 4.9 below or transferring his accrued benefits under section 4.10 below, or a self-employed member wishes to make a withdrawal of units of the Retirement Fund under section 4.8 below, the Trustee shall use its reasonable endeavours to process the redemption of such units on or before the maturity date of the Retirement Fund, and if the actual redemption of such units cannot be effected on or before the maturity date, such units shall be automatically switched to units of the Smart Retirement Fund as at the maturity date, and the Trustee shall continue to process the redemption request after the maturity date on such units of the Smart Retirement Fund within reasonable timeframe.

No redemption request shall be accepted by Trustee in respect of a Retirement Fund (other than the Smart Retirement Fund) after its maturity date.

Save and except for the Manulife MPF Interest Fund and the Manulife MPF Stable Fund which will be invested in the corresponding first level pooled investment fund in the form of an insurance policy, all the funds of each constituent fund will be invested in the corresponding first level pooled investment fund in the form of a unit trust, and all the funds in the first level pooled investment funds (other than the first level pooled investment fund under the Conservative Fund) will be invested in the umbrella unit trust(s) referred to in section 1 above. MIL (as the insurer for the first level pooled investment funds which are in the form of insurance policies), the trustee of the first level pooled investment funds which are in the form of unit trusts and/or the trustee of the second level umbrella unit trusts may in its sole discretion retain certain amount of cash for any other purposes which MIL and/or the trustees considers appropriate.

Subject to the approval of the Authority and the SFC, the Trustee may, by giving to the members of the Scheme a 3 months' notice, or such other shorter notice as agreed with the Authority and following any SFC regulatory requirement,

(i) change the investment policy of any constituent fund;

(ii) terminate any constituent fund (other than the Conservative Fund);

(iii) close any constituent fund (other than the Conservative Fund) to any future contributions; or

(iv) merge or sub-divide the Scheme or any constituent fund.

Further, subject to the approval of the Authority and the SFC, each Retirement Fund (other than the Smart Retirement Fund) will be closed on its maturity date.

In addition, the Trustee may at any time, in its sole discretion,

(i) change the distribution of the investments of any constituent fund provided that the relevant investment policy is maintained; and/or

(ii) establish a new constituent fund for the Scheme subject to the approval of the Authority and the SFC.

3.2 Risk Factors

In this section, the term "fund" is used to describe, as the case may be, any constituent fund and/or its respective underlying approved pooled investment fund(s), insurance policy(ies), ITCIS(s) and/or pooled investment fund(s). The performance of the constituent funds may be subject to a number of risk factors, including but not limited to the following:

Market and investment risks

Investments involve risks. Each constituent fund is subject to market fluctuations and to the risk inherent in all investments and markets of the underlying investment portfolios. As a result, the price of units may go up as well as down.

There can be no assurance that a fund including the underlying fund(s) it invest in will achieve its investment objectives. There is no guarantee that in any time period, particularly in the short term, a fund will achieve appreciation in terms of capital growth. The value of units may rise or fall, as the capital value of the securities in which the underlying portfolio invests may fluctuate. Past performance is not necessarily a guide to future performance and investments should be regarded as medium to long-term. The investment income of a fund is based on the income earned from its underlying investment portfolios, less expenses incurred. Therefore, the investment income may be expected to fluctuate in response to changes in such expenses or income.

Equity investment risks and volatility risk

A fund may invest directly or indirectly in equities and are thus, subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the fund to losses.

Further, all markets are subject to volatility based on prevailing economic conditions. Securities in 'emerging' or 'developing' markets may involve a higher degree of risk due to the small current size of the markets for securities of 'emerging' or 'developing' market issuers and the currently low or non-existent volume of trading, which could result in price volatility. Certain economic and political events in 'emerging' or 'developing' economies, including changes in foreign exchange policies and current account positions, could also cause greater volatility in exchange rates.

Investments in non-approved stock exchanges will be subject to the restrictions stipulated in the General Regulation.

Currency risk

Fund(s) that invest in securities denominated in currencies other than the base currency of the fund, may be exposed to currency exchange risk. Any income or redemption proceeds received by a fund from such investments will be made in such other currencies. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a fund's investments to diminish or increase. If the currency in which a fund's portfolio security is denominated appreciates against the base currency of the fund, the value of security in the base currency will increase. Conversely, depreciation of the denomination of the currency of the portfolio security would adversely affect the value of the security expressed in the base currency of the fund. In addition, foreign exchange control in any country may cause difficulties in the repatriation of funds from such countries.

RMB currency risk

The RMB currency risk is applicable to funds with exposure in RMB, RMB is currently not a freely convertible currency and is subject to foreign exchange controls and repatriation restrictions imposed by the Chinese government. There is no assurance that RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the net asset value of the fund(s).

While the fund(s) are denominated in Hong Kong dollars but not in RMB, the underlying assets may be primarily denominated in RMB. Therefore, the performance of the fund(s) may be adversely affected by changes in the Hong Kong dollars to RMB exchange rate if RMB depreciates against Hong Kong dollars.

Emerging market risk

A fund may invest in securities of companies domiciled in or conducting their principal business activities in emerging markets (including markets in the Asia Pacific region and Greater China). Investing in emerging markets poses certain risks.

As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. In particular those markets with characteristics such as authoritarian governments, political instability, or high taxation. Securities in these markets may be more volatile, less liquid, and more costly to participate in, and information about investments may be incomplete or unreliable. Accounting, auditing and financial reporting standards in some of the emerging markets may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies. In many cases, governments of emerging markets retain a high degree of direct control over the economy and may take actions having sudden and widespread effects such as suspension of trade and moratorium which may affect valuation of assets. Investments in emerging market products may also become illiquid which may constrain a fund's ability to realize some or all of the portfolio and thus affect the repatriation of capital. Because of these market conditions, the fund's strategic analysis, or the execution of it, could be flawed. Certain securities could become hard to value, or sell at a desired time and price. Such investment environment may bring negative impact on the fund's net asset value.

Stock markets in emerging markets may be subject to special risks, including higher stock price volatility, lower liquidity of stocks, political considerations, loss of registration of shareholdings and currency risks, which are substantially higher than the risks normally associated with the world's established major stock markets. The trading volume on some of the markets may be substantially less than that in the world's leading stock markets. Accordingly, the accumulation and disposal of holdings in some investments may be time-consuming and may need to be conducted at unfavourable prices.

A fund investing in emerging markets may invest in, but is not restricted to, the securities of small and medium sized companies. This can involve greater risk than is customarily associated with investment in larger and more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and their management may be dependent on a few key individuals.

Derivatives

Subject to compliance with the investment restrictions under relevant legislation and codes of the Authority, derivatives may be used for the purpose of hedging. However, there is no guarantee that such techniques will achieve the desired result. There are certain investment risks in using derivatives. The value or return of these types of instruments is based on the performance of an underlying asset. These instruments may be volatile and involve various risks, which may include market risk, the risk of lack of correlation, the inability to close out a derivative contract caused by the non-existence of a liquid secondary market, the high leverage pricing and/or time decay of the option/warrant premium. Moreover, if the techniques and instruments being employed are incorrect, or the counterparty for such instruments default, the relevant fund may suffer a substantial loss.

Growth Enterprise Market ("GEM")

Fund(s) that invest into Hong Kong market may invest in companies which are listed on the GEM. The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. Companies may list on the GEM with neither a track record of profitability nor any obligation to forecast future profitability. There are potential risks of investing in such companies and members should make the decision to invest in the constituent fund only after due and careful consideration. This risk disclosure statement does not purport to disclose all the risks and other significant aspects of the GEM.

Information on GEM stocks may be obtained from the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

Risks associated with Stock Connect programme ("Stock Connect")

Certain constituent fund(s) may invest, through their underlying fund(s), up to 10% of their net asset value in shares of companies listed in Mainland China (**"China A-Shares"**). Investment in China A-Shares may be made via the Stock Connect (as described below).

The Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong. The Stock Connect enables the relevant funds to trade eligible China A-Shares listed on the relevant stock exchange(s) in Mainland China.

The relevant regulations of the Stock Connect are untested and subject to change. The programme is subject to quota limitations which may restrict the ability of the relevant funds to invest in China A-Shares through the program on a timely basis and as a result, the ability of the relevant funds to access the China A-Shares market (and hence to pursue its investment strategy) will be adversely affected. Mainland China regulations impose certain restrictions on selling and buying. Hence the relevant funds may not be able to dispose of holdings of China-A Shares in a timely manner. Due to the differences in trading days, the relevant funds may be subject to a risk of price fluctuations in China A-Shares on a day that the Mainland China market is open for trading but the Hong Kong market is closed.

Credit risk and credit rating risk

A fund may invest directly or indirectly in bonds or other fixed income instruments and thus, subject to credit risk (i.e. the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay). This is broadly gauged by the credit ratings of the securities in which a fund invests. Credit ratings may however not always be an accurate or reliable measure of the strength of the debt securities being invested in. Where such credit ratings prove inaccurate or unreliable losses may be incurred by the fund.

Further, the credit rating of the debt security issuer or the debt securities directly or indirectly held by a fund may fall. This usually leads to drops in the price of the debt securities which may surpass those caused by general market fluctuations. A lowering of the credit rating of a debt security may also affect the debt security's liquidity, making it more difficult to sell.

Interest rate risks

The prices of fixed income securities tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity the greater such variations. To the extent a fund holds long-term debt securities, its net asset value will be subject to a greater degree of fluctuation than if it held debt securities of a shorter duration.

Political, economic and social risks

The performance of a fund and its ability to pay redemption proceeds may be affected by changes in economic conditions and uncertainties such as change in political conditions including strikes and curfew and government policies, the imposition of restrictions on the transfer of capital and changes in laws or regulatory requirements.

Concentration risk

Certain funds may invest in a single country or industry only. Although the funds will be well diversified in terms of the number of holdings, members should be aware that such fund is likely to be more volatile than a more broad-based fund, such as a global or regional equity fund due to their limitations to a relatively narrow segment of the economy. The funds can be significantly affected by events relating to those industries, such as international, political and economic developments, energy conservation, the success of exploration projects, tax and other government regulations, as well as other factors. The funds may tend to be more volatile than other funds and its portfolio values may fluctuate more rapidly. Due to higher volatility in nature, the funds may be subject to greater speculation and concentration risks. The performance of the funds may differ in direction and degree from that of the overall equity market. Members are reminded to maintain a well-diversified portfolio of selected funds.

Risks related to ITCIS

The market price of the units in an ITCIS traded on the relevant stock exchange(s) is determined not only by the net asset value of the ITCIS but also by other factors such as the supply and demand of the units in the relevant stock exchange(s). An ITCIS may not be actively managed. Its manager may not take an active role in defending the position of the ITCIS in declining markets. Hence, any fall in the underlying index will result in corresponding fall in the value of the ITCIS and hence the relevant funds. There is also a tracking error risk and the positive return of the ITCIS may be lower or the negative return of the ITCIS may be worse than the performance of the index to which it is tracking due to factors such as fees and charges, the investment strategies that it adopts.

Furthermore, since an underlying index may focus on a particular market, geographical region or industry, investments of an ITCIS may be concentrated in the securities of a single issuer or several issuers when the ITCIS endeavours to match as closely as practicable its holdings of constituent stocks of the index. Therefore, the relevant funds may be subject to the additional risks of concentration in these markets, regions or industries.

Risks relating to investing solely in a single ITCIS

Members should note that there is risk related to investing solely in a single ITCIS. Members should note that there is risk relating to the difference between the market price of units of an ITCIS and the net asset value of the fund where the fund invests solely in a single ITCIS. The units of the ITCIS may trade at a discount or premium to the net asset value of the units of the fund, depending on factors such as the supply and demand of its units. In the event that the underlying ITCIS is, for whatever reason, adversely affected or terminated, the relevant fund will likewise be affected and may, in certain circumstances, be terminated.

Risk of market makers for listed ITCIS

Certain listed ITCIS might only have a very small number of market makers to provide pricing, and the pricing might not be close to the ITCIS' net asset value. This could result in performance deviation of the ITCIS from the true net asset value. Furthermore, market makers could resign from providing pricing for ITCIS in a relatively short period of time, and as a result, the listed ITCIS may be traded without market makers.

Index related risk

The process and basis of computing and compiling the relevant underlying index and any of its related formulae constituent companies and factors may be changed or altered by the index provider at any time without notice. There is also no warranty, representation or guarantee given to members as to the accuracy or completeness of the relevant underlying index, its computation or any information related thereto. There may be errors in index data which may not be identified or corrected for a period of time. This may have an adverse impact on the underlying funds/ITCIS. Index provider may change the securities which comprise the index from time to time and the securities may be delisted. The relevant regulator may withdraw its authorization (or approval, as applicable) of the underlying funds/ITCIS if the index is no longer considered acceptable.

Risk associated with investment in underlying funds

Certain funds may invest through underlying fund(s) as feeder funds or portfolio management funds (i.e. fund of funds). Members should be aware of the specific features of a feeder fund or portfolio management fund and the consequences of investing in a feeder fund or portfolio management fund.

Funds which are feeder funds or portfolio management funds may be exposed to risks affecting the underlying fund(s) that they invest in.

Further, investment decisions of the underlying fund(s) are made at the level of such underlying fund(s). There is no or limited ability to control the manner in which the managers of such underlying fund(s) will make investments. The performance of a fund may depend on the investment selection made by the managers of the underlying fund(s). There is also no assurance that the selection of each underlying fund(s) will result in an effective diversification of investment styles and that positions taken by the underlying fund(s) will always be consistent. No assurance can also be given that the strategies employed by the managers of the underlying fund(s) will be able to achieve the investment objective of the underlying fund(s) or the fund or achieve attractive returns.

Members may bear the recurring expenses of a fund in addition to the expenses of the underlying fund(s), and therefore, the returns that they may obtain may not reflect the returns by investing directly in the underlying fund(s). Also, investment decisions of the underlying fund(s) are made at the level of such underlying fund(s) and it is possible that the managers of such underlying fund(s) will take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Consequently there is a possibility that one underlying fund may purchase an asset at about the same time as another underlying fund may sell it. Transaction costs will have been incurred in effecting the relevant transactions.

Liquidity risk

Some of the markets in which a fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of the securities that the fund invested. Certain securities may be difficult or impossible to sell at the time that a fund would like or at the price that a fund believes the security is currently worth. Difficulties may be encountered in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. This may affect the net asset value of the fund.

Counterparty and settlement risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a fund and settle a transaction in accordance with market practice. A fund may be exposed to the risk of a counterparty through investments such as bonds, financial futures and options. To the extent that a counterparty defaults on its obligations and a fund is delayed or prevented from exercising its rights with respect to the investment in its portfolio, a fund may experience a decline in the value of the security, lose income and incur costs associated with its rights attached to the security.

A fund will be exposed to the risk of settlement default. Market practices in certain emerging markets in relation to the settlement of securities transactions and custody of assets may increase such risk. The clearing, settlement and registration systems available to effect trades on emerging markets may be significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the value and liquidity of a fund.

Custodial risk

Custodians or sub-custodians of the underlying funds may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the funds invest in markets where custodial and/or settlement systems are immature or are not fully developed, the assets of the funds may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the funds may take a longer time to recover their assets. In the worst case scenario such as the retroactive application of legislation and fraud or improper registration of title, the funds may even be unable to recover all of their assets. The cost borne by the funds in investing and holding investment in such markets will be generally higher than in organised securities markets.

Valuation and accounting risk

The funds intend to adopt HKFRS (i.e. Hong Kong Financial Reporting Standards) in drawing up their annual accounts. However, members should note that the underlying funds intend to amortise the preliminary expenses and costs of a fund, if any, over the first 3 financial years of the fund, as applicable, commencing on the close of the initial offer period or over such other period as the investment manager shall consider fair. This policy of amortisation is not in accordance with HKFRS and may accordingly result in either a different net asset value being reflected in the annual audited accounts or the auditors qualifying a fund's accounts. However, the investment manager believes that the policy of capitalizing and amortising preliminary costs is fairer and more equitable to the members.

Valuation of the funds' investment may involve uncertainties and judgmental determinations. For example, securities held by the funds may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. The market value of such securities may become more difficult or impossible to ascertain. Under this circumstance, the investment manager may apply valuation methods to ascertain the fair value of such securities. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the funds.

Risks related to futures and options

The underlying funds may invest in futures and options which are volatile. The prices of futures and options may be affected by many other factors apart from the values of the underlying assets. Investment in financial derivative instruments is subject to key risk factors including counterparty and liquidity risks. To maintain the required amount of margin deposits, the underlying funds may have to liquidate their investments at unfavourable prices and incur significant loss as a result.

Additional risk factors for investment in RMB denominated debt securities

Fund(s) that invest in the RMB denominated debt securities may be subject to additional risks.

Mainland China tax considerations

Fund(s) investing in RMB denominated corporate and government bonds issued by tax residents in Mainland China may be subject to withholding and other taxes imposed in Mainland China. Under current Mainland China tax policy, there are certain tax incentives available to foreign investment, but it is anticipated that some such tax incentives will be phased out in the future.

Members should be aware that changes in the Mainland China taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the fund(s). Laws governing taxation will also continue to change and may contain conflicts and ambiguities.

Liquidity risk

Not all securities or investments held by the underlying funds will be listed or rated or actively traded and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The underlying funds may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. Moreover, there is no assurance that the liquidity of the fund and the underlying funds will always be sufficient to meet redemption requests as and when made.

In addition, the fund will be subject to additional liquidity risks. The offshore RMB debt securities market has continued to develop although the trading volume may be less than that of a more developed market. The market liquidity for RMB debt securities has enhanced following measures by the Chinese government to gradually expand the use of RMB outside the Mainland China and the increased number of issues in RMB debt securities in the offshore primary market. However, there is no guarantee that there will be an active secondary market for all RMB debt securities. In the absence of an active secondary market, the underlying funds may need to hold the relevant RMB debt securities until their maturity date. If sizeable redemption requests are received, the underlying funds may need to liquidate their investments at a substantial discount in order to satisfy such requests and may suffer losses in trading such instruments. Even if a secondary market exists for any RMB debt securities, the price at which such instruments are traded on the secondary market may be higher or lower than the initial issue price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB debt securities may be high, and the underlying funds may therefore incur significant trading costs and may even suffer losses when selling such investments. In respect of the listed debt securities, the underlying funds may be subject to the risk of not being able to sell them over the exchange on a timely basis, or may have to sell at a substantial discount to their face values. This may adversely affect the liquidity and net asset value of the underlying funds, and hence the fund.

Limited supply of RMB denominated debt securities

The quantity of RMB debt securities that are available to the underlying funds is currently limited, and the remaining duration of any RMB debt securities that the underlying funds may invest in may be short. Although the issuance of offshore RMB debt securities has increased substantially in recent years, supply may lag the demand for offshore RMB debt securities under certain circumstances. In some cases, new issues of offshore RMB debt securities may be oversubscribed and may be priced higher than and/or trade with a lower yield than equivalent onshore RMB debt securities. If the onshore RMB debt securities market subsequently opens up, this may lead to the convergence of the yields in the two markets. This may result in higher yields for the offshore RMB debt securities and, consequently, decrease the price of such offshore RMB debt securities. This may affect the net asset value of the underlying funds, and hence the fund.

In the absence of investible securities, or when the relevant debt securities held are at maturity, the underlying funds may have to allocate a significant portion of the portfolio's RMB assets in RMB negotiated term deposits until suitable securities are available in the market. This may adversely affect the return and performance of the underlying funds. In addition, where there is a limited supply of and excess demand for RMB denominated instruments, prices of such instruments could be driven up, and their quality could be compromised, and these may have an adverse impact on the value of the underlying funds and the fund.

In addition, the underlying funds are only permitted to invest in permissible investments under Schedule 1 of the General Regulation. Certain offshore RMB debt securities available in the market may not meet the requirements under Schedule 1 of the General Regulation and hence may not be invested by the underlying funds. Although it is expected that there will be sufficient issues of debt instruments that meet the requirements, the choice of investment may not be as diverse as for other types of funds, and this may result in concentration risk. However, this risk is minimised as the exposure to any single issuer is limited to the maximum level of 10% of the net asset value of the constituent fund (except for bodies such as governments as permitted under Schedule 1 to the General Regulation).

Currency risk

In calculating the value of RMB denominated or settled assets and the relevant unit prices, the exchange rate for offshore RMB market in Hong Kong (also known as the CNH rate) will be applied. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB market in Mainland China (also known as the CNY rate) and there may be significant bid and offer spreads. The value of the fund(s) thus calculated will be subject to fluctuation.

<u>Additional key risks relating to the DIS</u>

Key risks relating to the DIS

Members should note that there are a number of attributes of the design of the DIS as set out below, which affect the types of risks associated with the DIS.

Limitations on the strategy

i) *<u>Age as the sole factor in determining the asset allocation under the DIS</u>*

As set out in more detail in section 3.1.1, members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of constituent funds from the range available in the Scheme.

ii) *<u>Pre-set asset allocation</u>*

Members should note that the DIS CFs have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or – 5%. The prescribed exposure between higher risk and lower risk assets of the DIS CFs will limit the ability of the investment manager to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the investment manager thought it appropriate to do so.

iii) *<u>Annual de-risking between the DIS CFs</u>*

Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions. It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation will change gradually over a 15-year time period. Members should be aware that the de-risking will operate automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate members from "systemic risk", such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

iv) *<u>Potential rebalancing within each DIS CF</u>*

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the DIS CFs, the investments of each of the DIS CFs may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the asset allocation of the DIS CFs may fall outside the respective prescribed limit.

In this case, each of the DIS CFs will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the investment manager is of the view that the higher risk assets might continue to perform poorly.

v) *Additional transaction costs*

Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the prescribed allocation within each of the DIS CFs and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

General investment risk related to the DIS

Although the DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those members with only a short investment horizon before retirement). The two DIS CFs are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in the DIS CFs is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to section 3.2 of the offering document.

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/on-going contribution, if any, will be invested in the A65F which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

Additional Risk Factor for Investment in Retirement Funds

In respect of member's investments in Retirement Funds (other than the Smart Retirement Fund with effect from January 1, 2016), the asset allocation on equity and fixed income investment of the Retirement Funds will change over time, the risk profile and returns involved will also vary accordingly. In addition, member should prepare to accept significant fluctuations in the value of their investments up to the maturity dates of these funds and even after the maturity dates if the member's accumulation is not being withdrawn and being invested into the Smart Retirement Fund. The investment objectives of the Smart Retirement Fund may not be the same as those of the Retirement Funds held by member prior to the maturity date and may not be suitable for every member. Members are also reminded that at any particular given point in time, actual portfolios of the Retirement Fund may at times vary considerably from that anticipated by the illustrative Glide Path as market, political, structural, economic and other conditions change.

Members should note that investment in a Retirement Fund should not be made based solely on age or retirement date. Each member should consider its own personal circumstances and risk tolerance level before making any investment choices. There is no guarantee in repayment of principal to investors upon realisation including realisation in the target year of the relevant Retirement Fund. Members may suffer loss of their investments in the Retirement Funds, prior to, at, or after the target year of the relevant Retirement Fund.

Members should note that the selection of a Retirement Fund that does not most closely align with their expected date of disposal of their investments in such fund (which may coincide with their expected retirement age) may result in their having a higher risk of potential mismatch between their investment horizon and their investment type than would the case if they had accurately selected a Retirement Fund that does mostly closely align with their expected date of disposal of their investments.

3.3 Investment Restrictions and Guidelines

The assets in the constituent funds may be invested in any investments, securities, pooled investment funds or any other properties in accordance with Part V and Schedule 1 of the Regulation and any codes and guidelines issued by the Authority or the SFC from time to time.

3.4 Investment Management of the Scheme

The Trustee will manage the investment of the Scheme in accordance with the terms set out in the Trust Deed and the relevant codes and regulations issued by the Authority and the SFC. The investment manager of the first level pooled investment funds shall be MAMHK.

Members are required to note that the underlying investments to be made under the Fidelity Growth Fund and Fidelity Stable Growth Fund are subject to the investment management of FIL Investment Management (Hong Kong) Limited.

3.5 Borrowing Policy

Each constituent fund, and its underlying funds, are required to comply with the borrowing restrictions stipulated in section 65 and Schedule 1 of the Regulation.

4. CONTRIBUTIONS AND WITHDRAWAL

4.1 Application for Membership

The Scheme has been registered by the Authority as a registered scheme under the MPFS Ordinance**. From the commencement date of the MPFS Ordinance, which was December 1, 2000, any employer or self-employed person may participate in the Scheme by establishing a sub-scheme. A relevant employee (as defined in the MPFS Ordinance) whose employer may/may not have a sub-scheme under the Scheme (an "individual relevant employee") may also participate in the Scheme. In addition, the Trustee may enrol a relevant employee to the Scheme for the purpose of Section 7AC of the MPFS Ordinance.

In order to establish a sub-scheme, an applicant must complete the application form prescribed by the Trustee, execute the relevant participation agreement (in the case of an employer) and agree in writing to comply with the provisions of the Trust Deed. If the applicant is an employer, its employees who are eligible to join the Scheme must also complete the enrolment form prescribed by the Trustee and agree in writing to comply with the provisions of the Trust Deed provided that the Trustee may enrol any person who is eligible to join the Scheme in such other manner as the Trustee considers appropriate.

If the applicant is a self-employed person, he must indicate in the application form whether he will contribute to the Scheme on a monthly or yearly basis. If the applicant is an individual relevant employee, he must indicate in the application form the manner in which he will make his Flexi Retirement Contribution.

Any employee under his employer's scheme may, upon his cessation of employment with such employer, transfer his accrued benefits under his employer's scheme to a personal account of the Scheme and become a personal account member. Any employee may also join the Scheme by transferring his accrued benefits in respect of his current employment, former employment or former self-employment to a personal account of the Scheme and become a personal account member in accordance with section 4.11.1 – "Transferring accrued benefits to the Scheme".

Any other person who wishes to join the Scheme may transfer his accrued benefits in respect of any former employment or former self-employment to a personal account of the Scheme and become a personal account member.

Any applicant whose application is accepted will be notified within 30 days from the time when all the information required for the application is submitted and the applicant has agreed to comply with the provisions of the Trust Deed. All applicants who are admitted to the Scheme (including the employee members of the participating employer) will be bound by the governing rules of the Scheme contained in the Trust Deed. Upon application to participate in the Scheme, permission is given by the applicants for their appointed insurance/MPF intermediaries involved to receive commission or other remuneration (if any) that may be payable by MIL on account of their services.

** Although the Scheme has been registered with the Authority, such registration does not imply official recommendation of the Scheme by the Authority.

4.2 Mandatory Contributions

4.2.1 Employer and Employee Members

Subject to the provisions in the MPFS Ordinance, every employer under the relevant sub-scheme must, in respect of each of its employee members who is a relevant employee as defined in Section 2 of the MPFS Ordinance, pay to the Trustee out of the employer's own funds a mandatory contribution at a prescribed percentage as provided in Section 7A of the MPFS Ordinance (currently at 5%) of such employee member's relevant income for each period during which income is paid to each employee member (the "contribution period"). The mandatory contribution will not exceed that prescribed percentage of the maximum level of relevant income as specified in Schedule 3 of the MPFS Ordinance from time to time (the "Maximum Level of Relevant Income").

At the same time, unless the relevant income of the employee member who is a relevant employee as defined in Section 2 of the MPFS Ordinance falls below the statutory minimum level of relevant income as specified in Schedule 2 of the MPFS Ordinance from time to time (the "Minimum Level of Relevant Income") per month (or, if the relevant employee is remunerated more frequently than on a monthly basis, the Minimum Level of Relevant Income per day, or in any other cases, the Minimum Level of Relevant Income per month as pro-rated or the Minimum Level of Relevant Income per day as pro-rated, whichever is applicable), such employer must, for each contribution period, deduct from such employee member's relevant income and pay to the Trustee a mandatory contribution at a prescribed percentage as provided in Section 7A of the MPFS Ordinance (currently at 5%) of such income, provided that the maximum contribution that would be so deducted should not exceed that prescribed percentage of the Maximum Level of Relevant Income.

If you have any enquiry in relation to the minimum and maximum level of relevant income, please call our customer service representative at 21081234 (Employer Hotline)/ 21081388 (Member Hotline).

Both the employer's and employee's mandatory contributions must be made on the contribution day as defined in the Regulation which is generally the 10th day after the last day of the relevant contribution period in the case of casual employee, or the 10th day after the last day of the calendar month within which the relevant contribution period ends in the case of a relevant employee other than a casual employee.

The employer is also required under Section 7AA of the MPFS Ordinance to pay contributions for a relevant employee who is not a member of a registered scheme as required by Section 7 of the MPFS Ordinance on or after the commencement date of the said Section 7AA. The employer must pay the employee's contribution and employer's contribution to the Authority. The total amount of contributions payable by the employer is the same as the amount described in the paragraphs above. The employer is further required to provide a statement containing information about the employee(s) concerned and the contributions paid, etc. when making the payment to the Authority.

When the Authority receives payment under Section 7AA of the MPFS Ordinance, it is required to pay the contribution received to the approved trustee of a registered scheme nominated by the employer if the employee concerned is still employed by that employer. In the event that the employer has not made such a nomination or if the employee concerned has ceased to be employed by the employer, the Authority should pay the contribution received to the approved trustee of a registered scheme nominated by the employee. If neither the employer nor the employee has made a nomination, the Authority has to pay the contribution to the approved trustee of a registered scheme it considers appropriate.

4.2.2 Self-employed Persons

Every self-employed person under the Scheme must, to the extent required by the MPFS Ordinance, from the commencement date of his sub-scheme, pay to the Trustee a mandatory contribution at a prescribed percentage as provided in Section 7C of the MPFS Ordinance (currently at 5%) of his relevant income on a monthly or yearly basis as specified in his application form unless his relevant income falls below the Minimum Level of Relevant Income per month or the Minimum Level of Relevant Income per year. The amount that any self-employed person must contribute will not exceed that prescribed percentage of the Maximum Level of Relevant Income.

If you have any enquiry in relation to the minimum and maximum level of relevant income, please call our customer service representative at 21081388 (Member Hotline).

4.2.3 Special Contribution

Special contribution may be paid by the Authority into the account of an employee member, self-employed person, or personal account member under the Scheme in accordance with Section 19B of the MPFS Ordinance.

4.3 Voluntary Contributions (other than Flexi Retirement Contribution)

4.3.1 Regular Voluntary Contribution

Employers, employee members or self-employed persons under the Scheme may choose to pay to the Trustee a regular voluntary contribution as a top-up contribution for each contribution period. Regular voluntary contribution may only be made by employers, employee members and self-employed person. If an employer chooses to make such regular voluntary contributions on behalf of his employees, it should be specified by the employer to the Trustee in the Remittance Statement and/or contribution data file, or in such other form/manner as prescribed/agreed by the Trustee from time to time. If a self-employed person chooses to make a regular voluntary contribution, he must notify the Trustee in writing by 30 days' prior notice the amount of such voluntary contribution. If an employee member chooses to make a regular voluntary contribution, it should also be specified via the employer to the Trustee in the Remittance Statement and/or contribution data file, or in such other form/manner as prescribed/agreed by the Trustee from time to time. Any regular voluntary contribution made by an employee member and self-employed person shall be deducted from their respective relevant income.

The employer may change its regular voluntary contributions arrangement by giving the Trustee one month's prior written notice. If an employee member wishes to change his regular voluntary contributions arrangement, such notice must also be sent to the Trustee via the employer. However, employers and employee members are entitled to change their respective regular voluntary contribution once only in each financial year of the Scheme. If a self-employed person wishes to change his voluntary contributions arrangement, prior notice in writing has to be given to the Trustee.

4.3.2 Non-regular Voluntary Contribution

Non-regular voluntary contribution may only be made by employee members and self-employed persons.

(a) Employee Members

With the consent of the Trustee, employee members may request to make a "non-regular voluntary contribution" as a top-up contribution on any dealing day by giving to the Trustee a 7 working days' written notice (in such form as the Trustee may from time to time prescribe). If any employee member chooses to make a non-regular voluntary contribution, such contribution may subject to the agreement of the Trustee either be paid by the employee member from his or her own funds or deducted from his or her relevant income. If the non-regular voluntary contribution is deducted from the relevant income, the consent of his or her employer will also be required.

If any employee member is permitted to make a non-regular voluntary contribution, the amount of each such non-regular voluntary contribution shall not be less than HK$5,000 (or such smaller amount as the Trustee may in its discretion agree) provided further that the Trustee may require additional proof of identification if the amount of non-regular voluntary contribution shall exceed the limit as determined by the Trustee from time to time.

(b) Self-employed Persons

With the consent of the Trustee, self-employed persons may choose to make a "non-regular voluntary contribution" as a top-up contribution on any dealing day by giving to the Trustee a 7 working days' written notice (in such form as the Trustee may from time to time prescribe). Such contribution may either be paid from the self-employed person's own funds or relevant income or such other manner as the Trustee may agree and prescribe from time to time at its discretion.

If the self-employed person is permitted to make a non-regular voluntary contribution, the amount of each such non-regular voluntary contribution shall not be less than HK$5,000 (or such smaller amount as the Trustee may in its discretion agree) provided further that the Trustee may require additional proof of identification if the amount of non-regular voluntary contribution shall exceed the limit as determined by the Trustee from time to time.

4.3A Flexi Retirement Contribution

With the consent of the Trustee, an individual relevant employee may choose to make a "Flexi Retirement Contribution" on monthly basis (or on such regular basis as the Trustee may agree) or in single lump sum specified amount on any dealing day. Relevant employees whose employers do not maintain a sub-scheme under the Scheme can only make contribution as Flexi Retirement Contribution. Such contribution may be paid from the individual relevant employee's own funds in such manner as the Trustee may agree and prescribe from time to time. The Trustee reserves the right not to accept any Flexi Retirement Contribution.

In any case, each of such monthly Flexi Retirement Contribution shall not be less than HK$500 and except for the first single lump sum specified amount which shall not be less than HK$10,000, each of the subsequent single lump sum specified amount shall not be less than HK$5,000 (or such smaller amount as the Trustee may in its discretion agree) provided further that the Trustee may require additional proof of identification if the amount of single lump sum specified Flexi Retirement Contribution shall exceed such limit as the Trustee may determine. The Trustee may change the prescribed minimum Flexi Retirement Contribution amounts from time to time by giving one month's written notice to the individual relevant employees.

An individual relevant employee member may change the specified amount of Flexi Retirement Contribution provided that prior 30 days' written notice has been received by the Trustee. The new contribution amount specified in the notice shall not be less than the prescribed minimum Flexi Retirement Contribution amount as specified above.

All mandatory contributions, voluntary contributions and Flexi Retirement Contribution to the Scheme must be made to the Trustee.

4.4 Contribution Investment Instruction

This section applies to all members including individual relevant employee member of Flexi Retirement Contribution under section 4.3A:

4.4.1 At Application/Enrolment

At the time when a member joins the Scheme or opens a new account, the member has the opportunity to give his contribution investment instruction to the Trustee as part of his application form or enrolment form (as the case may be). Subject to any restrictions and limitations which may from time to time be imposed by the Trustee, such member may select his own investment combination in the contribution investment instruction. Member should note that there are no separate contribution investment instructions for mandatory and voluntary contributions at the time of application/enrolment. In such case, a member's contribution investment instruction given at the time of application/enrolment will apply to both mandatory and voluntary contributions.

Allocation percentage of investment choice for contribution is required at a minimum of 5% and in a whole number for each selected constituent fund. The total allocation percentages should add up to 100%.

A member will be treated as not having given any contribution investment instruction in respect of an account in the following circumstances and such member's contributions (including transferred monies) will be fully invested into the DIS:

(i) No signature is provided on the application or enrolment form;

(ii) The total allocation percentages of the investment choice selected is over 100%;

(iii) No investment choice is given in the application or enrolment form;

(iv) The investment choice for all the selected constituent funds is unclear or illegible; and/or

(v) Both the DIS and individual constituent funds are selected, which are mutually exclusive as an investment choice for a contribution investment instruction at the application /enrolment.

Where contribution investment instruction from a member is treated as partially (but not wholly) invalid, such investment instruction will be processed in the following manner:

(1) The part of the contribution investment instruction which is clear and treated as valid: such part of the investment instruction to invest into selected constituent fund(s) will be processed accordingly.

(2) The remaining part of the contribution investment instruction which is unclear or invalid, the contribution (including transferred monies) to which such contribution investment instruction relate will be invested into the DIS . Examples of such partially invalid contribution investment instruction include:

   (i) the allocation percentage to any selected constituent fund(s) is below 5%;

   (ii) the allocation to any selected constituent fund(s) is not in whole number;

   (iii) contribution investment instruction in any selected constituent fund(s) is unclear or illegible;

   (iv) in case that the total allocation percentage of the investment choice selected is below 100%, the portion with no contribution investment instruction; and/or

   (v) the investment choice is not a constituent fund available for selection.

After member enrolment, a notice confirming the investment of all or part of the funds by default arrangement into the DIS together with the reasons for the said investment arrangement will be issued to the member.

4.4.2 Circumstances for accrued benefits to be invested in the DIS

(i) New accounts set up on or after April 1, 2017:

(a) When members join the Scheme or set up a new account in the Scheme, they have the opportunity to give an investment instruction for their future contributions and transferred monies. They may choose to invest their future contributions and transferred monies into:
- the DIS; or
- one or more constituent funds of their own choice from the list under section 1 (including the CAF and the A65F) and according to their assigned allocation percentage to relevant fund(s) of their choice.

Member should note that, if investments/benefits in CAF or A65F are made under the member's contribution investment instructions (as defined in section 4.4.1 above) (as a standalone fund choice rather than as part of the DIS offered as a choice) ("standalone investments"), those investment/accrued benefits will not be subject to the de-risking process. Accordingly, if a member's accrued benefits are invested in any combination of (i) CAF and/or A65F as standalone investments and (ii) the DIS (no matter by default arrangement or by contribution investment instruction), accrued benefits invested under (i) will not be subject to the de-risking mechanism whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration rules applicable to accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instructions, be required to specify to which part of the accrued benefits (namely, under (i) or (ii)) the instructions apply.

(b) If members do not give any contribution investment instructions (as defined in section 4.4.1 above), their future contributions and transferred monies will be automatically invested in the DIS.

(ii) Existing accounts set up before April 1, 2017:

There are special rules to be applied for accounts which exist or are set up before April 1, 2017 ("Pre-existing Accounts") and these rules **only apply to member who is under or becoming 60 years of age on April 1, 2017.** Members who have reached 60 years of age before April 1, 2017 will not be affected and there is no change on investment of his accrued benefits, future contributions and transferred monies of his account.

(a) For a member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement (i.e. the Interest Fund) immediately before April 1, 2017:

The original default arrangement of the Scheme is to invest in the Interest Fund which provides capital guarantee. As the amount withdrawn from the Interest Fund at any time will not be less than the value guaranteed, member's Pre-existing Account is subject to arrangement below as required by the MPF legislation. If the accrued benefits in a member's Pre-existing Account are only invested in the Interest Fund according to the original default investment arrangement of the Scheme, special rules and arrangement will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the future contributions and transferred monies for such account will be invested in the DIS. If the member's Pre-existing Account is the one described above, a notice called the **DIS Re-investment Notice** ("the DRN") will be sent to the member within 6 months after April 1, 2017 explaining the impact on such account and giving the member an opportunity to give a specified investment instruction to the Trustee before the accrued benefits, future contributions and/or transferred monies are invested into the DIS. **Member should note that the risk inherent in the arrangement, in particular, the original default arrangement of the Scheme before April 1, 2017 is invested to the Interest Fund. The investment policy and the risk factors of the Interest Fund can be referred to section 3.1A(i) and 3.2 respectively. Please note that the risk factors of the Interest Fund are different to those of the DIS as stated in section 3.2 of this Offering Document. Member should note that the Interest Fund provides a capital guarantee and the risk level is lower than the DIS. They will also be subject to market risks during the redemption and reinvestment process.**

For details of the arrangement, members should refer to the DRN.

(b) For a member's Pre-existing Account with part of the accrued benefits in the original default investment arrangement:

For a member's Pre-existing Account which is invested part of the accrued benefits in the Interest Fund according to the original default investment arrangement immediately before April 1, 2017, unless the Trustee has received any specific investment instructions, accrued benefits (including future contribution and transferred monies) for a member will be invested in the same manner as accrued benefits were invested immediately before April 1, 2017.

(c) For a member's Pre-existing account set up as a result of an automatic transfer of accrued benefits from a contribution account due to cessation of former employment ("auto-preservation process") with none or all of the accrued benefits in the original default investment arrangement and without specific contribution investment instruction being given:

For a member's Pre-existing account set up under the auto-preservation process with none or all of the accrued benefits in the Interest Fund, unless the trustee has received any specific investment instructions, accrued benefits immediately before April 1, 2017 will continue to be invested in the same manner but the future contribution and transferred monies on or after April 1, 2017 will be invested in the DIS. Member should note that, in general, contribution investment instruction that was carried over from a contribution account to a personal account under the auto-preservation process will be changed to the DIS unless there were subsequent transferred monies made to the personal account and invested according to such instruction before April 1, 2017.

(d) For a member's Pre-existing Account with the accrued benefits being transferred to the Scheme as a result of scheme restructuring:

For a member's Pre-existing Account with accrued benefits being transferred to the Scheme as a result of scheme restructuring and not wholly invested in the Interest Fund immediately before April 1, 2017, unless the Trustee has received any specific investment instructions, accrued benefits (including future contribution and transferred monies) for a member will continue to be invested in the same manner as that were invested immediately before April 1, 2017.

The implementation of the DIS under the MPF legislation may have impacts on members' investments on accrued benefits and/or future contributions (including transferred monies), members should consult the Trustee if you have any doubts on whether and how your accounts may be affected.

4.4.3 Selected constituent fund is terminated

If any constituent fund is terminated under section 3.1A above, any member who has accrued benefits in such terminating constituent fund or future contributions to be invested in such terminating constituent fund must also submit a fund switching instruction and/or new contribution investment instruction, subject to the rules of the Scheme under section 4.4.1 above, (as the case may be) to the Trustee before the closure of such constituent fund or within such timeframe as stipulated by the Trustee in the relevant notice of termination, whichever is earlier. Such instruction will be implemented by the Trustee within 30 days of the receipt of such instruction. If the member fails to submit to the Trustee such instruction within the above specified time, the member will be considered to have elected to invest all such accrued benefits or future contributions/transferred monies (as applicable) into: (i) the DIS, in the case where the terminating constituent fund is not a Retirement Fund; or (ii) the Smart Retirement Fund, in the case where the terminating constituent fund is a Retirement Fund; or (iii) such other constituent fund as stipulated by the Trustee in the relevant notice of termination and approved by the Authority.

4.4.4 Change of Contribution Investment Instruction

Member can change his contribution investment instruction at any time, subject to the rules of the Scheme under section 4.4.1 except the change allows the separate investment choices for mandatory and voluntary contributions and combination of DIS and individual constituent funds.

As soon as the Trustee receives confirmation from the receiving banks of the Trustee that the contribution monies are cleared, the Trustee will invest the monies in the respective constituent funds in accordance with the latest contribution investment instruction.

4.5 Transfer into the Scheme

4.5.1 General

If an employer already maintains an existing occupational retirement scheme under the Occupational Retirement Schemes Ordinance, the employer may transfer the funds and any minimum MPF benefit in such existing retirement scheme to the Scheme as voluntary contribution and mandatory contribution respectively in accordance with the MPFS Ordinance.

Similarly, if an employer already maintains an employer sponsored scheme or participates in another provident fund scheme under the MPFS Ordinance, the employer may also transfer the funds in such existing scheme to the Scheme but always subject to the appropriate provisions of the MPFS Ordinance.

Where there is a change in the ownership of whole or part of a business in which an employee is employed, or where the relevant employment of an employee is transferred to an associated company of the same company group, the new owner or associated company, as the case may be, ("new employer") who has assumed certain duties or liabilities of the previous owner or company ("previous employer") under the Regulation, may elect in accordance with the Regulation (including section 150A) to have the funds and any minimum MPF benefit of such employee held in the scheme or arrangement maintained by his/her previous employer to be transferred to the Scheme of which the new employer is a participating employer but always subject to the appropriate provisions of the MPFS Ordinance.

At the request of an employee member, self-employed person or personal account member, the Trustee shall also accept a transfer payment from any scheme or arrangement of which the employee member, self-employed person or personal account member is a member. Such transfer payment will be held by the Trustee as mandatory and/or voluntary contributions in accordance with the governing rules of the Scheme.

In addition, an employee or a self-employed person who was formerly a member of another scheme (whether it is an employer sponsored scheme, another master trust scheme or an industry scheme) may join the Scheme as a personal account member by submitting a transfer notice to the Trustee and transferring his accrued benefits from the former scheme to the Scheme. Please also refer to section 4.11 – **"Employee's Choice – Transferring accrued benefits to and from the Scheme"** for details. Subject to section 4.5A, the investment instruction of the transfer payment from members should follow section 4.4 Contribution Investment Instruction.

This Section 4.5 does not apply to an individual relevant employee who makes Flexi Retirement Contribution.

4.5A Transfer within the Scheme

When a transfer from a member's account to the member's another account within the Scheme in accordance with section 4.5.1 or section 4.11 is being processed, such transfer will be effected by way of unit transfer of the relevant units of the constituent funds (other than the Interest Fund which is non-unitised).

If the member's account holds any units of the Stable Fund at the time of transfer, the relevant guarantee account balance and all relevant transactions that are applicable in determining the guarantee will be transferred to such another account of the member. The member's entitlement to the guarantee under the Stable Fund will not be affected.

If the member's account holds any balance of the Interest Fund at the time of transfer, the relevant balance will be transferred to the member's another account. The member's entitlement to the guarantee under the Interest Fund will not be affected.

Member should note that the contribution investment instruction (as defined in section 4.4.1 above) applicable to the member's account prior to the transfer will not be carried over to the member's other account ("transferee account") to which the accrued benefits are transferred. Unless the member has given a contribution investment instruction or such instruction exists in the member's transferee account, any future contribution and transferred monies will be invested in accordance with the DIS.

4.6 Vesting of Benefits

4.6.1 Employee Member

Except for any employer's voluntary contributions and subject to any provisions otherwise stipulated in sections 12 and 12A of the MPFS Ordinance, all contributions made on behalf of any employee member will become fully vested as accrued benefits as soon as they are received by the Trustee.

All voluntary contributions made by the employer on behalf of an employee member will become fully vested when:

(i) the employee member attains the normal retirement age of 65;

(ii) the employee member retires on the ground of total incapacity;

(iii) the employee member dies during his employment; or

(iv) the voluntary contributions become fully vested in accordance with its vesting scale as specified in the application form or any other instructions in writing.

At the option of the employer as specified in the application form, each employee member may become fully vested with the employer's voluntary contribution upon his early retirement after the age of 60.

4.6.2 Self-employed Person, Individual Relevant Employee and Personal Account Member

All contributions made on behalf of self-employed persons, individual relevant employees and personal account members will be fully vested at all times.

4.7 Withdrawal of Benefits

Subject to the provisions in the MPFS Ordinance and the Regulation and save as otherwise provided in the rules of the Trust Deed, participation agreement or any ancillary instructions, an employee member, self-employed person, individual relevant employee and personal account member (or their personal representative, committee of the estate, as the case may be) will be entitled to all benefits accrued (unless otherwise stated) under the Scheme (a) in a lump sum in any of the circumstances described in (i) to (vi) below; or (b) by instalments in the circumstances described in (i) or (ii) below:

(i) he attains the normal retirement age of 65;

(ii) he attains the early retirement age of 60 and certifies to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment;

(iii) he dies before his benefit has been paid;

(iv) he has departed or is about to depart from Hong Kong permanently;

(v) he retires on the ground of total incapacity;

(vi) he has a terminal illness which is likely to reduce his life expectancy to 12 months or less (with the exception of the accrued benefits deriving from voluntary contributions in his contribution account if he is still under employment in the case of an employee member).

Any withdrawal claims of accrued benefits by instalments for each member can be effected free of charge. Bank charges may be incurred by a member at his own bank account for any direct credit payment.

Subject to section 162 of the Regulation, the rules of the Trust Deed also contain provisions which allow the employee member, self-employed person, individual relevant employee or personal account member to receive accrued benefits in the Scheme if such benefits do not exceed HK$5,000 as at the date of the claim and at least 12 months have elapsed since the contribution day in respect of the latest contribution period for which mandatory contribution is required to be paid in respect of such member and the member does not have any benefits in other registered schemes. The accrued benefits will be valued as at the dealing date within 30 days of the date on which the Trustee approves the withdrawal claim.

Voluntary contributions made in respect of an employee member under the relevant sub-scheme of its employer can also be withdrawn when he ceases to be employed by the employer or in accordance with the provisions of the Regulation or the relevant participation agreement.

The amount of benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contribution account and the total balance of his own voluntary contribution account under such relevant sub-scheme of its employer. The benefits will be valued as at the dealing day within 30 days of the later of the date of cessation of employment or the date on which the Trustee receives the notice of cessation of employment.

A self-employed person or a personal account member is entitled to withdraw the accrued benefits in his voluntary contribution account once in each financial year of the Scheme by giving 30 days' prior written notice (or such shorter notices as agreed by the Trustee from time to time) to the Trustee.

4.7A Withdrawal of Flexi Retirement Contribution

An individual relevant employee member shall maintain its Flexi Retirement Contribution account balance of not less than HK$5,000 at all times, or in the case of monthly Flexi Retirement Contribution, after the Flexi Retirement Contribution account balance reaches HK$5,000. Subject to the consent of the Trustee, an individual relevant employee who has benefits attributable to the Flexi Retirement Contribution may request the Trustee to redeem and withdraw any portion of such Flexi Retirement Contribution on any dealing day by giving to the Trustee a written request (in such form as the Trustee may from time to time prescribe). A withdrawal charge, if any, may be deducted from the withdrawal. (Initially the Trustee has waived the withdrawal charge until further notice.) Any such redemption requests will normally be effected by the Trustee within 30 days from the receipt of the proper request given by the individual relevant employee and the proceeds shall be paid to the individual relevant employee accordingly.

Any such redemption allowed for each individual relevant employee can only be effected 4 times in a financial year save as otherwise agreed by the Trustee on such terms at its own discretion. Furthermore, the amount of benefits withdrawn under each request shall not be less than HK$5,000 (or such smaller amount as the Trustee may in its discretion agree).

4.8 Withdrawal of Non-Regular Voluntary Contribution

(a) Employee Members

An employee member who has benefits attributable to non-regular voluntary contributions (*which are made by the employee member from his own funds or relevant income*) may request the Trustee to redeem and withdraw any portion of such non-regular voluntary contributions on any dealing day during his employment by giving to the Trustee a written notice (in such form as the Trustee may from time to time prescribe). Any such redemption requests will normally be effected by the Trustee within 7 business days of the receipt of the proper notice given by the employee member.

Any such redemption and withdrawal allowed for each employee member can only be effected once in a financial year save as otherwise agreed by the Trustee on such terms at its own discretion. Furthermore, the amount of benefits withdrawn under each request shall not be less than HK$5,000 (or such smaller amount as the Trustee may in its discretion agree provided that if the account value attributable to such non-regular voluntary contribution is less than HK$5,000, the total amount within the said accounts can be withdrawn).

(b) Self-employed Persons

Subject to the consent of the Trustee, a self-employed person who has benefits attributable to the regular and non-regular voluntary contributions may request the Trustee to redeem and withdraw any portion of such regular and non-regular voluntary contributions on any dealing day during his self-employment by giving to the Trustee a written request (in such form as the Trustee may from time to time prescribe). Any such redemption requests will normally be effected by the Trustee within 7 business days from the receipt of the proper request given by the self-employed person, or in the case of withdrawal of accrued benefits under voluntary contribution account, within 7 business days from the date of receipt of the relevant requests or the expiry date of such requests.

Any such redemption and withdrawal allowed for each self-employed person can only be effected once in a financial year save as otherwise agreed by the Trustee on such terms at its own discretion. Furthermore, the amount of benefits withdrawn under each request shall not be less than HK$5,000 (or such smaller amount as the Trustee may in its discretion agree provided that if the account value attributable to such non-regular voluntary contribution is less than HK$5,000, the total amount within the said accounts can be withdrawn).

4.9 Payment of Accrued Benefits

4.9.1 Employee Member, Self-employed Person or Personal Account Member

Subject to the provisions in the Regulation, an employee member, self-employed person or personal account member, who is entitled to receive his benefits under the Scheme, may lodge with the Trustee a claim for the relevant benefits by submitting a form as prescribed by the Trustee.

Subject to all relevant information required by the Trustee has been received and any requirement of the Regulation, the Trustee shall:

(a) in the case where the benefits are paid in a lump sum, ensure that the benefits are paid to the member within (i) 30 days after the date on which the claim is lodged; or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged with the Trustee, whichever is the later; or

(b) in the case where the benefits are paid by instalments, ensure that each instalment is paid to the member within 30 days after the date on which the member instructs the Trustee to pay that instalment, unless otherwise agreed between the Trustee and the member.

This paragraph 4.9.1 does not apply to an individual relevant employee who makes Flexi Retirement Contribution.

4.9.2 Other matters

The Trustee may also deduct from the benefits paid (including benefits paid to an individual relevant employee) all income taxes, duties, charges and any other fees which are required by law to be deducted.

When the Trustee pays the accrued benefits to a member, the Trustee will provide the member with a benefit payment statement containing information such as the total amount paid and the details of any expenses relating to the payment made.

Payment of benefits under the Scheme will be made in Hong Kong and in Hong Kong dollars unless otherwise agreed between the Trustee and the member. If the payment is made in a currency other than Hong Kong dollars or in a place outside Hong Kong, the Trustee may deduct the cost of conversion and transmission (as the case may be) from the sum payable. The Trustee may make the payment by cheque or telegraphic transfer.

4.9A Payment related to Long Service Payment and Severance Payment

The benefits attributable to an employer's contributions could be reduced by the amount of the long service payment or severance payment which the employer is required to pay to its employees, up to and no more than the amount of such benefits. The relevant amount of the long service payment or severance payment will be withdrawn from the vested balance of the employer's contributions according to the following sequence (unless otherwise agreed by the Trustee at its sole discretion):

(i) the vested benefits of the employer's contributions in the occupational retirement scheme (if any) with Manulife;

(ii) the vested benefits of the employer's voluntary contribution sub-account;

(iii) the balance of the employer's mandatory contribution sub-account.

4.10 Portability of Benefits

4.10.1 Employee Member, Self-employed Person and Personal Account Member

The rules of the Trust Deed also contain provisions relating to the portability of accrued benefits of the employee member, self-employed person or personal account member. If an employee member ceases to be employed by his employer, the employee member may elect to have his accrued benefits under the Scheme transferred to a personal account of the Scheme, to an industry scheme or to another registered scheme. In the case of a self-employed person, he may at any time elect to transfer his accrued benefits under the Scheme to another registered scheme or an industry scheme. In the case of a personal account member, he may also at any time elect to transfer his accrued benefits in his personal account to another registered scheme.

An employee member, self-employed person or personal account member who wishes to make the transfer under this section 4.10.1 to another account of the Scheme should notify the Trustee of his election and provide the Trustee with the necessary information in accordance with the rules of the Trust Deed. If an employee member, self-employed person or personal account member wishes to make the transfer under this section 4.10.1 to another scheme, he should notify the trustee of the other scheme, in which case, the trustee of the other scheme should notify the Trustee of the Scheme of the election as soon as practicable. In any event, the Trustee will take all practicable steps to ensure that the accrued benefits concerned will be transferred in accordance with the election within 30 days after being notified by a completed election notice or if the election is made by an employee member who ceases to be employed by his employer, within 30 days after the last contribution day in respect of the employment that has ceased, whichever is the later, and subject to any other requirement of the Regulation.

If the employee member fails to make an election within 3 months of the employment termination notice, the employee member will be taken at the end of that period to have elected to transfer his accrued benefits concerned to a personal account of the Scheme, in which case, all the accrued benefits will be so transferred within 30 days after the end of the 3-month period or within 30 days after the last contribution day in respect of the employment that has ceased, whichever is the later.

If the self-employed person fails to make an election within 3 months of the notification of cessation of contributions, the self-employed person will be taken to have elected not to transfer his accrued benefits but to retain them in the Scheme.

This Section 4.10 does not apply to an individual relevant employee who makes Flexi Retirement Contribution. Benefits held in the Flexi Retirement Contribution sub-account shall be retained in the Scheme unless otherwise withdrawn upon request.

4.10.2 Employee Member – Employee's Choice

An employee member may elect to transfer certain of his accrued benefits out of his account in accordance with section 4.11 **"Employee's Choice – Transferring accrued benefits to and from the Scheme"** below.

4.11 Employee's Choice – Transferring accrued benefits to and from the Scheme

4.11.1 Transferring accrued benefits to the Scheme

A member of another registered scheme may transfer certain of his accrued benefits to the Scheme, as described below. Please note that transfers in this section 4.11.1 shall not apply in circumstances where the employee member of the other registered scheme ceases to be employed by his employer, in which case all his accrued benefits should be transferred in accordance with the requirements of the Regulation.

Benefits relating to current employment

An employee member of another registered scheme, who has accrued benefits deriving from the employee's mandatory contributions and/or, subject to the terms of that registered scheme, voluntary contributions made in respect of his current employment, can have such accrued benefits transferred to the Scheme by completing and returning to the Trustee the prescribed election form together with the required documents.

If he is already a personal account member of the Scheme, the accrued benefits transferred in accordance with the above will be held in his personal account. However, if he is not, he will become a personal account member by completing and sending to the Trustee the application form and other necessary documents, and the accrued benefits will be held in his personal account.

Benefits relating to former employment and former self-employment

An employee member of another registered scheme, who has accrued benefits deriving from mandatory and/or, subject to the terms of that registered scheme, voluntary contributions made by him or his employer in respect of his former employment or former self-employment, can have such accrued benefits transferred to the Scheme by completing and returning to the Trustee the prescribed election form together with the required documents.

If he is already a member of the Scheme, the accrued benefits transferred in accordance with the above will be held in his contribution account or personal account as designated by him. However, if he is not, he will become a personal account member by completing and sending to the Trustee the application form and other necessary documents, and the accrued benefits will be held in his personal account.

4.11.2 Transferring accrued benefits from or within the Scheme

Benefits relating to current employment

If an employee member of the Scheme has accrued benefits deriving from the employee's mandatory contributions of his current employment in his contribution account of the Scheme, he may elect at any time to have all such accrued benefits transferred to a personal account of the Scheme or a personal account within another master trust scheme or industry scheme nominated by the employee member. He may only make such a transfer once in every calendar year. No withdrawal of such accrued benefits shall be allowed except as provided in section 4.7 above.

If he wants to transfer the accrued benefits to a personal account of the Scheme in accordance with the above, he can make his request by completing and sending to the Trustee the prescribed election form and other necessary documents, and the accrued benefits will be held in his personal account.

Benefits relating to former employment and former self-employment

If an employee member of the Scheme has accrued benefits deriving from mandatory contributions of his former employment or former self-employment in his contribution account of the Scheme, he may at any time elect to have all such accrued benefits transferred to a personal account or another contribution account of the Scheme, or a contribution account of another registered scheme or personal account of another master trust scheme or industry scheme nominated by the employee member. No withdrawal of such accrued benefits shall be allowed except as provided in section 4.7 above.

If he wants to transfer the accrued benefits to a personal account or another contribution account of the Scheme in accordance with the above, he can make his request by completing and sending to the Trustee the prescribed election form and other necessary documents, and the accrued benefits will be held in his personal account or another contribution account as designated by him.

If a member elects to have his accrued benefits transferred to another account of the Scheme under this section 4.11.2, the Trustee will take all practicable steps to ensure that all such benefits concerned will be transferred in accordance with the election within 30 days after being notified by a completed election notice or if the election is made by an employee member who ceases to be employed by his employer, within 30 days after the last contribution day in respect of the employment that has ceased, whichever is the later, and subject to any other requirement of the Regulation. If a member elects to have his accrued benefits transferred to another registered scheme, the member should notify the trustee of the other scheme, in which case, the trustee of the other scheme should notify the Trustee of the Scheme of the election as soon as practicable.

4.12 Termination of Sub-scheme

Any employer, self-employed person, individual relevant employee or personal account member may at any time cease to participate in the Scheme by giving a written notice to the Trustee.

Furthermore, the Trustee may terminate the participation of an employer or membership of an employee member, self-employed person, individual relevant employee or personal account member in accordance with the Rules of the Scheme; and

(a) in the case of an employee member, with the written agreement of that employee member or the employer of that employee member given not earlier than 60 days before the termination; or

(b) in the case of a self-employed person or former self-employed person or a personal account member, with the written agreement of that self-employed person or former self-employed person or personal account member given not earlier than 60 days before the termination; or

(c) in the case of an individual relevant employee member, with the notification by the individual relevant employee member to the Trustee that he/she ceases to be a "relevant employee" as defined in the MPFS Ordinance; or with 30 days prior notification given by the Trustee to individual relevant employee members if the Flexi Retirement Contribution account balance maintained in the relevant sub-scheme of the individual relevant employee member is less than HK$5,000; or

(d) in the case of an employee member (other than a casual employee) who is not required to be enrolled in the Scheme by the MPFS Ordinance and whose employment is being terminated before he is so required to enrol in the Scheme, no agreement is required from the said employee member.

Upon termination of the sub-scheme, the employer, employee member, self-employed person or personal account member may transfer the accrued benefits under the Scheme to another registered scheme in accordance with the prevailing laws and regulations.

Upon termination of the sub-scheme, the individual relevant employee member will be paid his accrued benefits under the Scheme in accordance with the Trust Deed governing the Scheme.

5. VALUATION AND PRICING

5.1 Dealing Day

In respect of a unitised constituent fund, units will be valued for or issued/redeemed on each dealing day which will be any day on which the banks in Hong Kong are open for business (excluding Saturdays) or such other day as the Trustee may from time to time determine.

Similarly, investment can be made in or monies can be withdrawn from the Interest Fund on each of such dealing days.

5.2 Dealing Process

To subscribe for units of any constituent funds, the Trustee must receive the following:

(i) clear instruction in respect of the units to be subscribed;

(ii) the contribution monies in cleared funds; and

(iii) the remittance statement setting out the details of the contributions made.

The Trustee will normally issue the relevant number of units to the member within 7 business days of the receipt of all of the above.

The Trustee may however in its sole discretion issue to the member the relevant number of units notwithstanding that the contribution monies have not been received by the Trustee in cleared funds. In such event, if the contribution monies are not received by the Trustee in full and in cleared funds within 7 business days of the issue of the relevant units, the Trustee may cancel such issue of units and any appreciation and depreciation in the value of the units cancelled shall be taken up by the relevant constituent fund.

Similarly, redemption requests will normally be effected by the Trustee within 7 business days from the receipt of the proper instructions given by the members, or within 7 business days from the date of receipt of the relevant requests or the expiry date of such requests in the case of withdrawal of accrued benefits by self-employed member under voluntary contribution account.

Notwithstanding the above, the Trustee may change the dealing methodology described above by giving one month's notice to the members of the Scheme.

5.3 Valuation

The Trustee will value each investment and asset in a constituent fund on each valuation day. Assets in each constituent fund (other than the Interest Fund) will be valued for each dealing day whereas assets in the Interest Fund will be valued for the last day of each month.

The net asset value of a constituent fund will be determined by calculating the total value of the investments and assets of the constituent fund and deducting the liabilities attributable to the constituent fund in accordance with the provisions of the Trust Deed. In general,

(i) quoted investments are valued at their latest available quoted traded price of the relevant investment as at the close of business in the relevant stock exchange or market at or immediately preceding the valuation time which is the close of business in the last market to close of all relevant stock exchanges or markets on each day of valuation or such other time on a day of valuation as the Trustee may from time to time select;

(ii) unquoted investments are assessed on the latest revaluation made;

(iii) collective investment schemes are valued at their net asset values per share or unit or if more than one price is quoted, the sell price;

(iv) current and fixed deposits are valued at face value;

(v) futures contracts are valued at their contract values, taking into account any amount as would be required to close the contracts and any expenses that may be incurred; and

(vi) if investments have been agreed to be purchased, such investments will be included and the purchase price will be excluded; if investments have been agreed to be sold, such investments will be excluded and the sales proceeds will be included.

Liabilities attributable to a constituent fund will include any taxation related to the income of the constituent fund; accrued or unpaid expenses of the Scheme (e.g. trustee's fee, legal and auditor's fee, valuation and other professional fees and the cost of setting up the Scheme) which are attributable to the constituent fund and any outstanding borrowing.

The net asset value per unit of a constituent fund (which is not the Interest Fund) will be determined by dividing its net asset value (reduced by any reserve held in the fund for guarantees) by the number of units in issue.

In respect of the Interest Fund, interest at a rate to be declared by the Trustee at its sole discretion at the recommendation of MIL will be credited to the Interest Fund at the end of each month. For details, please refer to section 6.2.3 below.

For the purpose of valuation, money received for acquiring investments or units of the constituent fund on the dealing day will not be included in the valuation and no deduction will be made in respect of redemption of units or withdrawal of benefits from the constituent fund on that dealing day.

Subject to the approval of the Authority, the Trustee may change the valuation methodology of any constituent fund by giving to the members one month's prior notice.

5.4 Suspension of Valuation and Pricing

The Trustee may, having regard to the interests of the members, suspend the dealing of the units of any constituent fund and the determination of the net asset value of any constituent fund in the following circumstances:

(i) there is a closure of or restriction or suspension of trading on any securities markets on which a substantial part of the investments of the relevant constituent fund is normally traded or a breakdown in any of the means normally employed by the Trustee in determining the net asset value of a constituent fund or ascertaining the value of any investments comprised in a constituent fund;

(ii) for any other reason, the prices of investments in the constituent fund cannot, in the opinion of the Trustee, be reasonably ascertained;

(iii) in the opinion of the Trustee, it is not reasonably practicable or is prejudicial to the interest of the members to realise any investments held in the constituent fund; or

(iv) the remittance or repatriation of funds which may be involved in the redemption of or in the payment for the investments in any constituent fund or the subscription for or redemption of any units is delayed or cannot, in the opinion of the Trustee, be effected at reasonable prices or reasonable rates of exchange,

provided that the suspension shall not cause the Trustee to be unable to comply with its obligations under the MPFS Ordinance and any rules, guidelines, codes or regulations made thereunder.

Whenever a suspension is declared, the Trustee will notify the Authority as soon as may be practicable after any such declaration. The Trustee will also publish immediately after such declaration and at least once a month during the period of suspension, a notice in the leading English and Chinese newspapers stating that such declaration has been made.

6. DEALING

6.1 Subscription and Subscription Price

6.1.1 Constituent Funds other than the Interest Fund

Units of the constituent funds will normally be issued on every dealing day in accordance with the dealing process as described in section 5.2 above. Upon the receipt of contribution monies in cleared funds, the member's contribution investment instruction, remittance statement and/or fund switching instruction (as the case may be), the Trustee will issue to the relevant member the appropriate number of units of the relevant constituent funds, normally within 7 business days of such receipt in accordance with the member's instruction. Prior to the issue of the units, the Trustee shall have the discretion to retain such contribution monies in an interest bearing account and any interest generated from the contribution monies shall belong to the Scheme.

The price (per unit) at which units will be issued on a dealing day will be the net asset value per unit on that dealing day.

The issue price will be rounded to the nearest 3 decimal places or such other number of decimal places as the Trustee may from time to time determine. The number of units issued will be determined by dividing the contribution money by the issue price of the unit of the relevant constituent fund in which the contribution money will be invested, and the resulting number will be rounded to the nearest 3 decimal places or such other number of decimal places as the Trustee may determine and any smaller fractions of a unit to be retained for the benefit of the constituent fund.

No unit of any constituent fund will be issued at a price higher than the issue price of the unit of the constituent fund on the relevant dealing day.

Units may not be issued by the Trustee during any period when the valuation and dealing of the units in the relevant constituent fund is suspended.

No investment can be made in any constituent fund until the conclusion of the first issue of units at the issue price. Units of any constituent fund shall first be issued at HK$10 unless otherwise determined by the Trustee subject to the prior approval of the Authority before the first issue of such units.

Subject to the approval of the Authority and the SFC, the Trustee may change the methodology of determining the issue price of the constituent funds by giving one month's prior notice to the members.

6.1.2 Interest Fund

Prior to the investment of the contribution monies into the Interest Fund, the Trustee shall have the discretion to retain such contribution monies in an interest bearing account and any interest generated from the contribution monies shall belong to the Scheme.

6.2 Redemptions of Units and Redemption Price

Members will be required to redeem their units under any of the constituent funds, except for the Interest Fund, in order to withdraw or switch out their accrued benefits from such funds.

6.2.1 Constituent Funds other than the Stable Fund and the Interest Fund

Units will be redeemed on a dealing day at a redemption price equal to its net asset value. The total redemption monies will be the redemption price multiplied by the number of units redeemed, rounded to the nearest 2 decimal places or such other number of decimal places as the Trustee may determine.

No unit of any of the above funds will be redeemed at a price lower than the redemption price per unit of the constituent fund on the relevant dealing day.

Subject to the approval of the Authority, the Trustee may change the methodology of determining the redemption price of the constituent funds by giving one month's prior notice to the members.

6.2.2 Stable Fund

Upon redemption of units of the Stable Fund, members may either receive an amount as calculated in accordance with section 6.2.1 above or if higher a "guaranteed" amount, provided that (i) the qualifying condition as set out below is satisfied; and (ii) the redemption is effected as a result of certain pre-determined events or in the event of terminal illness.

(i) *Qualifying condition*

In order for a contribution to satisfy the qualifying condition, such contribution must be received in cleared funds **before the member's 55th birthday**.

Units issued as a result of a contribution made to the Stable Fund can notionally be classified as "qualifying units" or "non-qualifying units". Units acquired by contribution that satisfy the above qualifying condition shall be classified as "qualifying units". Those acquired by contribution that do not satisfy the above qualifying condition shall be classified as "non-qualifying units".

(ii) *Pre-determined events*

Provided that the qualifying condition has been satisfied, the member will be entitled to the guaranteed amount if the member:

(a) reaches the normal retirement age of 65;

(b) becomes totally incapacitated; or

(c) dies.

The Stable Fund will be operated on a dual-account basis. In respect of each sub-scheme by a member, each member holding units in the Stable Fund will have an "actual" account and a "guaranteed" account. The "actual" account is an account holding the units of the Stable Fund, under which sub-accounts are maintained for the purpose of holding accrued benefits deriving from various types of mandatory and voluntary contributions. The "guaranteed" account is a notional account, with corresponding sub-accounts maintained, in which a balance will be maintained and calculated on the basis that respective contribution monies (that satisfy the qualifying condition) are invested at the guaranteed rate of interest. Upon the occurrence of certain pre-determined events or in the event of terminal illness, the higher of the value in the "actual" and "guaranteed" accounts with respect to the relevant account/sub-account will be payable to the member. Partial redemption from the Stable Fund is allowed, in which case, any non-qualifying units will be redeemed before qualifying units are redeemed. In the event of terminal illness, account balance in the "guaranteed" account of the member with respect to the relevant account/sub-account withdrawn shall be re-set to zero after the redemption. If a member remains in the continuous employment of his employer (in the case of an employee member) or self-employment (in the case of a self-employed person), he and his employer (in the case of an employee member) shall continue to make contributions in accordance with the governing rules. If any of such contributions are invested in the Stable Fund, new qualifying units shall be issued if the qualifying conditions are satisfied at the time of issue and the "guaranteed" account shall be maintained for the member.

The guarantee†† above only applies to members who redeem their contributions upon the occurrence of any of the pre-determined events or in the event of terminal illness and such contributions satisfy the qualifying conditions when they are invested into this Stable Fund. The guarantee above does not apply to "non-qualifying units". Redemption effected other than the occurrence of the pre-determined events or in the event of terminal illness is fully exposed to fluctuations in the value of the fund's assets. The guarantee will be provided once and only in a lump sum at the time of redemption which is effected as a result of certain pre-determined events.

The redemption proceeds for any non-qualifying units will be equal to an amount calculated in accordance with section 6.2.1 above.

For any qualifying units, if the redemption by a member in respect of a sub-scheme is not effected upon the occurrence of one of the pre-determined events or in the event of terminal illness, the redemption proceeds will be equal to the amount calculated in accordance with section 6.2.1 above. To the extent that qualifying units acquired with irregular contributions are purchased replacing previously redeemed qualifying units in respect of the relevant sub-scheme by a member, the Trustee has the right to reduce any resulting increase in the guaranteed account of a member in respect of the relevant sub-scheme to the level of the guarantee that would have applied had the redemption of units and subsequent repurchase not have occurred.

For the purposes of this section, "irregular contributions" means any contributions (which can fulfil the qualifying condition) received from another scheme or transferred from another constituent fund and invested in the Stable Fund.

Partially redeeming or switching units out of the Stable Fund would therefore have an impact on the guarantee balance of the member and the increase in the guarantee balance due to subsequent irregular contributions made. Members shall refer to the Illustrative Example of Partial Redemption Rule in Appendix B and consider the impact before switching or redeeming.

If the redemption is effected as a result of a pre-determined event or in the event of terminal illness, the redemption proceeds will be equal to:

(i) the greater of either the value of all qualifying units calculated in accordance with section 6.2.1 above or the balance in the "guaranteed" account, with respect to the member's relevant account/sub-account; plus

(ii) the total value of all other units (if any), being non-qualifying units, calculated in accordance with section 6.2.1 above with respect to the member's relevant account/sub-account.

In case of the first withdrawal of benefits by instalments as a result of the pre-determined event that the member attains his normal retirement age of 65, the above redemption mechanism shall immediately apply to all sub-accounts under the contribution account or personal account being claimed as if a lump sum withdrawal is taking place. The redemption proceeds, after deduction of a relevant portion for the first instalment payment, shall be invested in the Interest Fund with a capital guarantee thereof. The "guaranteed" account will then be cancelled and no further guarantee will be available from the Stable Fund for the contribution account or personal account being claimed by the member thereafter. In the event that there are contributions made to the Stable Fund afterwards, members should note that no further guarantee will be applied to such contributions and deduction from the assets value of the insurance policy corresponding to the Stable Fund for the purpose of guarantee provision is still applied regardless of whether the guarantee is provided.

Subject to the approval of the Authority, the Trustee may change the methodology of determining the redemption price of the Stable Fund by giving one month's prior notice to the members.

†† The Manulife MPF Stable Fund in this MPF scheme invests in an insurance policy which includes a guarantee. The insurance policy is issued by the insurer, Manulife (International) Limited.

Investments in the insurance policy are held as the assets of the Manulife (International) Limited. In the event where Manulife (International) Limited is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in this constituent fund, you should consider the risk posed by the insurer (referred to as "credit risk") under the circumstances set out above and, if necessary, seek additional information or advice.

6.2.3 Interest Fund

The Interest Fund is a non-unitised bond fund of the Scheme that provides members with capital guarantee at all time. The "capital" to be guaranteed[§§] shall comprise of the accrued benefits standing to the member's account at any given time (inclusive of any contributions net of redemption and any credited interest, minus any applicable service fees).

At the end of each month, interest to be calculated and credited for the month (which shall not be less than zero) shall be equal to the aggregate of daily interest for the month. Each daily interest within the month shall be calculated at month-end by reference to the minimum balance recorded for such respective day multiplied by the rate to be determined by the Trustee at month-end in its sole discretion at the recommendation of MIL and based on the economic and market conditions during that month.

The interest rate declared since the commencement date December 1, 2000 can be found in the Appendix.

When the member makes full withdrawal from the Interest Fund before the end of the month, the interest that will be credited to such monies for the partial month will be calculated at the withdrawal day using a rate as determined by the Trustee at its sole discretion at the recommendation of MIL based on the rate declared for the previous month and being adjusted for any economic and/or market movements.

In order to provide the capital guarantee and return under the Interest Fund, MIL may, in its sole discretion, retain and set aside as a smoothing provision, income of the Interest Fund in any month which is in excess of what is required to provide the capital guarantee and declared return during that month.

The amount of smoothing provision will be determined based on a number of factors including the economic outlook, portfolio mix and performance of the fund, maturity period of its underlying portfolio and the duration of liabilities which may be incurred by the fund.

Smoothing provision of the month will be equal to gross return of the insurance policy, corresponding to the Interest Fund, of the month minus the sum of interest credited to the members at month end based on declared rate of return, interest paid out to withdrawal members during the month, and all other fees and charges as defined in this Offering Document. Any negative amount as a result of the above calculation will be released from the reserve account of the insurance policy corresponding to the Interest Fund as long as the reserve can fulfil the regulatory requirements. Provision will be made by MIL to make good the shortfall over the term of the Scheme if assets of the Interest Fund prove inadequate, so that the reserve shall not fall below zero and that the Member's accrued benefits shall not be affected. For the avoidance of doubt, any such provision will not impose any liability on the Interest Fund for the purpose of calculating the Net Assets Value of the Interest Fund save that MIL shall have the right at any time to withdraw the said provision, either in part or wholly, plus interest on the said provision at Declared Rates of Return, from the assets of the Interest Fund if the assets value of the Interest Fund exceeds the required reserve. Provided further that any such withdrawal will not render the assets value of the Interest Fund being less than the required reserve.

Subject to the approval of the Authority and the SFC, the Trustee may change or cancel any guarantee features in respect of the Stable Fund or Interest Fund by giving a 3 months' prior notice to the members. Such changes, however, will not affect any guaranteed entitlement accrued prior to the effective date of change and the guaranteed entitlement will be calculated based on the "pre-change" provisions up to the day before the effective date.

§§ The Manulife MPF Interest Fund in this MPF scheme invests in an insurance policy which includes a guarantee. The insurance policy is issued by the insurer, Manulife (International) Limited.

Investments in the insurance policy are held as the assets of the Manulife (International) Limited. In the event where Manulife (International) Limited is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in this constituent fund, you should consider the risk posed by the insurer (referred to as "credit risk") under the circumstances set out above and, if necessary, seek additional information or advice.

6.3 Switching Between Constituent Funds

Subject to any limitation which may be imposed by the Trustee, an employee member, self-employed person, an individual relevant employee member or a personal account member may submit a fund switching instruction to the Trustee to withdraw any investment or redeem any units in a constituent fund (the "current constituent fund") and to apply such redemption proceeds to invest or acquire units in other constituent funds (the "new constituent fund") on the same day in accordance with the fund switching instruction. Any fund switching instruction received by the Trustee will be regarded as the rebalancing of all the accrued benefits in the member's account as at the execution of such fund switching instruction. For the avoidance of doubt, if a fund switching instruction requests to switch part of the accrued benefits to other constituent fund(s), it shall be regarded as given an instruction that the remaining part of the accrued benefits remains unchanged on its investment.

Switching in and out of DIS

Member can switch into or out of DIS in respect of all or part of his accrued benefits in an account at any time, subject to the rules of the Scheme. If a member wishes to switch out from the DIS, he may elect to switch all or part of his accrued benefits to other constituent funds (including the CAF and A65F as standalone fund choice). Likewise, if a member wishes to switch into the DIS, he may elect to switch out all or part of his accrued benefits invested in individual constituent funds (including the CAF and A65F as standalone fund choice). In the event of switching into the DIS, the redemption proceeds from the specific constituent fund(s) will be invested in the CAF and A65F in the allocation percentage according to the DIS de-risking table in Diagram 2 under section 3.1 above. In the event of switching out from the DIS, the units to be redeemed from the CAF and A65F will be equivalent to the percentages of the accrued benefits to be switched out as specified in the switching instruction multiplied by the unit holding in the respective DIS CFs under the DIS as of the relevant dealing day. Member should, however, bear in mind that the DIS has been designed as a long-term investment arrangement.

Members should note that the fund switching instructions only apply to the existing accrued benefits and are not equivalent to a change of contribution investment instruction which applies to future contribution and transferred monies or vice versa. The fund switching instruction will not affect the way in which any future contributions and transferred monies should be invested which will continue to be made in accordance with the latest contribution investment instruction submitted by the relevant member. (see section 4.4)

Members may give separate fund switching instructions for mandatory and voluntary contributions respectively. The allocation percentage for each selected constituent fund or the DIS in the fund switching instruction is required to be at a minimum of 5% and in a whole number. However, if the accrued benefits which remain in the current constituent fund (except DIS CFs under the de-risking process), are less than HK$500, the Trustee may also determine that such amount should be switched to the new constituent fund.

Notwithstanding any limitation which may be imposed by the Trustee in respect of the switching of constituent funds and/or the DIS, each member will be entitled to transfer his entire contributions or benefits under the Scheme into any one constituent fund or the DIS.

The number of units of the new constituent fund (other than the Interest Fund) to be issued will be calculated as follows:

$$N = \frac{P}{M}$$

where:

N	is the number of units of the new constituent fund to be issued (rounded to the nearest 3 decimal places, or such other number of decimal places as the Trustee may determine from time to time)
P	is the redemption proceeds or repayment amount from the current constituent fund calculated in accordance with section 6.2 above
M	is the issue price per unit of the new constituent fund as at the relevant dealing day

If dealing of the relevant constituent fund(s) is suspended, the Trustee shall not be obliged to implement any or all of the instructions as specified in the fund switching instruction until the suspension shall have terminated, whereupon all the above requests received by the Trustee, but not dealt with prior to such suspension shall remain valid and will be dealt with after the period of suspension.

6.4 Limit on Redemption

The trustee may limit redemption of a constituent fund to 10% of its NAV. This limitation will be applied pro rata to all redemption requests to be effected on such dealing day. Requests not redeemed will be applied to the next dealing day subject to the same 10% limitation.

7. FEES AND CHARGES

7.1 Fees and Charges

Subject to the restrictions in section 7.2 below, the maximum level and current level of fees and charges which the Trustee may levy under the Scheme can be summarized as follows. Unless otherwise stated, all fees and charges are deducted from the respective constituent funds, the first level pooled investment funds or the second level umbrella unit trusts and all percentages are expressed as percentages of the net asset value of the respective constituent funds, the first level pooled investment funds and the second level umbrella unit trusts. Those fees and charges to be borne by the first level pooled investment funds and the second level umbrella unit trusts will accrue on a daily basis.

7.1.1 Fees and out-of-pocket expenses of the DIS

In accordance with the MPF legislation, the aggregate of the payments for services of the DIS CFs must not, in a single day, exceed a daily rate of 0.75% p.a. of NAV of respective DIS CFs divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, administrator, investment manager(s), custodian and sponsor and/or promoter of the Scheme and the underlying investment fund(s) of the respective DIS CF, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of the respective DIS CFs and its underlying fund(s), but does not include any out-of-pocket expenses incurred by the respective DIS CFs and its underlying fund(s).

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on the DIS CFs or Members who invest in DIS CFs, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee's duties to provide services in relation to the DIS CF, shall not in a single year exceed 0.2% of the NAV of the respective DIS CFs. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS CF in connection with recurrent acquisition of investments for the DIS CF (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS CF.

Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the DIS CFs and are not subject to the above statutory fee limits. The establishment costs of setting up the DIS CFs will not be charged to the respective DIS CFs.

Please refer to section 7.1.2 below for further details.

7.1.2 Fee Table

The following table describes the fees, charges and expenses that participating employers and members may pay upon and after joining the Scheme. Important explanatory notes and definitions are set out at the bottom of the table.

(A) JOINING FEE & ANNUAL FEE				
Type of fees	**Current amount (HK$)**			**Payable by**
	Employee Member/ Personal Account Member	**Self-employed Person**	**Individual Relevant Employee Member**	
Joining fee[1] (please refer to Explanatory Notes (iv))	Nil (Permanently Waived)	Nil (Permanently Waived)	Nil (Permanently Waived)	Member
Annual fee[2] (Service fee for Self-employed Person and Individual Relevant Employee Member (please refer to Explanatory Notes (iv)))	N/A	Nil	Nil	Member

(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT

Type of fees, expenses & charges	Name of constituent fund	Current level			Payable by
		Employee Member/ Personal Account Member	**Self-employed Person**	**Individual Relevant Employee Member**	
Contribution charge[3]	All constituent funds	N/A			
Offer spread[4]	All constituent funds	N/A			
Bid spread[5]	All constituent funds	N/A			
Withdrawal charge[6]	Manulife MPF Conservative Fund, Manulife MPF Core Accumulation Fund & Manulife MPF Age 65 Plus Fund	N/A			
	All other constituent funds	Nil	Nil	Nil	Member

(C) & (D) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS & FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS

Type of fees, expenses & charges (please refer to Explanatory Notes (v))	Name of constituent fund	Current level###			Deducted from
		Employee Member/ Personal Account Member	**Self-employed Person**	**Individual Relevant Employee Member**	
Management fees[7] (please refer to Explanatory Notes (ii))	Manulife MPF Conservative Fund	0.75% p.a. of NAV			Relevant assets of the first level pooled investment fund
	Manulife MPF Hang Seng Index Tracking Fund	0.9% p.a. of NAV			Relevant assets of the first level pooled investment fund and the second level ITCIS
	Manulife MPF Aggressive Fund, Manulife MPF Growth Fund, Manulife MPF Stable Fund, Manulife MPF International Equity Fund & all Retirement Funds	1.9% p.a. of NAV			Relevant assets of the first level pooled investment fund, the second level ITCIS(s), and APIFs of the second level umbrella unit trusts
	Manulife MPF Interest Fund	1.75% p.a. of NAV			Relevant assets of the first level pooled investment funds, and APIFs of the second level umbrella unit trusts
	Manulife MPF Hong Kong Bond Fund, Manulife MPF Pacific Asia Bond Fund & Manulife MPF International Bond Fund	1.5% p.a. of NAV			
	Manulife MPF RMB Bond Fund	1.15% p.a. of NAV			
	Manulife MPF Healthcare Fund, Manulife MPF Fidelity Growth Fund, Manulife MPF Fidelity Stable Growth Fund & Manulife MPF China Value Fund	1.95% p.a. of NAV			
	Manulife MPF Core Accumulation Fund & Manulife MPF Age 65 Plus Fund	0.75% p.a. of NAV			
	All other constituent funds	1.9% p.a. of NAV			

Guarantee charge[8]	N/A
Other expenses	The following fees and expenses may also be deducted from the assets of the Scheme (or the underlying APIFs, as the case may be): auditor fees, bank charges, transaction costs, licence fees, charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges, compensation fund levy (if any), indemnity insurance, MPF registration fee (if any), government, regulatory and/or professional fees and charges) and fees for providing valuation, accounting, custodian and sub-custodian services for the underlying APIFs and their corresponding constituent funds, costs of preparing, publishing and distributing this Offering Document, any other materials and the reports of the Scheme, and any other expenses properly incurred in respect of the establishment, operation, management and administration of the Scheme, the constituent funds and the underlying APIFs. In respect of the DIS CFs, certain recurrent out-of-pocket expenses mentioned above are subject to a statutory annual limit of 0.2% of the net asset value of the respective DIS CFs and will not be imposed on the respective DIS CFs in excess of that amount. Please refer to section 7.1.1 for further details. Furthermore, the participating employer will be responsible for the legal costs which may be incurred in the preparation of the participation agreement referred to in section 4.1. Advertising Expenses: No such expenses will be charged against the constituent funds, the first level pooled investment funds or the second level umbrella unit trusts.
(E) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES	
Special handling fees payable by the requesting party can be charged by the Trustee in respect of any employer, employee member, personal account member, individual relevant employee member or self-employed person under the Scheme in respect of any extra service provided which shall include but not limited to the following: - Request for copy of the Trust Deed: HK$1,000 per copy	

the above current level of fees does not include the amount of performance fee or incentive fee (if any) that will be charged.

DEFINITIONS

The following are the definitions of the different types of fees and charges.

1. **"Joining fee"** means the one-off fee charged by the trustee/sponsor of a scheme and payable by the employers and/or members upon joining the Scheme.
2. **"Annual fee"** means the fee (including service fee) charged by the trustee/sponsor of a scheme by no more than once a year and payable by the employers and/or members of the Scheme.
3. **"Contribution charge"** means the fee charged by the trustee/sponsor of a scheme against any contributions paid to the Scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to the Conservative Fund.
4. **"Offer spread"** is charged by the trustee/sponsor upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to the Conservative Fund. Offer spread for a transfer of benefits (applicable to constituent funds only) can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer and are payable to a party other than the trustee.
5. **"Bid spread"** is charged by the trustee/sponsor upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to the Conservative Fund. Bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or the first twelve withdrawals of benefits by instalments in a year (applicable to constituent funds only) can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
6. **"Withdrawal charge"** means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the Scheme. This fee is charged as a fixed amount and will be deducted from the withdrawal amount. For withdrawal of benefits by instalments, this fee will be withdrawn in addition to the withdrawal amount. This charge does not apply to the Conservative Fund, the Core Accumulation Fund and the Age 65 Plus Fund. A withdrawal charge for a transfer of benefits, withdrawal of benefits in a lump sum, or withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
7. **"Management fees"** include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any), sponsor and promoter of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund. In the case of the CAF and A65F, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPFS Ordinance) be charged as a percentage of the net asset value of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% p.a. of the net asset value of the fund divided by the number of days in the year which applies across both the fund and underlying funds.
8. **"Guarantee charge"** refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of a guaranteed fund.

EXPLANATORY NOTES

(i) Maximum Level

<table>
<tr><th colspan="6">(A) JOINING FEE & ANNUAL FEE</th></tr>
<tr><th colspan="2" rowspan="2">Type of fees</th><th colspan="3">Maximum amount (HK$)</th><th rowspan="2">Payable by</th></tr>
<tr><th>Employee Member/ Personal Account Member</th><th>Self-employed Person</th><th>Individual Relevant Employee Member</th></tr>
<tr><td colspan="2">Joining fee[1]
(please refer to Explanatory Notes (iv))</td><td>Nil (Permanently Waived)</td><td>Nil (Permanently Waived)</td><td>Nil (Permanently Waived)</td><td>Member</td></tr>
<tr><td colspan="2">Annual fee[2]
(Service fee for Self-employed Person and Individual Relevant Employee Member (please refer to Explanatory Notes (iv)))</td><td>N/A</td><td>Nil</td><td>Nil</td><td>Member</td></tr>
<tr><th colspan="6">(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT</th></tr>
<tr><th rowspan="2">Type of fees, expenses & charges</th><th rowspan="2">Name of constituent fund</th><th colspan="3">Maximum level</th><th rowspan="2">Payable by</th></tr>
<tr><th>Employee Member/ Personal Account Member</th><th>Self-employed Person</th><th>Individual Relevant Employee Member</th></tr>
<tr><td>Contribution charge[3]</td><td>All constituent funds</td><td colspan="4">N/A</td></tr>
<tr><td>Offer spread[4]</td><td>All constituent funds</td><td colspan="4">N/A</td></tr>
<tr><td>Bid spread[5]</td><td>All constituent funds</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="2">Withdrawal charge[6]</td><td>Manulife MPF Conservative Fund, Manulife MPF Core Accumulation Fund & Manulife MPF Age 65 Plus Fund</td><td colspan="4">N/A</td></tr>
<tr><td>All other constituent funds</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Member</td></tr>
<tr><th colspan="6">(C) & (D) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS & FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS</th></tr>
<tr><th rowspan="2">Type of fees, expenses & charges (please refer to Explanatory Notes (v))</th><th rowspan="2">Name of constituent fund</th><th colspan="3">Maximum level†††</th><th rowspan="2">Deducted from</th></tr>
<tr><th>Employee Member/ Personal Account Member</th><th>Self-employed Person</th><th>Individual Relevant Employee Member</th></tr>
<tr><td rowspan="3">Management fees[7]
(please refer to Explanatory Notes (ii))</td><td>Manulife MPF Conservative Fund</td><td colspan="3">2.63% p.a. of NAV</td><td>Relevant assets of the first level pooled investment fund</td></tr>
<tr><td>Manulife MPF Hang Seng Index Tracking Fund</td><td colspan="3">2.13% p.a. of NAV</td><td>Relevant assets of the first level pooled investment fund and the second level ITCIS</td></tr>
<tr><td>Manulife MPF Aggressive Fund, Manulife MPF Growth Fund, Manulife MPF Stable Fund, Manulife MPF International Equity Fund & all Retirement Funds</td><td colspan="3">2.63% p.a. of NAV</td><td>Relevant assets of the first level pooled investment fund, the second level ITCIS(s), and APIFs of the second level umbrella unit trusts</td></tr>
</table>

	Manulife MPF China Value Fund & Manulife MPF Healthcare Fund	3.63% p.a. of NAV	Relevant assets of the first level pooled investment funds, and APIFs of the second level umbrella unit trusts
	Manulife MPF Fidelity Growth Fund & Manulife MPF Fidelity Stable Growth Fund	4.63% p.a. of NAV	
	Manulife MPF Core Accumulation Fund & Manulife MPF Age 65 Plus Fund	0.75% p.a. of NAV	
	All other constituent funds	2.63% p.a. of NAV	

††† the above maximum level of fees does not include the amount of performance fee or incentive fee (if any) that will be charged.

(ii) Breakdown of Management fees

Management fees	Maximum Level	Current Level
(a) APIFs maintained under constituent fund (i):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	1.75% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(b) APIFs maintained under constituent funds (ii) to (iv), (vi) to (xi) and (xxiii) to (xxix):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	1.9% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(c) APIFs maintained under constituent fund (v):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	0.75% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(d) APIFs maintained under constituent fund (xii), (xiv) and (xv):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	1.5% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(e) APIFs maintained under constituent fund (xiii):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	1.15% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(f) APIFs maintained under constituent fund (xvi):		
- Trustee and Administration Fee and Investment Management Fee	3.5% p.a. of NAV	1.95% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
- Performance Fee‡‡‡	Please refer to the mechanism described below.	
(g) APIFs maintained under constituent funds (xvii):		
- Trustee and Administration Fee and Investment Management Fee	3.5% p.a. of NAV	1.95% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil

(h) APIFs maintained under constituent funds (xviii):		
- Trustee and Administration Fee and Investment Management Fee	2% p.a. of NAV	0.9% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(i) APIFs maintained under constituent funds (xix) and (xx):		
- Trustee and Administration Fee and Investment Management Fee	4.63% p.a. of NAV	1.95% p.a. of NAV[§§§]
- Incentive Fee for FIL Investment Management (Hong Kong) Limited	FIL Investment Management (Hong Kong) Limited does not currently intend to charge an incentive fee. Any intention to impose an incentive fee shall be subject to prior written notice to member.	
(j) APIFs maintained under constituent funds (xxi) and (xxii)[####, §§§§]:		
- Trustee Fee	Up to 0.10% p.a of NAV	0.00% p.a of NAV
- Administration Fee	Up to 0.65% p.a. of NAV	0.49% p.a. of NAV
- Investment Management Fee	0.26% p.a. of NAV	0.26% p.a. of NAV

‡‡‡ Depending on the investment strategies of any new constituent funds established on or after January 5, 2006, assets of the relevant constituent fund may be invested in APIF for which annual performance fees may be levied.

In respect of China Value Fund, an annual performance fee may be levied at the underlying APIF depending on the net asset value of the underlying APIF described below. In any event, the annual performance fees of each underlying APIF will not exceed twenty per cent of the excess return on a high on high basis. 3 months' written notice will be given to members and employers prior to any increase of current level of performance fee.

Currently, the charging mechanism of performance fee of the underlying APIFs are as follows:

"Performance fee, if levied, may be deducted from the assets of the underlying APIF if the net asset value per unit (before accrual of any performance fee) in the underlying APIF at the end of any particular financial year is in excess of the target net asset value per unit of underlying APIF. The fee will be 12% (subject to a maximum of 20%) of such excess multiplied by the average number of units in issue during the period by reference to which the fee is payable. The average number of units in issue shall be determined by summing the number of units in issue at each of the dealing day from the beginning of the relevant financial year to the current dealing day and then divided by the number of dealing days in this period. The target net asset value per unit for the end of any particular financial year will be 12% (the hurdle rate, adjusted proportionally for any period of more or less than 12 months) over the High Watermark, which is the higher of (i) the target net asset value per unit for the immediately preceding financial year and (ii) the net asset value per unit as at the close of business on the last dealing day in the immediately preceding financial year (after performance fee deducted for that financial year).

The performance fee shall be accrued on each dealing day throughout the relevant financial year and is payable as soon as reasonably practicable after the end of such financial year. If the net asset value per unit (before accrual of any performance fee) exceeds the target net asset value per unit, a performance fee accrual will be made. If not, no performance fee accrual will be made. Except for the first dealing day of the relevant financial year, on each dealing day, the accrual made on the previous dealing day will continue to be reversed and a new performance fee accrual will be calculated and made in accordance with the above.

The price of units being subscribed or redeemed during the relevant financial year will be based on the net asset value per unit (after accrual of the performance fee as calculated in accordance with the above) and there will be no adjustment (i.e. there will be no refund or additional charge by reference to the performance of the underlying APIF over the financial year during which such subscription or redemption occurs). Depending on the performance of the underlying APIF during a financial year, the price at which unit holders subscribe or redeem the underlying APIF at different times during such financial year will be affected by the performance of the underlying APIF and this could have a positive or negative effect on the performance fee borne by them."

For illustrative example of calculation of performance fee and net asset value per unit, please see Appendix C.

§§§ This 1.95% p.a. fee level has already taken into account any refund of fees by FIL Investment Management (Hong Kong) Limited to the Manulife Growth Unit Trust Fund (Series I) and the Manulife Stable Growth Unit Trust Fund. This can be part of any similar fees arrangement made with any investment manager or sub-investment manager.

For the purpose of meeting the legislative requirements on the fee level, the Trustee Fee and part of the Administration Fee are currently waived for these constituent funds. The fee level has already taken into account any refund of fees by Vanguard Investments Hong Kong Limited on a daily accrual basis, to the Manulife Core Accumulation Unit Trust Fund and the Manulife Age 65 Plus Unit Trust Fund. This can be part of any similar fees arrangement made with any investment manager or sub-investment manager.

§§§§ Services provided by principal service providers of the DIS CFs: (i) Trustee manages the operations of the trust and execution of the trust provisions governed by the master trust deed of the Scheme; (ii) Scheme Administrator carries out the daily administration work of the scheme and provides other customer services to enrolled employers and scheme members; (iii) Investment Manager is responsible for managing the investment of underlying APIFs of the DIS CFs; (iv) Custodian is responsible to safe-keep the underlying APIFs' assets and provides related administration services, the fee of which is included in the investment management fee.

(iii) Guarantee Provision

- Smoothing provision applicable to Manulife MPF Interest Fund: To be determined from time to time by MIL.
- Provision for guarantee applicable to Manulife MPF Stable Fund: maximum level is 0.75%p.a. of NAV, current level is 0.25%p.a. of NAV.

(iv) Joining fee payable for every enrolment of Self-employed Person will constitute a condition precedent for such enrolment. Service fee charged for every Self-employed Person by the Trustee and payable at the end of financial year of the Scheme is deducted from the relevant member's account at the time when the respective accrued benefits are calculated in accordance with and to the extent permitted by the MPFS Ordinance and the Regulation. Any Self-employed Person who joins the Scheme during the Scheme financial year may be charged a pro-rated service fee based on the balance of days counted from the date of enrolment to the Scheme financial year end. Both Joining fee and service fee for Self-employed Person can be waived by the Trustee on any special condition announced by the Trustee through marketing materials, newsletters or otherwise from time to time and non-payment of such fee will immediately constitute a debt enforceable by the Trustee.

(v) Fees, expenses and charges of the constituent funds shall be collected under the first level pooled investment funds invested by the respective constituent funds.

(vi) At the request of any employer, employee member, individual relevant employee or self-employed person under the Scheme, the Trustee may provide, at a reasonable fee to be notified, other extra services not being Trustee's obligations as expressly provided under the Scheme documentation or under any applicable laws or regulations.

(vii) Notwithstanding the above, the Trustee may in its sole discretion reduce or waive any of the above fees and charges and/or adjust the current level of fees and charges at any time up to the specified maximum level as in the Offering Document provided that any increase in the current level of fees and charges can only be made with at least 3 months' prior notice to the members and employers.

(viii) Subject to the approval of the Authority, the Trustee may also:

(a) change the maximum level of fees, expenses and charges provided in the Offering Document; or

(b) levy any additional fees, expenses and charges as may be permitted under the Trust Deed, by giving a 3 months' notice to the members and employers

7.2 Deductions from the Conservative Fund

Administrative expenses (i.e. trustee fee and fees of other services providers) may only be deducted from the Conservative Fund and its underlying first level pooled investment fund in the following circumstances:

(i) if the amount of income from the funds of the Conservative Fund (or its underlying first level pooled investment fund) in a particular month exceeds the amount of interest that would have been earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed savings rate, an amount not exceeding the excess may be deducted from the Conservative Fund (or its underlying first level pooled investment fund) as administrative expenses for that month; or

(ii) if in a particular month no amount is deducted under (i) above or the amount that is deducted is less than the actual administrative expenses for the month, the deficiency may be deducted from the amount of any excess that may remain in any of the following 12 months after deducting the administrative expenses applicable to that following month.

7.3 Soft Benefits

The investment manager and/or sub-investment manager of the second level umbrella unit trusts may receive from a broker or dealer such goods or services or other benefits (such as research and advisory services, computer hardware associated with specialized software, etc) which are of demonstrable benefits to the members provided execution of transactions is consistent with good execution standards and the brokerage rates paid do not exceed customary institutional full service brokerage rates. No cash rebate will be retained by the investment manager and/or sub-investment manager and/or their associates.

8. GENERAL INFORMATION

8.1 Reports and Notices to Member

The financial year end of the Scheme is 31st March each year. The Trustee will provide to each member of the Scheme an annual benefit statement within 3 months of the end of the financial period of the Scheme. The annual benefit statement will provide the member with the following information:

(i) the total contributions paid to the Scheme during the financial period specifying any unpaid contributions;

(ii) the value of the accrued benefits as at the beginning and the end of the financial period;

(iii) if the member is a self-employed person, the total contributions made by the member;

(iv) if the member is an employee, the total contributions made by the employer;

(v) particulars of any amount transferred to or from the Scheme during the financial period;

(vi) if voluntary contributions are made by the member, the amount of mandatory and voluntary contributions made and the accrued benefits derived from each of the contributions;

(vii) if the member is an individual relevant employee, the total Flexi Retirement Contribution made by the member; and

(viii) particulars of any amount withdrawn from the Scheme during the financial period.

In the event a Retirement Fund is closed upon reaching its maturity date and units held by a member in this closed Retirement Fund has been automatically invested to the Smart Retirement Fund, a statement will be provided to the member to show such transfer so as to alert the member of this transaction.

Any notice or document required to be given to the member of the Scheme for the purposes of the MPFS Ordinance, the Trust Deed, or the Participation Agreement, may be delivered by hand or sent by prepaid post (airmail if overseas). It could also be sent by facsimile (at the recipient's facsimile number last known to the sender), electronic mail (at the recipient's electronic mail address last known to the sender) or other means of communication specified by the member, at the sole discretion of the Trustee provided that the recipient has given prior consent to being given the notice or document by such means in the manner prescribed under the Regulation. Any notice or document required to be so given may also be given by means of (a) a website or by other electronic means if the member has given prior consent and had been notified of its availability in the manner prescribed under the Regulation; or (b) an electronic system designated by the Authority in accordance with the requirements under the MPFS Ordinance.

Notwithstanding the above, such notices or documents shall in the case of an employee member be deemed to have been duly given when appropriate details of the notices and/or documents have been given to the employer of such employee member and such employer has been advised to pass such notices to the relevant employee member.

With effect from September 30, 2006, a document that illustrates the on-going costs on contributions to constituent funds in this Scheme (except for Manulife MPF Conservative Fund) will be distributed with the offering document. An illustrative example of fees of the Manulife MPF Conservative Fund is currently available for distribution with the offering document. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of these documents which can be obtained from our website www.manulife.com.hk or call our customer service representative.

Manulife shall provide the employers and members participating in the Scheme with periodic statements and other information in relation to the respective sub-scheme and member account, such as Member Benefit Statement, Employer Monthly Package, Confirmation of Investment Instructions and Confirmation of Transfer of Fund Accumulations, etc. (collectively referred to as "Statement of Account"). Such statements and information may also be provided upon the request of an employer or a member. An employer and/or a member is advised to examine and verify the correctness of each and every Statement of Account received and to notify the Trustee immediately in writing, if any entries/information is inaccurate or different from his/her own record or intention.

8.2 Publication of Net Asset Value and Prices

The issue price and the redemption price for each unitised constituent fund will be published on each dealing day in a leading English and Chinese newspaper.

8.2A Information on Performance of Constituent Funds

The fund performance and actual Fund Expense Ratio (“FER”) of the CAF, A65F and all other constituent funds of the Scheme will be published in the fund fact sheets and one of the fund fact sheets will be provided to members with the attached to annual benefit statement. Members can also visit our website at www.manulife.com.hk or call the Member Hotline on 21081388 for information. Members may also obtain the fund performance information and the definition of the FER at the website of the Authority (www.mpfa.org.hk).

To provide a common reference point for performance and asset allocation of the CAF and A65F, an MPF industry developed reference portfolio is adopted for the purpose of the DIS, i.e. “CAF Reference Portfolio” and “A65F Reference Portfolio” respectively. The fund performance of the CAF and A65F will be reported against these reference portfolios published by the Hong Kong Investment Funds Association and please visit their website at www.hkifa.org.hk for further information regarding the performance of the reference portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members’ accrued benefits may not suffer significant loss. Members should regularly review the performance of the constituent funds and consider whether the investments still suit their personal needs and circumstances.

8.3 Documents for Inspection

Members of the Scheme are advised to review the terms of the Trust Deed. If there is any conflict between any of the provisions of this Offering Document and the Trust Deed, the provisions of the Trust Deed will prevail. Copies of the Trust Deed may be obtained from the Trustee at a cost of HK$1,000 per copy or may be inspected free of charge during normal working hours at the office of the Trustee.

Members of the Schemes may also request a copy of the consolidated reports of the Scheme for any specified financial year within the 7 years preceding the date of request.

8.4 Modification of the Trust Deed and this Offering Document

Subject to the prior approval of the relevant authorities and the provisions in the Trust Deed, the Trustee may modify the Trust Deed and this Offering Document, provided that no such modification may change the main purpose of the Trust to be other than the provision of retirement and other benefits for employees of employers, self-employed persons, individual relevant employees or personal account members.

To the extent required in the Regulation or any other appropriate legislation, a modification to the Trust Deed or this Offering Document will not take effect until the Authority and, if necessary, the SFC have given written notice to the Trustee that the Authority and, if necessary, the SFC have approved the modification and any requisite period of notice has been given to members of the Scheme.

8.5 Duration

The Scheme may be wound up only by the Court on application made by the Authority in accordance with the MPFS Ordinance.

The winding up of the Scheme will be conducted in accordance with the winding up rules provided in the MPFS Ordinance.

8.6 Hong Kong Taxation

The following notes are intended as general information only and are not intended to be and do not necessarily describe the tax consequences for all types of members under this Scheme.

MEMBERS INTENDING TO PARTICIPATE UNDER THIS SCHEME SHOULD SEEK INDEPENDENT PROFESSIONAL TAX ADVICE.

(a) Employers can generally claim their regular mandatory and voluntary contributions as a deduction from its assessable profits for profits tax purpose to the extent not exceeding 15% of the total emoluments of the relevant employee.

(b) Employees can claim their mandatory contributions as a deduction from their assessable income for salaries tax purpose, subject to the maximum limit as specified in the Inland Revenue Ordinance (“IRO”) of Hong Kong.

(c) Self-employed persons can claim their mandatory contributions as a deduction from their assessable profits for profits tax purpose, subject to the maximum limit as specified in the IRO of Hong Kong.

(d) Benefits derived from mandatory contributions are tax exempt. Benefits derived from voluntary contributions made by employers may be subject to tax, depending on when and how they are paid.

8.7 Use of Standard Forms

Employers and members participating in the Scheme are advised to use standard forms as prescribed by the Trustee and/or in a format approved/prescribed by the Authority from time to time for giving instructions to the Trustee in relation to various functions and/or activities, such as Employee Enrolment Form, Notice of Employee Termination, Contribution Investment Instruction/Fund Switching Instruction and Remittance Statement, etc. Member may call the Member Hotline under section 2 to obtain the standard forms prescribed by the Trustee.

Although the Scheme has been registered with and authorized by the Authority and the SFC respectively, such registration and authorization do not imply official recommendation of the Scheme by the Authority or the SFC.

Appendix A

The Rate of Interest Declared since the Manulife MPF Interest Fund's Inception

Year	Month: January	February	March	April	May	June	July	August	September	October	November	December
2000	-	-	-	-	-	-	-	-	-	-	-	5.00%
2001	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2002	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.20%	0.20%	0.10%	0.02%
2003	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
2004	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.125%	0.15%	0.10%	0.02%
2005	0.02%	0.02%	0.25%	0.333%	0.50%	0.60%	0.80%	0.90%	1.00%	1.00%	1.25%	1.35%
2006	1.35%	1.40%	1.45%	1.45%	1.50%	1.55%	1.60%	1.60%	1.60%	1.65%	1.65%	1.65%
2007	1.65%	1.65%	1.70%	1.75%	1.75%	1.80%	1.85%	1.90%	1.95%	2.00%	2.00%	2.00%
2008	2.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.75%
2009	0.75%	0.75%	0.60%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
2010	0.40%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.01%	0.01%
2011	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2012	0.01%											

Notes: 1. The above rates declared have already taken into account of the guaranteed prescribed savings rates. Members should note that as at February 1, 2005, the guarantee on prescribed savings rates has been removed although the Interest Fund still aims to declare a rate that equals to or exceeds the prescribed savings rate.

2. Past performance is not indicative of future performance.

Appendix B

Illustrative Example of Partial Redemption Rule and Withdrawals

Transactions:

Day 1 : Member contributes $3,000 at a unit price of $10. 300 units are purchased.

Day 10: Member redeems 100 units at a unit price of $12.

SCENARIO 1

Transactions:

Day 25: **Member switches in $900** from another fund to Stable Fund at a unit price of $10.

	Day 1	Day 10	Day 25
No. of qualifying units held	300	200	290
Member account balance***	$3,000	$2,400	$2,900
Guarantee account balance	$3,000	$2,000	$2,750

Remarks:

- **Day 10**
  Cumulative actual amount redeemed
  = 100 x $12 = $1,200
  Cumulative guarantee amount redeemed
  = $3,000 x 100 / 300 = $1,000
  Guarantee account balance
  = $3,000 - $1,000 = $2,000
- **Day 25**
  Guarantee account balance
  = $2,000 + ($900 x $1,000 / $1,200) = $2,750

SCENARIO 2

Transactions:

Day 25: **Member switches in $1,200** from another fund to Stable Fund at a unit price of $10.

	Day 1	Day 10	Day 25
No. of qualifying units held	300	200	320
Member account balance***	$3,000	$2,400	$3,200
Guarantee account balance	$3,000	$2,000	$3,000

Remarks:

- **Day 25**
  Guarantee account balance
  = $2,000 + ($1,200 x $1,000 / $1,200) = $3,000

SCENARIO 3

Transactions:

Day 25: **Member switches in $1,500** from another fund to Stable Fund at a unit price of $10.

	Day 1	Day 10	Day 25
No. of qualifying units held	300	200	350
Member account balance***	$3,000	$2,400	$3,500
Guarantee account balance	$3,000	$2,000	$3,300

Remarks:

- **Day 25**
  Guarantee account balance
  = $2,000 + ($1,200 x $1,000 / $1,200) + ($1,500 - $1,200)
  = $3,300

In Scenario 3 of our Illustrative Example, only part of the full switch-in amount is subject to a scale down. This is because if the switch-in amount is larger than $1,200, the scale down will only apply to the $1,200 that was switched out previously. The rest of the switch-in amount in excess of $1,200 are new monies contributing to the fund and therefore will be included in the guarantee account balance. The total switch-in of $1,500 in the Illustrative Example Scenario 3 is split into 2 portions for calculation purpose, i.e. $1,200 is subject to the scale down and ($1,500-$1,200)=$300 is added to guarantee account balance.

SCENARIO 4 (TERMINAL ILLNESS)

Transactions:

Day 1 : Employee member contributes $3,000 at a unit price of $10. 300 units are purchased with 120 units held in the mandatory contribution (MC) sub-accounts and 180 units held in the voluntary contribution (VC) sub-accounts.

Day 20: Employee member who is under employment withdraws on the ground of terminal illness. All units in MC sub-accounts are redeemed at a unit price of $8.

Day 30: Employee member dies. All the remaining units in member's account are redeemed at a unit price of $9.

	Day 1	Day 20	Day 30
No. of qualifying units held	300	180	0
Units held in MC sub-accounts	120	0	0
Units held in VC sub-accounts	180	180	0
Member account balance***	$3,000	$1,440	$0
Total account balance of MC sub-accounts	$1,200	$0	$0
Total account balance of VC sub-accounts	$1,800	$1,440	$0
Guarantee account balance	$3,000	$1,800	N/A
Total guarantee account balance of MC sub-accounts	$1,200	$0	N/A
Total guarantee account balance of VC sub-accounts	$1,800	$1,800	N/A

Remarks:

- **Day 20**

  As the employee member is still under employment, the withdrawal in his contribution account will be only applicable to the MC sub-accounts. The withdrawal amount will be the greater of the value of qualifying units held in the MC sub-accounts or the total guarantee account balance of the MC sub-accounts, i.e. $1,200.

  (1) The value of qualifying units held in the MC sub-accounts = 120 x $8 = $960

  (2) Total guarantee account balance of the MC sub-accounts = $1,200

  The withdrawal amount = Greater of (1) or (2) = $1,200

- **Day 30**

  As no contributions are made after Day 20, no units are issued in the MC sub-accounts. The withdrawal amount will be greater of the value of qualifying units held in the VC sub-accounts or the total guarantee account balance of the VC sub-accounts, i.e. $1,800.

  (1) The value of qualifying units held in the VC sub-accounts = 180 x $9 = $1,620

  (2) The total guarantee account balance of the VC sub-accounts = $1,800

  The withdrawal amount = Greater of (1) or (2) = $1,800

SCENARIO 5 (WITHDRAWAL BY INSTALMENTS)

Transactions:

Day 1 : Member contributes $3,000 at a unit price of $10. 300 units are purchased.

Day 30: When reaching the normal retirement age of 65, member makes the first withdrawal by instalments in which $1,200 is required to be withdrawn from the Stable Fund. Units are redeemed at a unit price of $9.

	Day 1	Day 30
Stable Fund		
No. of qualifying units held	300	0
Member account balance ***	$3,000	$0
Guarantee account balance	$3,000	N/A
Interest Fund		
Member account balance	$0	$1,800

Remarks:

- **Day 30**

  In the Stable Fund, the guarantee will be determined and provided in the same manner to the member as if he is claiming for payment of accrued benefits in a lump sum. The redemption amount will be the greater of the value of qualifying units held in account or the total guarantee account balance, i.e. $3,000.

  (1) The value of qualifying units held in the account = 300 x $9 = $2,700

  (2) The total guarantee account balance of the account = $3,000

  The redeemed amount in the Stable Fund = Greater of (1) or (2) = $3,000

  After deducting the portion for fulfilling the first instalment payment of $1,200, the remaining redemption amount of $1,800 (=$3,000-$1,200) will be invested in the Interest Fund which provides a capital guarantee. The "guaranteed" account will then be cancelled and no further guarantee will be available from the Stable Fund.

*** Member account balance = No. of qualifying units held x unit price

Illustration of Performance Fee and NAV per unit Calculation of Manulife MPF China Value Fund

Assumptions:

Initial High Watermark: 100
Hurdle Rate: 12%
Performance Fee: 12%

A. Illustration of Performance fees and NAV per unit calculation at the end of each financial year over a hypothetical 5 years period

	Target NAV per unit	>	Year End NAV per unit	NO Performance Fee	Final NAV per unit
Year 1	112		*105*		*105*
Year 2	125.44 [112 x 112%]		*109*		*109*

Explanation: If year end NAV is less than 112% High Watermark, no performance fee will be levied.

	Target NAV per unit	<	Year End NAV per unit	Performance Fee	Final NAV per unit
Year 3	140.49 [125.44 x 112%]		145	0.54 [(145 - 140.49) x 12%]	144.46 – NEW HIGH WATERMARK [145 - 0.54]

Explanation: If year end NAV is higher than 112% High Watermark, performance fee will be levied. NAV after performance fee will become the new High Watermark.

	Target NAV per unit	>	Year End NAV per unit	NO Performance Fee	Final NAV per unit
Year 4	161.80 [144.46 x 112%]		*153*		*153*
Year 5	181.21 [161.80 x 112%]		*180*		*180*

Explanation: High Watermark is calculated in High-on-high basis. The new High Watermark will become the new calculation basis for performance fee.

B. Illustration of Accrual of Performance fees and NAV per unit calculation during a hypothetical financial year

Dealing Date	**NAV (before reversal of previous dealing day's accrued performance fee)**	**NAV (after reversal of previous dealing day's accrued performance fee)**	**Units in issue**	**NAV per unit (before accrual of dealing day's performance fee) (A)**	**Target NAV per unit (B)**	**Average units in issue**	**Performance Fee**	**Final NAV per unit**
Last dealing date for 2003								**$100 (High Watermark)**
On the 1st dealing date, (A) < (B), NO performance fee is applied.								
1st dealing date for 2004	$1,020	$1,020 (no reversal)	10	$1,020/10 = $102	$100 * (1+12%) = $112	10/1 = 10	Nil	**$1,020/10 = $102**
On the 2nd dealing date, (A) > (B), performance fee accrued on the 2nd dealing day is deducted from the NAV (before **accrual of dealing day's** performance fee).								
2nd dealing date for 2004	$920	$(920+0) = $920	8	$920/8 = $115	$100 * (1+12%) = $112	(10+8)/2 = 9	$(115 – 112) * 12% * 9 = $3.24	$3.24 is deducted from $920 to form the final NAV of $916.76. **Final NAV per unit = $916.76/8 = $114.595**

On the 3rd dealing date, (A) > (B), performance fee accrued on the 3rd dealing day is deducted from the NAV (before **accrual of dealing day's** performance fee).								
3rd dealing date for 2004	$1,076.76	$(1,076.76 +3.24) = $1,080	9	$1,080/9 = $120	$100 * (1+12%) = $112	(10+8+9)/3 = 9	$(120 – 112) * 12% * 9 = $8.64	$8.64 is deducted from $1,080 to form the final NAV of $1,071.36. **Final NAV per unit = $1,071.36/9 = $119.04**
On the 4th dealing date, (A) = (B), NO performance fee is applied.								
4th dealing date for 2004	$1,223.36	$(1,223.36 +8.64) = $1,232	11	$1,232/11 = $112	$100 * (1+12%) = $112	(10+8+9+ 11)/4 = 9.5	Nil	**$1,232/11 = $112**
On the 5th dealing date, (A) > (B), performance fee accrued on the 5th dealing day is deducted from the NAV (before **accrual of dealing day's** performance fee).								
5th dealing date for 2004	$1,500	$(1,500+0) = $1,500	12	$1,500/12 = $125	$100 * (1+12%) = $112	(10+8+9+ 11+12)/5 = 10	$(125 – 112) * 12% * 10 = $15.6	$15.6 is deducted from $1,500 to form the final NAV of $1,484.40. **Final NAV per unit = $1,484.40/12 = $123.70**
.	.	.	.	.	.	.	.	.
.	.	.	.	.	.	.	.	.
.	.	.	.	.	.	.	.	.
.	.	.	.	.	.	.	.	.
Last dealing date for 2004 (assuming there are totally 260 dealing days in the year)	$1,282	$(1,282+18) = $1,300^	10	$1,300/10 = $130	$100 * (1+12%) = $112	(10+8+9+ 11+12+….10) /260 = 10	$(130 – 112) * 12% * 10 = $21.6	**$21.60 is deducted from $1,300 to form the final NAV of $1,278.40, i.e.$127.84 per unit (new High Watermark)**

Notes:

1. NAV per unit (before accrual of dealing day's performance fee) (A) = the per unit price of the fund value (total assets + cash + receivables) minus all the accrued fees and expenses (except performance fee). In the above illustrations, all fees and expenses except performance fee are assumed to be $0.
2. The High Watermark will be marked up by the hurdle rate to form the target NAV per unit. The performance fee will be applied when the NAV per unit (before performance fee) exceeds the target NAV per unit.

^ Assuming the previous dealing day's accrued performance fee is $18.

Manulife 宏利

May 25, 2018

First Addendum to Offering Document of Manulife Global Select (MPF) Scheme

The Offering Document of the Manulife Global Select (MPF) Scheme dated April 1, 2017 shall not be distributed unless it is accompanied by this Addendum. This Addendum should therefore be read in conjunction with the Offering Document and together construed as one document. Unless otherwise specified, the amendments made under this Addendum will take effect from September 26, 2018 without affecting the meaning of any abbreviation or remarks used in the Offering Document. Members can visit our website at www.manulife.com.hk to obtain a copy of the Offering Document.

1. Important to note (page 1 of the Offering Document)

   With immediate effect, the text box of the important to note shall be deleted entirely and replaced by the following:

Important to note:

- **You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds or the Default Investment Strategy, you are in doubt as to whether a certain constituent fund or the Default Investment Strategy is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and make investment choices most suitable for you taking into account your circumstances.**
- **The asset allocation of the Default Investment Strategy and some of the constituent funds which are referred to as "Retirement Funds" will change over time and hence the risk profile and return will also change over time. The Default Investment Strategy or the Retirement Funds may not be suitable for all members. You should understand the relevant risks involved before investment and consider factors other than age and review your own investment objectives.**
- **The Manulife MPF Interest Fund and the Manulife MPF Stable Fund (collectively the "Guaranteed Funds") under this scheme invests solely in approved pooled investment funds in the form of insurance policies provided by Manulife (International) Limited. The guarantee is also given by Manulife (International) Limited. Your investments in the Guaranteed Funds, if any, are therefore subject to the credit risks of Manulife (International) Limited. Please refer to sections 6.2.2 and 6.2.3 of this Offering Document for details of the credit risks, guarantee features and qualifying conditions.**
- **Investment involves risks and not each of the investment choices would be suitable for everyone. You should consider the risks associated with each of the constituent funds and the Default Investment Strategy and your investments/ accrued benefits may suffer loss.**

2. Introduction (page 1 of the Offering Document)

   With immediate effect, the last sentence of the second paragraph shall be deleted entirely.

3. Section 3.2 (page 18 of the Offering Document)

   With immediate effect, the following new paragraph shall be inserted after the last paragraph under the sub-section headed "Risk associated with investment in underlying funds":

   "The underlying fund(s) may impose redemption limit and thus the underlying fund(s) may not be able to promptly meet the redemption requests of the relevant constituent fund(s) as and when made."

4. Section 4.6 (page 27 of the Offering Document)

   The first sentence of the second paragraph shall be deleted and replaced by the following:

   "Subject to the provision of the Trust Deed, the relevant Participation Agreement or such other instructions in writing, all voluntary contributions made by the employer on behalf of an employee member may become fully vested when:"

5. Section 4.7 (page 27 of the Offering Document)

   The fifth and sixth paragraph shall be deleted entirely and replaced by the following:

   "The amount of benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contribution account and the total balance of his own voluntary contribution account under such relevant sub-scheme of its employer. The benefits will be valued, in the case due to the cessation of the employee's employment, as at the dealing day within 30 days of the later of the date of cessation of employment or the date on which the Trustee receives the notice of cessation of employment and in any other cases, as at the dealing day within 30 days of the date on which the Trustee receives the notice.

   A self-employed person or a personal account member is entitled to withdraw the accrued benefits in his voluntary contribution account twice in each financial year of the Scheme by giving 30 days' prior written notice (or such shorter notices as agreed by the Trustee from time to time) to the Trustee. Any such redemption requests will normally be effected by the Trustee within 7 business days from the receipt of the proper request given by the self-employed person or personal account member, or in the case of withdrawal of accrued benefits under voluntary contribution account, within 7 business days from the date of receipt of the relevant requests or the expiry date of such requests."

6. Section 4.8(b) (page 28 of the Offering Document)

   The first paragraph shall be amended as follow:

   "Subject to the consent of the Trustee, a self-employed person who has benefits attributable to the non-regular voluntary contributions may request the Trustee to redeem and withdraw any portion of such non-regular voluntary contributions on any dealing day during his self-employment by giving to the Trustee a written request (in such form as the Trustee may from time to time prescribe). Any such redemption requests will normally be effected by the Trustee within 7 business days from the receipt of the proper request given by the self-employed person, or in the case of withdrawal of accrued benefits under voluntary contribution account, within 7 business days from the date of receipt of the relevant requests or the expiry date of such requests."

7. Section 4.10.1 (page 29 of the Offering Document)

   With immediate effect, the third and fourth paragraphs shall be deleted entirely and replaced by the following:

   "If the employee member fails to notify an election in accordance with section 146 of the Regulation within 3 months after the Trustee has been notified by the former employer or by the employee member that the employee member has ceased to be employed by the former employer, the employee member will be taken at the end of that period to have elected to transfer his accrued benefits concerned to a personal account of the Scheme, and the Trustee is taken at the end of that period to have been notified of the election. In which case, all the accrued benefits will be so transferred within 30 days after the end of the 3-month period or within 30 days after the last contribution day in respect of the employment that has ceased, whichever is the later.

If the self-employed person fails to notify an election in accordance with section 148 of the Regulation within 3 months after the Trustee has been notified that the self-employed person has ceased to be self-employed, the self-employed person will be taken to have elected not to transfer his accrued benefits but to retain them in the Scheme."

8. <u>Section 5.4</u> (page 31 of the Offering Document)

The following paragraph shall be inserted before the last paragraph:

"The Trustee may also, as a result of any restructuring of the Scheme and where reasonably practicable, declare a suspension of the dealing of the units or accrued benefits of any constituent funds and the determination of net asset value of any constituent fund and/or suspend the processing of contributions or transfer in or out requests, fund switching, enrolment or participation applications, or payment of accrued benefits, from or in respect of employers and members who are subject to such restructuring and for such period or periods as the Trustee, in its opinion, considers appropriate and to the best interest of members."

9. <u>Section 6.3</u> (page 33 of the Offering Document)

The first paragraph shall be deleted entirely and replaced by the following:

"Subject to any limitation which may be imposed by the Trustee, an employee member, self-employed person, an individual relevant employee member or a personal account member may submit a fund switching instruction to the Trustee to withdraw any investment or redeem any units in a constituent fund (the "current constituent fund") and to apply such redemption proceeds to invest or acquire units in other constituent funds (the "new constituent fund") on the same day in accordance with the fund switching instruction.

For a fund switching instruction received by the Trustee through website and interactive voice response system at or before the dealing cut-off time (currently at 4:00 p.m. Hong Kong time) on a dealing day, such instruction will generally be processed on the same dealing day. If the fund switching instruction is received by the Trustee after such dealing cut-off on a dealing day, the instruction will generally be processed on the next dealing day.

For a fund switching instruction received by the Trustee by facsimile and by mail on any dealing day, such instruction will generally be processed on the next dealing day. Members who choose to submit a fund switching instruction to the Trustee's designated address by mail should allow sufficient time for mailing.

Any fund switching instruction received by the Trustee will be regarded as the rebalancing of all the accrued benefits in the member's account as at the execution of such fund switching instruction. For the avoidance of doubt, if a fund switching instruction requests to switch part of the accrued benefits to other constituent fund(s), it shall be regarded as given an instruction that the remaining part of the accrued benefits remains unchanged on its investment."

10. <u>Section 6.3</u> (page 33 of the Offering Document)

The fourth paragraph shall be amended by removing the sentence "However, if the accrued benefits which remain in the current constituent fund (except DIS CFs under the de-risking process), are less than HK$500, the Trustee may also determine that such amount should be switched to the new constituent fund."

11. <u>Section 7.1.2</u> (page 34 of the Offering Document)

The amendments made under this section will take effect from August 1, 2018.

(i) The first paragraph shall be amended to include after the paragraph "The following table has not taken into account any bonus unit rebates that may be offered to certain members of the Scheme."

(ii) Part (C) and (D) of the table shall be deleted entirely and replaced by the following:

<table>
<tr><th colspan="6">(C) & (D) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS & FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS</th></tr>
<tr><th rowspan="2">Type of fees, expenses & charges (please refer to Explanatory Notes (v))</th><th rowspan="2">Name of constituent fund</th><th colspan="3">Current level###</th><th rowspan="2">Deducted from</th></tr>
<tr><th>Employee Member/ Personal Account Member</th><th>Self-employed Person</th><th>Individual Relevant Employee Member</th></tr>
<tr><td rowspan="2">Management fees[7] (please refer to Explanatory Notes (ii))</td><td>Manulife MPF Conservative Fund</td><td colspan="3">0.75% p.a. of NAV</td><td>Relevant assets of the first level pooled investment fund</td></tr>
<tr><td>Manulife MPF Hang Seng Index Tracking Fund</td><td colspan="3">0.9% p.a. of NAV</td><td>Relevant assets of the first level pooled investment fund and the second level ITCIS</td></tr>
</table>

<table>
<tr><td rowspan="7">Management fees[7] (please refer to Explanatory Notes (ii))</td><td>Manulife MPF Aggressive Fund, Manulife MPF Growth Fund, Manulife MPF Stable Fund & Manulife MPF International Equity Fund</td><td>1.75% p.a. of NAV</td><td rowspan="2">Relevant assets of the first level pooled investment fund, the second level ITCIS(s), and APIFs of the second level umbrella unit trusts</td></tr>
<tr><td>All Retirement Funds</td><td>0.99% p.a. of NAV</td></tr>
<tr><td>Manulife MPF Interest Fund</td><td>1.75% p.a. of NAV</td><td rowspan="5">Relevant assets of the first level pooled investment funds, and APIFs of the second level umbrella unit trusts</td></tr>
<tr><td>Manulife MPF RMB Bond Fund, Manulife MPF Hong Kong Bond Fund, Manulife MPF Pacific Asia Bond Fund & Manulife MPF International Bond Fund</td><td>1.15% p.a. of NAV</td></tr>
<tr><td>Manulife MPF Healthcare Fund & Manulife MPF China Value Fund</td><td>1.9% p.a. of NAV</td></tr>
<tr><td>Manulife MPF Core Accumulation Fund & Manulife MPF Age 65 Plus Fund</td><td>0.75% p.a. of NAV</td></tr>
<tr><td>All other constituent funds</td><td>1.75% p.a. of NAV</td></tr>
<tr><td>Guarantee charge[8]</td><td colspan="3">N/A</td></tr>
<tr><td>Other expenses</td><td colspan="3">The following fees and expenses may also be deducted from the assets of the Scheme (or the underlying APIFs, as the case may be): auditor fees, bank charges, transaction costs, licence fees, charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges, compensation fund levy (if any), indemnity insurance, MPF registration fee (if any), government, regulatory and/or professional fees and charges) and fees for providing valuation, accounting, custodian and sub-custodian services for the underlying APIFs and their corresponding constituent funds, costs of preparing, publishing and distributing this Offering Document, any other materials and the reports of the Scheme, and any other expenses properly incurred in respect of the establishment, operation, management and administration of the Scheme, the constituent funds and the underlying APIFs.

In respect of the DIS CFs, certain recurrent out-of-pocket expenses mentioned above are subject to a statutory annual limit of 0.2% of the net asset value of the respective DIS CFs and will not be imposed on the respective DIS CFs in excess of that amount. Please refer to section 7.1.1 for further details.

Furthermore, the participating employer will be responsible for the legal costs which may be incurred in the preparation of the participation agreement referred to in section 4.1.

Advertising Expenses: No such expenses will be charged against the constituent funds, the first level pooled investment funds or the second level umbrella unit trusts.</td></tr>
</table>

(iii) The table under "(ii) Breakdown of Management fees" of the Explanatory Notes shall be deleted entirely and replaced by the following:

Management fees	**Maximum Level**	**Current Level**
(a) APIFs maintained under constituent fund (i) to (iv) and (vi) to (xi):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	1.75% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(b) APIFs maintained under constituent fund (v):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	0.75% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil

(c) APIFs maintained under constituent fund (xii) to (xv):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	1.15% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(d) APIFs maintained under constituent fund (xvi):		
- Trustee and Administration Fee and Investment Management Fee	3.5% p.a. of NAV	1.9% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
- Performance Fee[‡‡‡]	Please refer to the mechanism described below.	
(e) APIFs maintained under constituent funds (xvii):		
- Trustee and Administration Fee and Investment Management Fee	3.5% p.a. of NAV	1.9% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(f) APIFs maintained under constituent funds (xviii):		
- Trustee and Administration Fee and Investment Management Fee	2% p.a. of NAV	0.9% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil
(g) APIFs maintained under constituent funds (xix) and (xx):		
- Trustee and Administration Fee and Investment Management Fee	4.63% p.a. of NAV	1.75% p.a. of NAV[§§§]
- Incentive Fee for FIL Investment Management (Hong Kong) Limited	FIL Investment Management (Hong Kong) Limited does not currently intend to charge an incentive fee. Any intention to impose an incentive fee shall be subject to prior written notice to member.	
(h) APIFs maintained under constituent funds (xxi) and (xxii) [####, §§§§]***:***		
- Trustee Fee	Up to 0.10% p.a of NAV	0.00% p.a of NAV
- Administration Fee	Up to 0.65% p.a. of NAV	0.49% p.a. of NAV
- Investment Management Fee	0.26% p.a. of NAV	0.26% p.a. of NAV
(i) APIFs maintained under constituent funds (xxiii) to (xxix):		
- Trustee and Administration Fee and Investment Management Fee	2.5% p.a. of NAV	0.99% p.a. of NAV
- Fund Administration Fee	0.13% p.a. of NAV	Nil

(iv) The note [§§§] under the Explanatory Notes shall be amended as set out below:

"[§§§] This fee level has already taken into account any refund of fees by FIL Investment Management (Hong Kong) Limited to the Manulife Growth Unit Trust Fund (Series I) and the Manulife Stable Growth Unit Trust Fund. This can be part of any similar fees arrangement made with any investment manager or sub-investment manager."

12. Save as specifically set out above, all other provisions of the Offering Document shall remain unchanged.

Manulife 宏利

February 18, 2019

Second Addendum to Offering Document of Manulife Global Select (MPF) Scheme

The Offering Document of the Manulife Global Select (MPF) Scheme dated April 1, 2017 (the "Offering Document") and the First Addendum dated May 25, 2018 shall not be distributed unless it is accompanied by this Addendum. This Addendum should therefore be read in conjunction with the Offering Document and the First Addendum and together construed as one document. Unless otherwise specified, the amendments made under this Addendum will take immediate effect without affecting the meaning of any abbreviation or remarks used in the Offering Document. Members can visit our website at www.manulife.com.hk to obtain a copy of the Offering Document.

1. Introduction (page 1 of the Offering Document)

   The first sentence of the fourth paragraph shall be deleted entirely and replaced by the following:

   "The Manulife Global Select (MPF) Scheme is promoted by Manulife (International) Limited in its capacity as the sponsor (the "Sponsor"). As the Sponsor, Manulife (International) Limited is responsible for promoting, distributing and procuring sales of the Scheme, providing advice in relation to the product design and features of the Scheme, and providing ancillary and support services to the Trustee as may be agreed between the Trustee and Manulife (International) Limited as the Sponsor from time to time, including but not limited to business development, marketing, product development and any other support services to the Trustee. The Sponsor is also the guarantor in relation to the Guaranteed Funds."

2. Section 2 (page 3 of the Offering Document)

   The following new item shall be inserted before the row "Auditors":

   Sponsor: Manulife (International) Limited
   22/F, Manulife Financial Centre
   223-231 Wai Yip Street
   Kwun Tong
   Kowloon, Hong Kong

3. Section 3.1 (page 4 of the Offering Document)

   The second and third paragraphs of the second bullet beginning with "CAF Reference Portfolio:" and "A65F Reference Portfolio:" respectively shall be deleted entirely and replaced by the following:

   "CAF Reference Portfolio: 60% FTSE MPF All-World Index (HKD unhedged total return) + 37% FTSE MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)

   A65F Reference Portfolio: 20% FTSE MPF All-World Index (HKD unhedged total return) + 77% FTSE MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)"

4. Section 7.1.2 (item 11(iii) of the First Addendum and page 38-39 of the Offering Document)

(i) The table under "(ii) Breakdown of Management fees" of the Explanatory Notes shall be deleted entirely and replaced by the following table:

Name of constituent fund	Breakdown of current level of management fees						Management fees	
	Constituent fund level (% p.a. of NAV)				Underlying fund level (% p.a. of NAV)			
	Trustee and Administration Fee^^			Investment management fee	Trustee fee	Investment management fee	Current level	Maximum level
	Sponsor fee^^^	Trustee and custodian fee	Adminis-tration fee^^^^					
Manulife MPF Interest Fund	0.74%	0.12%	0.64%	Nil	Nil	0.25%	1.75%	2.63%
Manulife MPF Stable Fund ‡‡	Up to 0.74%	0.12%	0.64%	Nil	Nil	Up to 0.6%	1.75%	2.63%
Manulife MPF Growth Fund & Manulife MPF Aggressive Fund ‡‡	Up to 0.74%	0.12%	0.64%	Nil	Nil	Up to 0.6%	1.75%	2.63%
Manulife MPF Conservative Fund ‡‡‡‡	0%	0%	0.5%	Nil	Nil	0.25%	0.75%	2.63%
Manulife MPF Hong Kong Equity Fund & Manulife MPF North American Equity Fund	0.74%	0.12%	0.64%	Nil	Nil	0.25%	1.75%	2.63%
Manulife MPF Pacific Asia Equity Fund ‡‡	Up to 0.74%	0.12%	0.64%	Nil	Nil	Up to 0.4%	1.75%	2.63%
Manulife MPF International Equity Fund ‡‡	Up to 0.74%	0.12%	0.64%	Nil	Nil	Up to 0.6%	1.75%	2.63%

Manulife MPF European Equity Fund & Manulife MPF Japan Equity Fund	0.74%	0.12%	0.64%	Nil	Nil	0.25%	1.75%	2.63%
Manulife MPF Hong Kong Bond Fund, Manulife MPF RMB Bond Fund, Manulife MPF Pacific Asia Bond Fund & Manulife MPF International Bond Fund ‡‡‡‡	0.18%	0.12%	0.6%	Nil	Nil	0.25%	1.15%	2.63%
Manulife MPF China Value Fund ‡‡, ‡‡‡	Up to 0.89%	0.12%	0.64%	Nil	Nil	Up to 0.7%	1.9%	3.63%
Manulife MPF Healthcare Fund ‡‡	Up to 0.84%	0.12%	0.64%	Nil	Nil	Up to 0.4%	1.9%	3.63%
Manulife MPF Hang Seng Index Tracking Fund ‡‡, ‡‡‡‡	Up to 0.08%	0.12%	0.6%	Nil	Up to 0.05%	Up to 0.1%	0.9%	2.13%
Manulife MPF Fidelity Growth Fund & Manulife MPF Fidelity Stable Growth Fund ‡‡, ****	Up to 0.26%	0.12%	0.64%	Nil	Up to 0.1%	0.73%	1.75% §§§	4.63%
Manulife MPF Core Accumulation Fund & Manulife MPF Age 65 Plus Fund ####, §§§§	0%	0%	0.49%	Nil	Nil	0.26%	0.75%	0.75%
All Retirement Fund ‡‡, ‡‡‡‡	Up to 0.12%	0.12%	0.5%	Nil	Nil	Up to 0.6%	0.99%	2.63%

(ii) The following new notes ^^ and ^^^ and ^^^^ and ‡‡ and ‡‡‡‡ shall be inserted before the note ‡‡‡ under the Explanatory Notes:

“ ^^ The Trustee will, out of the Trustee and Administration Fee, discharge the sponsor fee and the administration fee payable to the relevant parties.

^^^ The sponsor fee for each constituent fund varies. For the purpose of maintaining the current level of management fees, the Sponsor may, from time to time, waive any part of the sponsor fee for any constituent fund.

^^^^ The administration fee may include fee payable to a party or parties to carry on fund administration of the constituent fund(s) and the underlying fund(s) in which the constituent fund(s) invest.

‡‡ Although the detailed fee items in the table may not add up to the current level of management fees, the management fees for each constituent fund will only be charged according to the current level. Please refer to note ^^^ for details.

‡‡‡‡ The trustee and custodian fee and/or part of the administration fee (whichever is applicable) are currently waived for these constituent funds.”

(iii) The row about the Incentive Fee for FIL Investment Management (Hong Kong) Limited in the table under “(ii) Breakdown of Management fees” (as amended by the First Addendum) shall be re-arranged as a new note **** and inserted before the note §§§ under the Explanatory Notes as follows:

“ **** FIL Investment Management (Hong Kong) Limited does not currently intend to charge an incentive fee. Any intention to impose an incentive fee shall be subject to prior written notice to member.”

(iv) The first sentence of note #### under the Explanatory Notes shall be deleted entirely and replaced by the following:

“For the purpose of meeting the legislative requirements on the fee level, the sponsor fee, the trustee and custodian fee and part of the administration fee are currently waived for these two constituent funds.”

5. Save as specifically set out above, all other provisions of the Offering Document and the First Addendum shall remain unchanged.

April 1, 2019

Third Addendum to Offering Document of Manulife Global Select (MPF) Scheme

The Offering Document of the Manulife Global Select (MPF) Scheme dated April 1, 2017 (the "Offering Document"), the First Addendum dated May 25, 2018 and the Second Addendum dated February 18, 2019 shall not be distributed unless it is accompanied by this Addendum. This Addendum should therefore be read in conjunction with the Offering Document, the First Addendum and the Second Addendum, that altogether construed as one document. Unless otherwise specified, the amendments made under this Addendum will take immediate effect without affecting the meaning of any abbreviation or remarks used in the Offering Document. Members can visit our website at www.manulife.com.hk to obtain a copy of the Offering Document.

1. New Section 4.3B (page 25 of the Offering Document)

The following new section shall be inserted immediately following section 4.3A of the Offering Document:

"4.3B Tax Deductible Voluntary Contributions ("TVC")

Any person, who fulfils the eligibility requirements as mentioned in Part (1) below can set up a TVC account and pay TVC into such account to become a TVC account member ("TVC account member"). TVC paid into the account will be eligible for tax deduction in accordance with the Inland Revenue Ordinance. With effect from April 1, 2019, our Scheme offers TVC account to eligible persons.

The characteristics of TVC are as follows:

- TVC can only be made directly by eligible persons into TVC account of an MPF scheme in order to enjoy tax concession, subject to relevant conditions. Please refer to Part (1) and the paragraph headed under "*Tax Concession Arrangement in TVC*" below for details;
- Involvement of employers is not required;
- Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation. Please refer to Part (4) below for details.

Tax Concession Arrangement in TVC

- The maximum tax concession amount for TVC in each year of assessment is set out in the Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HK$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only; and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.
- To facilitate the tax return filing by TVC account members, Trustee will provide a tax deductible voluntary contributions summary to each TVC account member if TVC is made by the member to the Scheme during a year of assessment. Such summary will be made available by around the 10th of May after the end of a relevant year of assessment (i.e. before the end of a period of 40 days from the beginning of the next tax assessment year commencing on the 1st of April).

(1) Eligibility

Any person who falls under any one of the following categories may open a TVC account:

(i) an employee member of an MPF scheme;
(ii) a self-employed person member of an MPF scheme;
(iii) a personal account holder of an MPF scheme;
(iv) a member of an MPF exempted ORSO scheme.

Each eligible person can only have one TVC account under an MPF scheme.

Trustee of the Scheme may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the Trustee may consider appropriate.

(2) Contribution

TVC can only be made into a TVC account, which is separate from a contribution account or a personal account. Any other forms of voluntary contributions that are not made into the TVC account are not TVC (for example, voluntary contributions that are made by employee members through their employers will not be eligible for claiming TVC tax deduction).

TVC is subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions. This also applies to contributions that exceed the maximum tax deductible amount per assessment year. For the purposes of anti-money laundering, compliance of the MPFS Ordinance and/or any other situations that the Trustee may deem appropriate, the Trustee reserves the right not to accept any TVC.

Minimum limit imposed on the amount or frequency of contribution made to the TVC account will be specified in the relevant application form. TVC will be fully vested in the scheme member once it is paid into the Scheme.

For the avoidance of doubt, the protection of accrued benefits under the MPFS Ordinance is not applicable to the TVC account, meaning that accrued benefits derived from TVC will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt member.

TVC account members can make their own fund selection or choose to invest in DIS under the Scheme according to their circumstance and risk appetite. If a TVC account member fails to submit to the Trustee a valid investment instruction or does not make any investment choice at the time of TVC account opening, his / her TVC will be invested in DIS. Please refer to section 3.1 of the Offering Document for details of the DIS arrangement.

(3) Portability

TVC is portable and TVC account members should note that:

- TVC account member may at any time choose to transfer the accrued benefits derived from TVC to another MPF scheme that offers TVC;
- The transfer must be in a lump sum (full account balance);
- The TVC account in the original scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- For the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the member in another MPF scheme cannot be claimed as deductions for taxation purpose; and
- Transfer of TVC accrued benefits to another TVC account of the member in another MPF scheme will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF regulations.

(4) Withdrawal and Termination

As with accrued benefits derived from mandatory contributions, the accrued benefits derived from TVC will be paid in the following withdrawal conditions only:

(i) Retirement (attaining the age of 65) / early retirement (attaining the age of 60 and certifying to the Trustee by statutory declaration that he has permanently ceased all employment/ self-employment with no intention of becoming employed or self-employed again);
(ii) Death
(iii) Small balances;
(iv) Permanent departure from Hong Kong SAR;
(v) Total incapacity;
(vi) Terminal illness.

In addition, Trustee must provide phase withdrawal options to the following withdrawal conditions:

(i) Retirement (attaining the age of 65);
(ii) Early retirement (attaining the age of 60 and certifying to the Trustee by statutory declaration that he has permanently ceased all employment / self-employment with no intention of becoming employed or self-employed again)

Please refer to section 4.7 below for details of withdrawal of benefits.

Apart from the withdrawal of accrued benefits, Trustee may terminate the member's TVC account if:

(i) the balance of the TVC account is zero; and
(ii) there is no transaction activity in respect of the TVC account for 365 days.**"**

2. Section 4.1 (page 23 of the Offering Document)

The third paragraph under section 4.1 shall be deleted entirely and replaced by the following:

"If the applicant is a self-employed person, he must indicate in the application form whether he will contribute to the Scheme on a monthly or yearly basis. If the applicant is an individual relevant employee, he must indicate in the application form the manner in which he will make his Flexi Retirement Contribution. If the applicant who is eligible under section 4.3B below, would like to set up a TVC account, he must indicate in the relevant application form the manner in which he will make his TVC."

3. Section 4.3 (page 24 of the Offering Document)

The heading of section 4.3 shall be deleted entirely and replaced by the following:

"4.3 Voluntary Contributions (other than Flexi Retirement Contribution and Tax Deductible Voluntary Contributions)"

4. Section 4.3A (page 25 of the Offering Document)

The second sentence in the first paragraph of section 4.3A shall be deleted entirely and replace by the following:

"Relevant employees whose employers do not maintain a sub-scheme under the Scheme can make contribution as Flexi Retirement Contribution."

5. Section 4.4 (page 25 of the Offering Document)

The first sentence under section 4.4 shall be deleted entirely and replaced by the following:

"This section applies to all members including individual relevant employee member of Flexi Retirement Contribution under section 4.3A above and TVC account member of TVC under section 4.3B above:"

6. Section 4.5.1 (page 27 of the Offering Document)

The following shall be inserted after the last sentence in the fourth paragraph of section 4.5.1:

"At the request of a person eligible to be a TVC account member under section 4.3B above, the Trustee shall also accept a transfer payment from any other scheme of which the person is a TVC account member, given that the transfer is to be made in lump sum (full account balance). Such transfer payment will be held by the Trustee as TVC in a TVC account in accordance with the governing rules of the Scheme."

7. Section 4.5A (page 27 of the Offering Document)

The following new paragraph shall be inserted after the fourth paragraph in section 4.5A:

"This section 4.5A does not apply to TVC account member. Please refer to section 4.3B above for the portability rules of TVC."

8. Section 4.6.2 (page 27 of the Offering Document)

Section 4.6.2 shall be deleted entirely and replaced by the following:

"4.6.2 Self-employed Person, Individual Relevant Employee, Personal Account Members and TVC Account Members

All contributions made on behalf of self-employed persons, individual relevant employees, personal account members and TVC account members will be fully vested at all times."

9. Section 4.7 (page 28 of the Offering Document)

   i. The first paragraph in section 4.7, save for subparagraphs (i) to (vi), shall be deleted entirely and replaced by the following:

   "Subject to the provisions in the MPFS Ordinance and the Regulation and save as otherwise provided in the rules of the Trust Deed, participation agreement or any ancillary instructions, an employee member, self-employed person, individual relevant employee, personal account member and TVC account member (or their personal representative, committee of the estate, as the case may be) will be entitled to all benefits accrued (unless otherwise stated) under the Scheme (a) in a lump sum in any of the circumstances described in (i) to (vi) below; or (b) by instalments in the circumstances described in (i) or (ii) below:"

   ii. The first sentence in the third paragraph of section 4.7 shall be deleted entirely and replaced by the following:

   "Subject to section 162 of the Regulation, the rules of the Trust Deed also contain provisions which allow the employee member, self-employed person, individual relevant employee, personal account member or TVC account member to receive accrued benefits in the Scheme if such benefits do not exceed HK$ 5,000 at the date of the claim and at least 12 months have elapsed since the contribution day in respect of the latest contribution period for which mandatory contribution or TVC is required to be paid in respect of such member and the member does not have any benefits in other registered schemes."

10. Section 4.9.1 (page 28 of the Offering Document)

    The heading to Section 4.9.1 and the first paragraph in Section 4.9.1 shall be deleted entirely and replaced by the following:

    "4.9.1 Employee Member, Self-Employed Person, Personal Account Member or TVC Account Member

    Subject to provisions in the Regulation, an employee member, self-employed person, personal account member or TVC account member, who is entitled to receive his benefits under the Scheme, may lodge with the Trustee a claim for the relevant benefits by submitting a form as prescribed by the Trustee."

11. Section 4.10.1 (page 29 of the Offering Document)

    i. The heading to section 4.10.1 shall be deleted entirely and replaced by the following:

    "4.10.1 Employee Member, Self-employed Person, Personal Account Member and TVC Account Member"

    ii. The first sentence in the first paragraph of section 4.10.1 shall be deleted entirely and replaced by the following:

    "The rules of the Trust Deed also contain provisions relating to the portability of accrued benefits of the employee member, self-employed person, personal account member or TVC account member."

    iii. The following shall be inserted to the end of the first paragraph in section 4.10.1:

    "In the case of a TVC account member, he may also at any time elect to transfer his accrued benefits in his TVC account in a lump sum (full account balance) to another registered scheme. Please refer to section 4.3B above for the portability rules of TVC."

    iv. The second sentence in the second paragraph of section 4.10.1 shall be deleted entirely and replaced by the following:

    "If an employee member, self-employed person, personal account member or TVC account member wishes to make the transfer under this section 4.10.1 to another scheme, he should notify the trustee of the other scheme, in which case, the trustee of the other scheme should notify the Trustee of the Scheme of the election as soon as practicable."

12. Section 4.12 (page 30 of the Offering Document)

    i. The first paragraph in section 4.12 shall be deleted entirely and replaced by the following:

    "Any employer, self-employed person, individual relevant employee, personal account member or TVC account member may at any time cease to participate in the Scheme by giving written notice to the Trustee."

    ii. The second paragraph in section 4.12, save for subparagraph (a) to (d), shall be deleted entirely and replaced by the following:

    "Furthermore, the Trustee may terminate the participation of an employer or membership of an employee member, self-employed person, individual relevant employee, personal account member or TVC account member in accordance with the Rules of the Scheme; and"

    iii. Subparagraph (d) in section 4.12 shall be renumbered as "(e)".

    iv. The following new subparagraph (d) shall be inserted immediately following subparagraph (c) in section 4.12:

    "(d) in the case of a TVC account member, with the written agreement of that TVC Member given not earlier than 60 days before the termination, or if the balance of the TVC account maintained in the relevant sub-scheme of the TVC account member is zero and there is no transaction activity in respect of the TVC account for 365 days; or"

    v. The third paragraph in section 4.12 shall be deleted entirely and replaced by the following:

    "Upon termination of the sub-scheme, the employer, employee member, self-employed person, personal account member or TVC account member may transfer the accrued benefits under the Scheme to another registered scheme in accordance with the prevailing laws and regulations. For TVC account members, please refer to section 4.3B for the portability rules applicable to TVC."

13. Section 7.1.2 (page 34-38 of the Offering Document)

    The fee table under section 7.1.2 shall be amended as follows:

    i. For Part (A) of the fee table, "Individual Relevant Employee Member" under the cell which states "Current amount (HK$)" shall be amended as "Individual Relevant Employee Member/ TVC Account Member".

    ii. For Part (B) and (C)&(D) of the fee table, "Individual Relevant Employee Member" under the cell which states "Current level" in the respective Parts shall be amended as "Individual Relevant Employee Member/ TVC Account Member".

    iii. For Part (E) of the fee table, the row under the heading shall be deleted entirely and replaced by the following:

    "Special handling fees payable by the requesting party can be charged by the Trustee in respect of any employer, employee member, personal account member, individual relevant employee member, self-employed person or TVC account member under the Scheme in respect of any extra service provided which shall include but not limited to the following:
    - Request for copy of the Trust Deed: HK$ 1,000 per copy"

    The table under "(i) Maximum Level" in the Explanatory Notes section shall be amended as follows:

    iv. For Part (A) of the table, "Individual Relevant Employee Member" under the cell which states "Maximum amount (HK$)" shall be amended as "Individual Relevant Employee Member/ TVC Account Member".

    v. For Part (B) and (C)&(D) of the table, "Individual Relevant Employee Member" under the cell which states "Maximum level" in the respective Parts shall be amended as "Individual Relevant Employee Member/ TVC Account Member".

14. Section 8.1 (page 40 of the Offering Document)

    i. Subparagraph (vii) in section 8.1 shall be amended by deleting the word "and" at the end of the subparagraph.

    ii. Subparagraph (viii) in section 8.1 shall be renumbered to "(ix)".

    iii. The following new subparagraph (viii) shall be inserted after subparagraph (vii) in section 8.1:

    "(viii) if the member is a TVC account member, the total TVC made by the TVC account member; and"

15. Save as specifically set out above, all other provisions of the Offering Document, the First Addendum and the Second Addendum shall remain unchanged.