PENSION – MPF

MPF SCHEME BROCHURE FOR AIA MPF - PRIME VALUE CHOICE

June 2023

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Sponsor : AIA Company Limited
Trustee : AIA Company (Trustee) Limited

AIA Corporate Solutions

— Your MPF and Group Insurance Partner

HEALTHIER, LONGER, BETTER LIVES

Important Notes

- **IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE MEANING OR EFFECT OF THIS MPF SCHEME BROCHURE, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.**

- The MPF Conservative Fund and the Capital Stable Portfolio in the Scheme do not guarantee the repayment of capital under all circumstances.

- The Guaranteed Portfolio in the Scheme invests solely in an APIF in the form of an insurance policy issued by the Insurer. The guarantee is also given by the Insurer. Your investments in the Guaranteed Portfolio, if any, are therefore subject to the credit risks of the Insurer. Please refer to the section "3. Fund options, investment objectives and policies" and Appendix 2 to this MPF Scheme Brochure for the details of the credit risk, guarantee features and guarantee conditions.

- The Guaranteed Portfolio in the Scheme is a capital guaranteed fund. Your investments are therefore subject to the credit risks of the guarantor, AIA Company Limited. The guarantee only applies when Members hold their investment until the end of a Scheme Year. Please refer to the section "3. Fund options, investment objectives and policies" and Appendix 2 to this MPF Scheme Brochure for the details of the credit risk, guarantee features and guarantee conditions.

- You should consider your own risk tolerance level and financial circumstances before making any investment choices. You must ensure you choose the appropriate funds to meet your risk tolerance. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.

- You should consider your own risk tolerance level and financial circumstances before investing in the MPF default investment strategy. You should note that the Core Accumulation Fund and the Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the Core Accumulation Fund and the Age 65 Plus Fund and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the MPF default investment strategy is suitable for you and make the investment decision most suitable for you taking into account your circumstances.

- You should note that the implementation of the MPF default investment strategy may have an impact on your MPF investments and benefits. We recommend that you consult with the Trustee if you have doubts on how you are being affected.

- If you do not make any investment choices, your contributions made and/or benefits transferred into the Scheme will be invested in the MPF default investment strategy as more particularly described in the section "6. Administrative procedures".

- Members reaching 65th birthday or early retiring on reaching age 60 may apply (subject to the completion of such document or form (in such form and on such terms) as the Trustee may, subject to the relevant MPF requirements, prescribe from time to time) for payment of the MPF Benefits or the TVC Benefits (as the case may be) in instalments. Please refer to the section "6. Administrative procedures" for further details.

- If a Member is currently investing in the Guaranteed Portfolio, a payment of benefits in instalments may affect the Member's entitlement to the guarantee and the Member may lose his/her guarantee, that is, the amounts withdrawn will not be entitled to any guarantee after withdrawal. For further details regarding the guarantee features of the Guaranteed Portfolio, please refer to Appendix 2 to this MPF Scheme Brochure. A guarantee charge will apply to Members who remain investing in the Guaranteed Portfolio.

- **Investment involves risks, you may suffer significant loss of your investments and not all investment choices available under the Scheme would be suitable for everyone. Investment performance and returns may go down as well as up.**

- Any information or representation given or made by any dealer, salesman or other person not contained in this MPF Scheme Brochure or in the report and/or financial statements forming part of this MPF Scheme Brochure must be regarded as unauthorised and accordingly must not be relied upon.

- Neither the delivery of this MPF Scheme Brochure nor the offer or issue of units in any product described in this MPF Scheme Brochure shall under any circumstances constitute a representation that the information contained in this MPF Scheme Brochure is correct as of any time subsequent to the date of this MPF Scheme Brochure. To reflect material changes, this MPF Scheme Brochure may from time to time be updated and intending subscribers should enquire of AIA Company (Trustee) Limited as to the issue of any later MPF Scheme Brochure.

- AIA Company (Trustee) Limited accepts responsibility for the information contained in this MPF Scheme Brochure being accurate as at the date of this MPF Scheme Brochure.

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1. INTRODUCTION

1.1 What is Mandatory Provident Fund ("MPF")?

The Hong Kong Government's objective in establishing the MPF is to help workers accumulate financial benefits for retirement. Under the MPF, every employer must ensure that their employees participate in a provident fund scheme, into which both the employee and employer contribute. Under the MPF Legislation, these provident fund schemes must include certain features, which are detailed in this MPF Scheme Brochure.

All employees between the ages of 18 and under 65 who have been working for 60 days or more for an employer must be covered by the MPF. All self-employed people between the age of 18 and under 65 must also contribute to an MPF scheme. There are, however, a few exceptions:-

- employees covered under government pension arrangements;
- domestic helpers;
- employees temporarily entering Hong Kong on a 13-month contract or shorter, or covered by a home country scheme;
- hawkers; and
- members of an MPF exempt ORSO registered or ORSO exempted scheme.

1.2 The Scheme

The Scheme is constituted by means of the Master Trust Deed and is governed by the laws of Hong Kong.

The Scheme will continue in perpetuity until terminated in accordance with the provisions of the Master Trust Deed.

The Scheme is registered as a Master Trust Scheme and has been authorised by the SFC. However, such registration or authorisation does not imply official approval or recommendation by either the MPFA or the SFC. SFC authorisation is not a recommendation or endorsement of an MPF scheme or pooled investment fund nor does it guarantee the commercial merits of an MPF scheme or pooled investment fund or its performance. It does not mean the MPF scheme or pooled investment fund is suitable for all scheme participants or fund holders nor is it an endorsement of its suitability for any particular scheme participant or fund holder.

Whilst the Scheme has been designed to ensure that Participating Employers can comply with the requirements of the MPF Ordinance in respect of those employees covered by the mandatory provisions of the MPF, it is also possible for employees aged between 18 and 65 (even though their employers do not participate in the Scheme), self-employed persons and non-employed persons to join the Scheme.

2. DIRECTORY OF APPROVED TRUSTEE AND OTHER SERVICE PROVIDERS

Service provider	Name of institution	Function	Address
Trustee	AIA Company (Trustee) Limited	The Trustee exercises fiduciary duty in operating the Scheme in the interest of Members.	11/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong
Administrator	AIA International Limited (Hong Kong Branch)	The Administrator acts on behalf of the Trustee in handling the daily administration work of the Scheme, such as processing contributions, keeping records, handling requests for transfers or withdrawal of accrued benefits and providing other customer services.	<u>Customer Service Centre:</u> 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong <u>Principal Place of Business in Hong Kong:</u> 1/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong <u>Postal Address:</u> 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong * Please note that the customer service counter is available at the Customer Service Centre but not the other two locations. Scheme participants can visit the Customer Service Centre for enquiries or to obtain copies of this MPF Scheme Brochure and/or application forms.
Custodian	Citibank, N.A.	The Custodian, a delegate to the Trustee, has the function of safekeeping of Scheme assets.	50/F, Champion Tower, 3 Garden Road, Central, Hong Kong
Investment Manager	AIA Investment Management HK Limited	AIA Investment Management HK Limited is the Investment Manager responsible for managing the investment of all of the Constituent Funds of the Scheme.	Unit 1203, 12/F Kerry Centre, 683 King's Road, Quarry Bay, Hong Kong
Insurer	AIA Company Limited	AIA Company Limited is the insurer for the underlying APIF in which the Guaranteed Portfolio invests.	35/F, AIA Central, 1 Connaught Road Central, Hong Kong
Auditor	PricewaterhouseCoopers	The Auditor audits the financial statements of the Scheme.	22/F, Prince’s Building, Central, Hong Kong

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

3.1 Scheme structure

Members will have a choice of the Constituent Funds listed below to invest contributions paid by and in respect of them. Each Constituent Fund is denominated in HK Dollars.

Scheme	Constituent Fund		Underlying Fund(s)
AIA MPF - Prime Value Choice	American Fund	→	Two or more Approved ITCISs
	Eurasia Fund	→	Two or more Approved ITCISs
	Hong Kong and China Fund	→	Two or more Approved ITCISs
	World Fund	→	Two or more Approved ITCISs
	Asian Bond Fund	→	Two or more APIFs and/or Approved ITCISs
	Global Bond Fund	→	Two or more APIFs and/or Approved ITCISs
	MPF Conservative Fund	→	PineBridge Hong Kong Dollar Money Market Fund
	China HK Dynamic Asset Allocation Fund	→	Two or more APIFs and/or Approved ITCISs
	Manager's Choice Fund	→	Two or more APIFs and/or Approved ITCISs
	Asian Equity Fund	→	Two or more APIFs and/or Approved ITCISs
	European Equity Fund	→	Two or more APIFs and/or Approved ITCISs
	Greater China Equity Fund	→	Two or more APIFs and/or Approved ITCISs
	North American Equity Fund	→	Two or more APIFs and/or Approved ITCISs
	Green Fund	→	Amundi HK - Green Planet Fund
	Guaranteed Portfolio	→	MPF Capital Guaranteed Plus Policy
	Growth Portfolio	→	Two or more APIFs and/or Approved ITCISs
	Balanced Portfolio	→	Two or more APIFs and/or Approved ITCISs
	Capital Stable Portfolio	→	Two or more APIFs and/or Approved ITCISs
	Core Accumulation Fund	→	Two or more APIFs and/or Approved ITCISs
	Age 65 Plus Fund	→	Two or more APIFs and/or Approved ITCISs

3.2 Table for Constituent Funds

No.	Name of Constituent Fund	Investment Manager	Fund structure[1]	Fund descriptor	Investment focus
1.	American Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - North America	Up to 100% in equities with balance in cash or cash-based investments.
2.	Eurasia Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - European and Asia Pacific	Up to 100% in equities with balance in cash or cash-based investments.
3.	Hong Kong and China Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - Hong Kong and China	Up to 100% in equities with balance in cash or cash-based investments.
4.	World Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - Global	Up to 100% in equities with balance in cash or cash-based investments.
5.	Asian Bond Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Bond Fund - Asia-Pacific	Between 70% and 100% in debt securities with balance in cash or cash-based investments.
6.	Global Bond Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Bond Fund - Global	Between 70% and 100% in debt securities with balance in cash or cash-based investments.
7.	MPF Conservative Fund	AIA Investment Management HK Limited	Feeder Fund	Money Market Fund - Hong Kong	Up to 100% in deposits and debt securities with balance in cash or cash-based investments.
8.	China HK Dynamic Asset Allocation Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - China and Hong Kong - Maximum equity around 90%	Around 10% to 90% in equities, up to 9% in ETFs that track the price of gold with balance in debt securities.

No.	Name of Constituent Fund	Investment Manager	Fund structure[1]	Fund descriptor	Investment focus
9.	Manager's Choice Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - Global - Maximum equity around 90%	Around 10% to 90% in equities with balance in bonds, money market instruments and cash.
10.	Asian Equity Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - Asia-Pacific	Between 70% and 100% in equities with balance in bonds or cash/ cash-based investments.
11.	European Equity Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - Europe	Between 70% and 100% in equities with balance in bonds or cash/cash-based investments.
12.	Greater China Equity Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - Greater China Region	Between 70% and 100% in equities with balance in bonds or cash /cash-based investments.
13.	North American Equity Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Equity Fund - North America	Between 70% and 100% in equities with balance in bonds or cash/cash-based investments.
14.	Green Fund	AIA Investment Management HK Limited	Feeder Fund	Equity Fund - Global	Up to 100% in equities with up to 30% in cash deposits, Approved ITCISs, convertible bonds, authorised unit trusts or authorised mutual funds.
15.	Guaranteed Portfolio	AIA Investment Management HK Limited	Feeder Fund	Guaranteed Fund	At least 70% in bonds and fixed income instruments with balance in cash/cash-based investments and/or deposits.

No.	Name of Constituent Fund	Investment Manager	Fund structure[1]	Fund descriptor	Investment focus
16.	Growth Portfolio	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - Global - Maximum equity around 90%	Around 90% in equities with balance in bonds, cash and cash-based investments.
17.	Balanced Portfolio	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - Global - Maximum equity around 50%	Around 50% in equities with balance in bonds, cash and cash-based investments.
18.	Capital Stable Portfolio	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - Global - Maximum equity around 30%	Around 70% in debt securities and cash/cash-based investments with balance in equities.
19.	Core Accumulation Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - Global - Maximum equity 65%	55% - 65% in Higher Risk Assets, 35% - 45% in Lower Risk Assets.
20.	Age 65 Plus Fund	AIA Investment Management HK Limited	Portfolio Management Fund	Mixed Assets Fund - Global - Maximum equity 25%	75% - 85% in Lower Risk Assets, 15% - 25% in Higher Risk Assets.

[1] "Portfolio Management Fund" means a fund that invests in more than one APIF/Approved ITCIS. "Feeder Fund" means a fund that invests in only one APIF/Approved ITCIS.

3.3 Statements of investment policies

Separate and distinct investment policies will be applied by the Investment Manager in managing the investments of each Constituent Fund and those investment policies will reflect the investment risks relevant to each Constituent Fund. These investment policies are set out below. Members and Participating Employers will be notified of any changes to any investment policy.

3.3.1 American Fund

(a) Objective

The American Fund is a Portfolio Management Fund investing in two or more Approved ITCISs. The investment objective of the American Fund is to seek a long-term capital appreciation by investing in a combination of North American equity market Approved ITCISs. Please note that the American Fund is not an index-tracking fund.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational and/or hedging purposes, the American Fund will invest solely in Approved ITCISs as described in (a) above.

Approved ITCISs will be selected from those available in the market that will allow the American Fund to achieve the stated investment objectives.

The underlying Approved ITCISs in which the American Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the Approved ITCISs, taking into account Members' interests.

The index providers of the respective equity market indices that are tracked by the underlying Approved ITCISs are independent of the Trustee of the Scheme and the Investment Manager of the American Fund.

(c) Security lending and repurchase agreements

The American Fund will not engage in security lending and will not enter into repurchase agreements. The underlying Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The American Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The American Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the American Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- equity investment risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds

- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.2 Eurasia Fund

(a) Objective

The Eurasia Fund is a Portfolio Management Fund investing in two or more Approved ITCISs. The investment objective of the Eurasia Fund is to seek a long-term capital appreciation by investing in a combination of European and Asia Pacific equity market Approved ITCISs. Please note that the Eurasia Fund is not an index-tracking fund.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational and/or hedging purposes, the Eurasia Fund will invest solely in Approved ITCISs as described in (a) above.

Approved ITCISs will be selected from those available in the market that will allow the Eurasia Fund to achieve the stated investment objectives.

The underlying Approved ITCISs in which the Eurasia Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the Approved ITCISs, taking into account Members' interests.

The index providers of the respective equity market indices that are tracked by the underlying Approved ITCISs are independent of the Trustee of the Scheme and the Investment Manager of the Eurasia Fund.

(c) Security lending and repurchase agreements

The Eurasia Fund will not engage in security lending and will not enter into repurchase agreements. The underlying Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Eurasia Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Eurasia Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Eurasia Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- equity investment risk
- emerging market risk
- China market risk
- market risk
- exchange rate risk

- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.3 Hong Kong and China Fund

(a) Objective

The Hong Kong and China Fund is a Portfolio Management Fund investing in two or more Approved ITCISs. The investment objective of the Hong Kong and China Fund is to seek a long-term capital appreciation by investing in a combination of equity market Approved ITCISs that track Hong Kong equity market indices that measure the performance of companies (including China incorporated enterprises) listed in Hong Kong. Please note that the Hong Kong and China Fund is not an index-tracking fund.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational and/or hedging purposes, the Hong Kong and China Fund will invest solely in Approved ITCISs described in (a) above.

Approved ITCISs will be selected from those available in the market that will allow the Hong Kong and China Fund to achieve the stated investment objectives.

The underlying Approved ITCISs in which the Hong Kong and China Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the Approved ITCISs, taking into account Members' interests.

The index providers of the respective equity market indices that are tracked by the underlying Approved ITCISs are independent of the Trustee of the Scheme and the Investment Manager of the Hong Kong and China Fund.

(c) Security lending and repurchase agreements

The Hong Kong and China Fund will not engage in security lending and will not enter into repurchase agreements. The underlying Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Hong Kong and China Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Hong Kong and China Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Hong Kong and China Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- China market risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.4 World Fund

(a) Objective

The World Fund is a Portfolio Management Fund investing in two or more Approved ITCISs. The investment objective of the World Fund is to seek a long-term capital appreciation by investing in a combination of global equity market Approved ITCISs. Please note that the World Fund is not an index-tracking fund.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational and/or hedging purposes, the World Fund will invest solely in Approved ITCISs described in (a) above.

Approved ITCISs will be selected from those available in the market that will allow the World Fund to achieve the stated investment objectives.

The underlying Approved ITCISs in which the World Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the Approved ITCISs, taking into account Members' interests.

The index providers of the respective equity market indices that are tracked by the underlying Approved ITCISs are independent of the Trustee of the Scheme and the Investment Manager of the World Fund.

(c) Security lending and repurchase agreements

The World Fund will not engage in security lending and will not enter into repurchase agreements. The underlying Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The World Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The World Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the World Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- China market risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.5 Asian Bond Fund

(a) Objective

The Asian Bond Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The investment objective of the Asian Bond Fund, through investing in two or more APIFs and/or Approved ITCISs, is to seek long-term capital growth by primarily investing in a portfolio of debt securities in the Asia-Pacific region (excluding Japan), issued by, among others, government, supranational organisations and corporates.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational and/or hedging purpose, the Asian Bond Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests primarily in debt securities within the Asia-Pacific region (excluding Japan), including but not limited to Australia, China, Hong Kong, Korea, Malaysia, New Zealand, Singapore and Thailand. Up to 30% of assets will invest in debt securities outside the Asia-Pacific region (excluding Japan), including but not limited to US dollar denominated bonds such as US treasury inflation-protected securities and treasury bonds for defensive purpose during periods of perceived uncertainty and volatility.

The underlying APIFs and/or Approved ITCISs in which the Asian Bond Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The investments of the Asian Bond Fund in bonds are required to comply with the minimum credit rating requirements set by the MPFA in Guidelines on Debt Securities (Guidelines III.1), where appropriate.

The Asian Bond Fund may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The Asian Bond Fund's expected total maximum investments in LAP will be up to 30% of its NAV.

(c) Security lending and repurchase agreements

The Asian Bond Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Asian Bond Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Asian Bond Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Asian Bond Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- emerging market risk
- China market risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks associated with the China interbank bond market
- risks relating to investments in an Approved ITCIS
- risk associated with investments in instruments with loss-absorption features
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.6 Global Bond Fund

(a) Objective

The Global Bond Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The investment objective of the Global Bond Fund, through investing in two or more APIFs and/or Approved ITCISs, is to seek long-term stable return from a combination of current income and capital appreciation by investing in a portfolio of debt securities in the international markets, issued by government, supranational organisations and corporates.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational and/or hedging purpose, the Global Bond Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests primarily in debt securities in the international market, issued by governments, supranational organisations and corporates.

The underlying APIFs and/or Approved ITCISs in which the Global Bond Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The investments of the Global Bond Fund in debt securities are required to comply with the minimum credit rating requirements set by the MPFA in Guidelines on Debt Securities (Guidelines III.1), where appropriate.

The Global Bond Fund may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer’s capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The Global Bond Fund's expected total maximum investments in LAP will be up to 30% of its NAV.

(c) Security lending and repurchase agreements

The Global Bond Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Global Bond Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Global Bond Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Global Bond Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks associated with the China interbank bond market
- risk relating to investments in an Approved ITCIS
- risk associated with investment in instruments with loss-absorption features
- smaller companies' risk

- Eurozone risk
- market risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.7 MPF Conservative Fund

(a) Objective

The MPF Conservative Fund is a Feeder Fund investing solely in an APIF, namely PineBridge Hong Kong Dollar Money Market Fund. The investment objective of the MPF Conservative Fund* is to preserve principal value. The MPF Conservative Fund does not guarantee the repayment of capital.

The MPF Conservative Fund is expected to provide a return roughly equal to the average Hong Kong dollar savings rate.

(b) Balance of investments

Except for a small portion to be held in cash or cash-based investments for operational purposes, the MPF Conservative Fund, through its underlying APIF, invests primarily in deposits and debt securities subject to the restrictions set out in section 37 of the General Regulation.

The investments of the underlying APIF in debt securities are required to comply with the minimum credit rating requirements set by the MPFA in Guidelines on Debt Securities (Guidelines III.1), where appropriate.

The underlying investments of the MPF Conservative Fund are investments located in Hong Kong.

(c) Security lending and repurchase agreements

The MPF Conservative Fund will not engage in security lending nor enter into repurchase agreements. The underlying APIF may engage in security lending and may enter into repurchase agreements through its custodian, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The MPF Conservative Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The MPF Conservative Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The MPF Conservative Fund is not subject to the supervision of the Hong Kong Monetary Authority.

The performance of the MPF Conservative Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- concentration risk
- liquidity risk
- credit rating downgrading risk
- market risk
- risk relating to sustainable investing/ESG

- counterparty risk related to OTC contracts
- credit/credit rating risk
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

* It should be noted that contributions invested in the MPF Conservative Fund are not the same as placing cash on deposit with a bank or deposit-taking company. There is no obligation by the Trustee to redeem investments at offer value.

Fees and charges of an MPF Conservative Fund can be deducted from either (i) the assets of the MPF Conservative Fund or (ii) the appropriate Members' account by way of unit deduction. This MPF Conservative Fund uses method (i) and, therefore, unit prices / net asset value / fund performance quoted have incorporated the impact of fees and charges.

3.3.8 China HK Dynamic Asset Allocation Fund

(a) Objective

The China HK Dynamic Asset Allocation Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The investment objective of the China HK Dynamic Asset Allocation Fund, through investing in two or more APIFs and/or Approved ITCISs, is to aim to achieve long-term capital growth potential with medium-high volatility by (i) mainly investing in Hong Kong and China equities and debt securities, with up to 9% of its assets investing in ETFs that track the price of gold, and (ii) performing dynamic asset allocation.

The China HK Dynamic Asset Allocation Fund is suitable for Members who are willing to accept an above average level of risk in order to aim to achieve long-term capital growth potential.

(b) Balance of investments

Except for a small portion that may be held in bonds, cash or cash-based investments for operational purposes and/or hedging purpose, the China HK Dynamic Asset Allocation Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests primarily in Hong Kong and China equities and debt securities.

Depending on China and Hong Kong market conditions, China HK Dynamic Asset Allocation Fund, through investing in other APIFs and/or Approved ITCISs, allocate between 10% to 90% of its assets to Hong Kong and China equities, with the remaining balance mainly invested in Hong Kong and China debt securities (including Offshore RMB Bonds) and up to 9% of its assets investing in ETFs that track the price of gold and are approved by the MPFA as permissible investments from time to time.

The underlying APIFs and/or Approved ITCISs in which the China HK Dynamic Asset Allocation Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The majority of the debt securities will be China and Hong Kong debt securities issued by (i) companies or issuers listed, established in or operating principally in, or which derive or are expected to derive a significant portion of their earnings or revenues from or which have part of their assets, production activities or other business interests based in or related to China and/or Hong

Kong, and (ii) governments and government related entities in China or Hong Kong. Offshore RMB Bonds may be invested, including fixed and floating rate securities, convertible bonds and notes issued or distributed outside China by sovereigns, government agencies, supra-nationals, banks, corporations and exempt authorities. Debt securities issued by issuers (including corporations, government and government related entities) established outside China and Hong Kong but within the Asian region, and which are linked to or have part of their operations, revenue, assets, production activities or other business interests based in or related to China and/or Hong Kong, may also be invested.

The asset allocation of the China HK Dynamic Asset Allocation Fund will change based on its underlying investment manager's view on the economic and market outlook, with higher allocation to equities when equity market outlook is positive, balanced allocation between equities and debt securities when equity market outlook is neutral and higher allocation to debt securities and cash when equity market outlook is negative.

The China HK Dynamic Asset Allocation Fund may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The China HK Dynamic Asset Allocation Fund's expected total maximum investments in LAP will be up to 30% of its NAV.

(c) Security lending and repurchase agreements

The China HK Dynamic Asset Allocation Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending or enter into repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The China HK Dynamic Asset Allocation Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The China HK Dynamic Asset Allocation Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the China HK Dynamic Asset Allocation Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks associated with the China interbank bond market
- risks relating to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS

- liquidity risk
- equity investment risk
- emerging market risk
- China market risk
- market risk
- risk associated with investment in instruments with loss-absorption features
- smaller companies' risk
- additional risks associated with the China HK Dynamic Asset Allocation Fund

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.9 Manager's Choice Fund

(a) Objective

The Manager's Choice Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The Manager's Choice Fund, through investing in two or more APIFs and/or Approved ITCISs, attempts to perform dynamic asset allocation in order to maximise long-term capital appreciation. The Manager's Choice Fund would be suitable for Members who are willing to accept an above average level of risk in order to achieve long-term capital appreciation.

(b) Balance of investments

Depending on the global market condition, the Manager's Choice Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate may allocate from 10% to 90% of its assets to equities, with the balance invested in bonds, money market instruments and cash. Investments may be made in the above-mentioned asset classes and may be in various markets globally where permitted by the General Regulation. The Investment Manager has full discretion to allocate the assets of the Manager's Choice Fund in the above-mentioned asset classes. The allocations may change significantly based on the Investment Manager's view on the economic and market outlook, with higher allocation to equities when equity market outlook is positive, balanced allocation when equity market outlook is neutral and higher allocation to bonds, money market instruments and cash when equity market outlook is negative.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Manager's Choice Fund to achieve the stated investment objective.

The underlying APIFs and/or Approved ITCISs in which the Manager's Choice Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The Manager's Choice Fund may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The Manager's Choice Fund's expected total maximum investments in LAP will be up to 30% of its NAV.

(c) Security lending and repurchase agreements

The Manager's Choice Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Manager's Choice Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Manager's Choice Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Manager's Choice Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- Eurozone risk
- China market risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks associated with the China interbank bond market
- risks relating to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS
- risk associated with investment in instruments with loss-absorption features
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.10 Asian Equity Fund

(a) Objective

The Asian Equity Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The investment objective of the Asian Equity Fund is to provide long-term capital growth through investing in APIFs and/or Approved ITCISs which in aggregate invest primarily in equity securities of companies listed, based or operating principally in the Asia-Pacific region.

(b) Balance of investments

Except for a small portion that may be held in bonds, cash or cash-based investments for operational purposes and/or hedging purpose, the Asian Equity Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests primarily in Asia-Pacific equities.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Asian Equity Fund to achieve the stated investment objective.

The underlying APIFs and/or Approved ITCISs in which the Asian Equity Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

(c) Security lending and repurchase agreements

The Asian Equity Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Asian Equity Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Asian Equity Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Asian Equity Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- China market risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks related to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.11 European Equity Fund

(a) Objective

The European Equity Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The investment objective of the European Equity Fund is to provide long-term capital growth through investing in APIFs and/or Approved ITCISs which invest primarily in equity securities of companies listed, based or operating principally in Europe.

(b) Balance of investments

Except for a small portion to be held in bonds, cash or cash-based investments for operational and/or hedging purpose, the European Equity Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests primarily in equities of European companies.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the European Equity Fund to achieve the stated investment objective.

The underlying APIFs and/or Approved ITCISs in which the European Equity Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

(c) Security lending and repurchase agreements

The European Equity Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The European Equity Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The European Equity Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the European Equity Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- Eurozone risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.12 Greater China Equity Fund

(a) Objective

The Greater China Equity Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The Greater China Equity Fund seeks to provide long-term capital appreciation through investing in APIFs and/or Approved ITCISs which invest primarily in equity securities of companies listed, based or operating principally in the Greater China region i.e. the PRC, Hong Kong, Macau and Taiwan. The Greater China Equity Fund will invest less than 30% of its NAV in China A-shares. Implementation of the investment policy is considered to be of high inherent risk.

(b) Balance of investments

Except for a small portion to be held in bonds, cash or cash-based investments for operational and/or hedging purpose, the Greater China Equity Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests primarily in Greater China equities.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Greater China Equity Fund to achieve the stated investment objective.

The underlying APIFs and/or Approved ITCISs in which the Greater China Equity Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

(c) Security lending and repurchase agreements

The Greater China Equity Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Greater China Equity Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Greater China Equity Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Greater China Equity Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- China market risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks related to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.13 North American Equity Fund

(a) Objective

The North American Equity Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. The North American Equity Fund seeks to provide long-term capital appreciation through investing in APIFs and/or Approved ITCISs which invest primarily in equity securities of companies listed, based or operating principally in the US.

(b) Balance of investments

Except for a small portion to be held in bonds, cash or cash-based investments for operational and/or hedging purpose, the North American Equity Fund, through its underlying APIFs and/or Approved ITCISs, invests primarily in equities of US companies.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the North American Equity Fund to achieve the stated investment objective.

The underlying APIFs and/or Approved ITCISs in which the North American Equity Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

(c) Security lending and repurchase agreements

The North American Equity Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The North American Equity Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The North American Equity Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the North American Equity Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- market risk
- exchange rate risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.14 Green Fund

(a) Objective

The Green Fund is a Feeder Fund investing solely in an APIF, namely Amundi HK – Green Planet Fund. The investment objective of the Green Fund is to provide investors with long-term capital appreciation through well diversified investments in global equities principally (i.e. at least 70% of its latest available NAV) by investing in companies according to (i) their environmental ratings and (ii) financial performance expectations, with a view to outperforming the MSCI World Index over the medium to long term.

(b) Balance of investments

The Green Fund is intended to invest solely in the Amundi HK – Green Planet Fund. The Amundi HK – Green Planet Fund intends to invest fully in equity securities but, subject to the limitations required by the General Regulation, the Amundi HK – Green Planet Fund may also invest up to 30% of its latest available NAV in cash deposits, Approved ITCISs, convertible bonds and/or authorised unit trust(s) or authorised mutual fund(s) permitted by the General Regulation for performance management purposes. In selecting such Approved ITCISs, convertible bonds and authorised unit trust or authorised mutual fund for investment by the Amundi HK – Green Planet Fund, the investment manager of the Amundi HK – Green Planet Fund will not take into account the environmental criteria set out below.

Stock selection policy

The Amundi HK – Green Planet Fund aims to minimise adverse environmental impact by going overweight (i.e. purchase or increase the Amundi HK – Green Planet Fund's investments) on securities of companies with a comparatively good environmental profile while going underweight (i.e. dispose of or reduce the Amundi HK – Green Planet Fund's investments) on securities of companies with a comparatively poor environmental profile.

The investment manager of the Amundi HK – Green Planet Fund will select the securities for investment by the Amundi HK – Green Planet Fund from the constituent securities of the MSCI World Index (which covers all the major world stock markets including but not limited to North America, Europe, Asia and Japan) with reference to the companies' environmental profile as determined by the Amundi HK – Green Planet Fund's investment manager's proprietary environmental rating which considers multiple criteria (as discussed below) as well as financial parameters.

In addition, environmental criteria and exclusion policy (as discussed below) are also taken into consideration throughout the stock selection process.

The Amundi HK – Green Planet Fund may also hold non-constituent securities albeit for a short period of time due to corporate actions such as spinning-off, or index rebalancing. The Amundi HK – Green Planet Fund will not invest in emerging market equities.

Proprietary environmental rating methodology

In order to assign an environmental rating to all the companies in the Amundi HK – Green Planet Fund's investment universe, the investment manager of the Amundi HK – Green Planet Fund has developed a proprietary environmental rating methodology combining a quantitative approach with a qualitative analysis.

- Qualitative analysis involves ESG analysis based on universally recognised international texts, such as the United Nations Global Compact, the Kyoto Protocol, the Sustainable Development Goals etc.

- On the quantitative approach, the Amundi HK – Green Planet Fund's investment manager's ESG research team leverages on the extra-financial data provided by suppliers, including ESG scores, ESG controversies and other ESG-related information, such as data on carbon emission, use of fossil fuels and green energy.

Exclusion policy

The investment manager of the Amundi HK – Green Planet Fund intends to exclude companies that attain the lowest 30% environmental rating from the Amundi HK – Green Planet Fund's investment universe (i.e. the constituent securities of the MSCI World Index), and include companies with a comparatively good environmental rating in the portfolio to achieve an overall better environmental profile relative to the MSCI World Index.

The exclusion policy is also based on the Amundi HK – Green Planet Fund's investment manager's carbon exclusion policy, which is in accordance with its parent company, Crédit Agricole Group's commitments to combating climate change and managing the energy transition. The investment manager of the Amundi HK – Green Planet Fund applies specific sectoral exclusions to industries which it considers to be controversial including coal and tobacco by assigning an environmental rating of the lowest grade to the companies within these industries.

Environmental criteria considered

The investment manager of the Amundi HK – Green Planet Fund will take into account the following environmental criteria or attributes when selecting the securities to be invested by the Amundi HK – Green Planet Fund: low emissions and energy use, renewable energy, green car, green chemistry, sustainable construction, responsible forest management, paper recycling, green investing, green insuring, green business, and water waste management, recycling, biodiversity and pollution control. It is expected that up to 100% of the securities invested by the Amundi HK – Green Planet Fund will reflect these stated green focuses.

Performance benchmark

The performance of the Amundi HK – Green Planet Fund is benchmarked against the MSCI World Index. The investment manager of the Amundi HK – Green Planet Fund does not benchmark the performance of the Amundi HK – Green Planet Fund against any ESG benchmark.

(c) Security lending and repurchase agreements

The Green Fund will not engage in security lending and will not enter into repurchase agreements.

(d) Futures and options

The Green Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Green Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Green Fund is subject to a number of risk factors, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- market risk
- exchange rate risk
- additional risks associated with the Green Fund

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.15 Guaranteed Portfolio

(a) Objective

The Guaranteed Portfolio is a Feeder Fund investing solely in an APIF, namely MPF Capital Guaranteed Plus Policy. The primary objective of the Guaranteed Portfolio is to minimise capital risk in HK dollar terms. The secondary objective is to achieve a stable, consistent and predictable rate of return.

Due to the nature and inclusion of the guarantee (details of which are set out in Appendix 2 to this MPF Scheme Brochure), it is possible that there may be a dilution in performance of the Guaranteed Portfolio.

The Guaranteed Portfolio is expected to provide a return in excess of the average HK dollar savings rate.

(b) Balance of investments

Except for a small portion that may be held in cash or cash-based investments for operational purposes, the Guaranteed Portfolio will invest solely in the MPF Capital Guaranteed Plus Policy which is a guaranteed insurance policy issued by the Insurer and invests in two or more unit trust APIFs which in aggregate invest at least 70% of their non-cash assets in bonds and other fixed income instruments either denominated in HK Dollars or, if they are not denominated in HK Dollars, the effective currency exposure shall be hedged back into HK Dollars in order to ensure that each unit trust APIF has an effective currency exposure of at least 70% to the HK dollar. The remaining assets of each unit trust APIF will be held in cash and/or deposits. When investing in the unit trust APIFs, the aggregate underlying investments of such unit trust APIFs shall be used to determine whether the relevant percentage limits stated in this section are adhered to. For the avoidance of doubt, units in such unit trust APIFs shall not be treated as equity investments for purposes of this section.

The unit trust APIFs in which the Guaranteed Portfolio indirectly invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Insurer will ensure that the investment manager of the MPF Capital Guaranteed Plus Policy will exercise its professional and independent judgment, taking into account the interests of policyholder under the MPF Capital Guaranteed Plus Policy, in deciding which unit trust APIFs the MPF Capital Guaranteed Plus Policy may invest.

The investments of the unit trust APIFs in bonds are required to comply with the minimum credit rating requirements set by the MPFA in Guidelines on Debt Securities (Guidelines III.1), where appropriate.

The underlying investments of the Guaranteed Portfolio are investments located primarily in (but not limited to) Hong Kong.

(c) Security lending and repurchase agreements

The Guaranteed Portfolio will not engage in security lending and will not enter into repurchase agreements. The MPF Capital Guaranteed Plus Policy in which the Guaranteed Portfolio invests may engage in security lending and/or enter into repurchase agreements through its custodian, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Guaranteed Portfolio will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Guaranteed Portfolio will deal in currency forward contracts for hedging purpose only.

(e) Risks

Investments in the MPF Capital Guaranteed Plus Policy are held as assets of AIA Company Limited. Where AIA Company Limited is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in the Guaranteed Portfolio, you should consider the risk posed by the Insurer under the circumstances set out in the section "4. Risks" and, if necessary, seek additional information or advice.

The performance of the Guaranteed Portfolio is subject to a number of risk factors, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- smaller companies' risk
- additional risks associated with the Guaranteed Portfolio

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.16 Growth Portfolio

(a) Objective

The Growth Portfolio is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs (and to the extent permitted, any other permissible investment as approved by the MPFA and the SFC). The primary objective of the Growth Portfolio, through investing in two or more APIFs and/or Approved ITCISs, is to maximise its long-term capital appreciation in HK dollar terms. The secondary objective is to provide an expected return that exceeds Hong Kong salary inflation over the long term.

(b) Balance of investments

The Growth Portfolio's asset allocation policy is normally to have, through its underlying APIFs and/or Approved ITCISs, in aggregate an equity content of 90%, with the balance invested in bonds and cash or cash-based investment.

Investments may be made in markets in any country where permitted by the General Regulation.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Growth Portfolio to achieve the stated investment objectives.

The underlying APIFs and/or Approved ITCISs in which the Growth Portfolio invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The Growth Portfolio may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The Growth Portfolio's expected total maximum investments in LAP will be up to 10% of its NAV.

(c) Security lending and repurchase agreements

The Growth Portfolio will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Growth Portfolio may deal in financial futures contracts and financial options contracts (including currency forward contracts) but only for hedging purposes.

(e) Risks

The performance of the Growth Portfolio is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- Eurozone risk
- China market risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks associated with the China interbank bond market
- risks relating to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS
- risk associated with investment in instruments with loss-absorption features
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.17 Balanced Portfolio

(a) Objective

The Balanced Portfolio is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs (and to the extent permitted, any other permissible investment as approved by the MPFA and the SFC). The primary objective of the Balanced Portfolio, through investing in two or more APIFs and/or Approved ITCISs, is to maximise its long-term capital appreciation in HK dollar terms with moderate volatility. The secondary objective is to provide an expected return that exceeds Hong Kong price inflation over the long term.

(b) Balance of investments

The Balanced Portfolio's asset allocation policy is normally to have, through its underlying APIFs and/or Approved ITCISs, in aggregate an equity content of 50% with the balance invested in bonds and cash or cash-based investment. Investments may be made in markets in any country where permitted by the General Regulation.

APIFs and/or Approved ITCISs will be selected from those available in the market that will allow the Balanced Portfolio to achieve the stated investment objectives.

The underlying APIFs and/or Approved ITCISs in which the Balanced Portfolio invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The Balanced Portfolio may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The Balanced Portfolio's expected total maximum investments in LAP will be up to 30% of its NAV.

(c) Security lending and repurchase agreements

The Balanced Portfolio will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Balanced Portfolio may deal in financial futures contracts and financial options contracts (including currency forward contracts) but only for hedging purposes.

(e) Risks

The performance of the Balanced Portfolio is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- China market risk
- market risk
- exchange rate risk

- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- Eurozone risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks associated with the China interbank bond market
- risks relating to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS
- risk associated with investment in instruments with loss-absorption features
- smaller companies' risk

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.18 Capital Stable Portfolio

(a) Objective

The Capital Stable Portfolio is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs (and to the extent permitted, any other permissible investment as approved by the MPFA and the SFC). The primary objective of the Capital Stable Portfolio, through investing in two or more APIFs and/or Approved ITCISs, is to minimise its short-term capital risk in HK dollar terms. The secondary objective is to provide returns over the long term that exceeds HK dollar deposit rates through limited exposure to global equities. The Capital Stable Portfolio does not guarantee the repayment of capital.

(b) Balance of investments

The Capital Stable Portfolio’s asset allocation policy is normally to have, through its underlying APIFs and/or Approved ITCISs, in aggregate around 70% invested in debt securities and cash or cash-based investment with the balance invested in equities. Investments may be made in markets in any country where permitted by the General Regulation.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Capital Stable Portfolio to achieve the stated investment objectives.

The underlying APIFs and/or Approved ITCISs in which the Capital Stable Portfolio invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

The Capital Stable Portfolio may indirectly invest in debt instruments with loss-absorption features ("**LAP**") (e.g. contingent convertible bonds, senior non-preferred debt securities, etc.). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events (e.g. where the issuer’s capital ratio falls below a specified level or when the issuer is near or at the point of non-viability). The Capital Stable Portfolio's expected total maximum investments in LAP will be up to 30% of its NAV.

(c) Security lending and repurchase agreements

The Capital Stable Portfolio will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCIS may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Capital Stable Portfolio may deal in financial futures contracts and financial options contracts (including currency forward contracts) but only for hedging purposes.

(e) Risks

The performance of the Capital Stable Portfolio is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- Eurozone risk
- China market risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks association with specific nature of fund of funds
- risks associated with the China interbank bond market
- risks relating to investments via the Stock Connect
- risks relating to investments in an Approved ITCIS
- risk associated with investment in instruments with loss-absorption features
- smaller companies' risk

Please refer to the section “4. Risks” for a detailed description of each of the risks listed above.

3.3.19 Core Accumulation Fund

(a) Objective

The Core Accumulation Fund is a Portfolio Management Fund which seeks to provide capital growth by investing in a portfolio of APIFs and/or Approved ITCISs in a globally diversified manner. The fund, through investing in two or more APIFs and/or Approved ITCISs, aims to achieve a performance that is referenced against the Reference Portfolio. However, it should be noted that the performance of the Core Accumulation Fund and the performance of the Reference Portfolio may diverge under certain market conditions.

The Core Accumulation Fund is a mixed assets fund which 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.

(b) Balance of investments

Except for a small portion that may be held in bonds, cash or cash-based investments for operational purposes and/or hedging purpose, the Core Accumulation Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests globally in equity securities listed on approved stock exchanges, bonds, money market instruments and other investments as allowed under the General Regulation. The Investment Manager has the discretion, subject to the limits set out in the paragraph below, to determine the allocation percentages of the investments into equity securities, fixed income instruments, and other investments through a portfolio of APIFs and/or Approved ITCISs. Please refer to the following product structure chart illustrating the fund structure of the Core Accumulation Fund:

Constituent Fund level	Core Accumulation Fund	Investment manager: AIA Investment Management HK Limited
	▼	
Underlying fund level	Two or more APIFs and/or Approved ITCISs	One or more investment managers

The underlying APIFs and/or Approved ITCISs in which the Core Accumulation Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests.

Through the portfolio management fund structure, the Core Accumulation Fund will indirectly hold 60% of its net assets in Higher Risk Assets, with the remainder investing in Lower Risk Assets. Although the Core Accumulation Fund will target to indirectly hold 60% assets in Higher Risk Assets, with the remainder investing in Lower Risk Assets, the asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The Core Accumulation Fund will, through the investment of the underlying APIFs and/or Approved ITCISs, maintain an effective currency exposure to HK Dollars of not less than 30% through currency hedging operations.

(c) Security lending and repurchase agreements

The Core Accumulation Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Core Accumulation Fund will not deal in financial futures and option contracts directly but may directly deal in currency forward contracts for hedging purposes. The Core Accumulation Fund may, via the underlying APIFs and/or Approved ITCISs, enter into currency forward contracts, financial futures and options contracts for hedging purposes only.

(e) Risks

Members should be prepared to accept fluctuations in the value of investments. The Investment Manager expects the return of the Core Accumulation Fund over the long term to be substantially consistent with the return of the Reference Portfolio of the Core Accumulation Fund. Members should always consider their individual risk and return profile.

Due to its relatively high exposure to equities, the risk profile of the Core Accumulation Fund is medium to high. The risk rating is for reference only and is determined by the Trustee based on the proportion of investments in equities, bonds, deposits and debt securities of the Core Accumulation Fund. Such rating will be reviewed periodically in accordance with prevailing market circumstances.

The performance of the Core Accumulation Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- Eurozone risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk
- additional risks associated with the DIS Constituent Funds

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.3.20 Age 65 Plus Fund

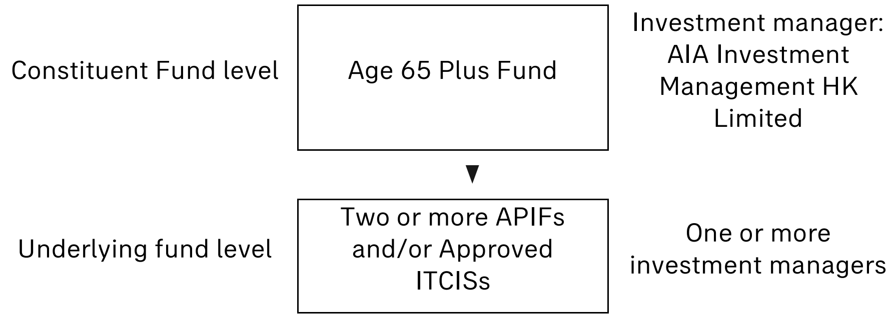
(a) Objective

The Age 65 Plus Fund is a Portfolio Management Fund which seeks to provide stable growth by investing in a portfolio of APIFs and/or Approved ITCISs in a globally diversified manner. The fund, through investing in two or more APIFs and/or Approved ITCISs, aims to achieve a performance that is referenced against the Reference Portfolio. However, it should be noted that the performance of the Age 65 Plus Fund and the performance of the Reference Portfolio may diverge under certain market conditions.

The Age 65 Plus Fund is a mixed assets fund which is intended for Members who hold a medium- to long-term investment view and want to seek returns through current income generation and some capital appreciation.

(b) Balance of investments

Except for a small portion that may be held in bonds, cash or cash-based investments for operational purposes and/or hedging purpose, the Age 65 Plus Fund, through its underlying APIFs and/or Approved ITCISs, in aggregate invests globally in equity securities listed on approved stock exchanges, bonds, money market instruments and other investments as allowed under the General Regulation. The Investment Manager has the discretion, subject to the limits set out in the paragraph below, to determine the allocation percentages of the investments into equity securities, fixed income instruments, and other investments through a portfolio of APIFs and/or Approved ITCISs. Please refer to the following product structure chart illustrating the fund structure of the Age 65 Plus Fund:



The underlying APIFs and/or Approved ITCISs in which the Age 65 Plus Fund invests may be managed by the Investment Manager or its affiliates or any other investment manager, and the Investment Manager will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking in to account Members' interests.

Through the portfolio management fund structure, the Age 65 Plus Fund will indirectly hold 20% of its net assets in Higher Risk Assets, with the remainder investing in Lower Risk Assets. The asset allocation of Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The Age 65 Plus Fund will, through the investment of underlying APIFs and/or Approved ITCISs, maintain an effective currency exposure to HK Dollars of not less than 30% through currency hedging operations.

(c) Security lending and repurchase agreements

The Age 65 Plus Fund will not engage in security lending and will not enter into repurchase agreements. The underlying APIFs and/or Approved ITCISs may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Age 65 Plus Fund will not deal in financial futures and option contracts directly but may directly deal in currency forward contracts for hedging purposes. The Age 65 Plus Fund may, via the underlying APIFs and/or Approved ITCISs, enter into currency forward contracts, financial futures and options contracts for hedging purposes only.

(e) Risks

Members should be prepared to accept modest fluctuation in the value of investments. The Investment Manager expects the return of the Age 65 Plus Fund over the long term to be substantially consistent with the return of the Reference Portfolio of the Age 65 Plus Fund. Members should always consider their individual risk and return profile.

Due to its investments being mainly in Lower Risk Assets (such as global bonds and money market instruments), the risk profile of the Age 65 Plus Fund is low to medium. The risk rating is for reference only and is determined by the Trustee based on the proportion of investments in equities, bonds, deposits and debt securities of the Age 65 Plus Fund. Such rating will be reviewed periodically in accordance with prevailing market circumstances.

The performance of the Age 65 Plus Fund is subject to a number of risks, including the following:

- political, economic and social risk
- settlement risk
- custodial risk
- interest rate risk
- counterparty risk related to OTC contracts
- credit/credit rating risk
- concentration risk
- hedging risk
- derivative risk
- liquidity risk
- equity investment risk
- emerging market risk
- Eurozone risk
- market risk
- exchange rate risk
- credit rating downgrading risk
- risk relating to sustainable investing/ESG
- risks associated with specific nature of fund of funds
- risks relating to investments in an Approved ITCIS
- smaller companies' risk
- additional risks associated with the DIS Constituent Funds

Please refer to the section "4. Risks" for a detailed description of each of the risks listed above.

3.4 Investment and Borrowing Restrictions

The MPF Conservative Fund is required to comply with the investment restrictions in section 37 of the General Regulation.

Each underlying collective investment scheme of a Constituent Fund is required to comply with the investment and borrowing restrictions in schedule 1 to the General Regulation, where applicable.

The portfolio of any Constituent Fund may from time to time include cash, cash-based investments and/or short-term bank deposits and a significant portion of the assets of any Constituent Fund may be so held if the relevant Investment Manager considers that market conditions make that prudent.

4. RISKS

A Constituent Fund is subject to the risk factors mentioned in this section 4 'Risks' when it invests in the relevant investments, whether directly or indirectly. In this section, the term 'investment funds' is used to describe, as the case may be, the Constituent Funds and/or their respective underlying APIF(s) and/or Approved ITCIS(s), collectively, and the term 'investment fund' is used to describe, as the case may be, a Constituent Fund or its underlying APIF or Approved ITCIS.

4.1 Risk categories

In general terms, Constituent Funds which are investing substantially in equities have a higher risk profile than bonds whilst cash is considered to have the lowest risk profile. However, investors should always consider their own risk/reward profile before making an investment choice.

Information about the latest risk class of each Constituent Fund under the Scheme is available in the latest fund fact sheet of the Scheme and the following AIA Interactive Website: aia.com.hk

4.2 Risk factors

Each Constituent Fund is subject to market fluctuations and to the risks inherent in all investments. The price of units of any Constituent Fund and the value of investments from them may go down as well as up. You may have investment income when the price of units of a Constituent Fund goes up, and you may suffer a loss when the price of units of a Constituent Fund goes down.

The performance of the investments in the Constituent Funds will be affected by a number of risks factors, including the following:

4.2.1 Political, economic and social risk

All financial markets, and therefore the value of the relevant investment fund, may at times be adversely affected by changes in political, economic and social conditions and policies.

For the Guaranteed Portfolio, the guarantee feature will not be affected by political, economic and social risks. However, the Insurer and the value of the assets in the MPF Capital Guaranteed Plus Policy may be affected by changes in political, economic and social conditions and policies.

4.2.2 Settlement risk

Settlement procedures in developing countries/regions are frequently less developed and less reliable and may involve the relevant investment fund's delivery of securities, or transfer of title to securities, before receipt of payment for their sale. An investment fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. An investment fund may incur substantial losses if its counterparty fails to pay for securities such investment fund has delivered, or for any reason fails to complete its contractual obligations owed to such investment fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for an investment fund if investment opportunities are missed or if an investment fund is unable to acquire or dispose of a security as a result.

4.2.3 Custodial risk

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

4.2.4 Interest rate risk

An investment fund may invest in equities and/or debt securities and/or deposits whose values will be subject to interest rate movements. Bonds with longer maturity dates are particularly susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may have a direct effect on the income received by the relevant investment fund and its capital value.

For the Guaranteed Portfolio, interest rate movements may affect the annual interest rate declared in respect of each financial year. The underlying APIF may invest in securities whose values will be subject to interest rate movements.

4.2.5 Counterparty risk related to OTC contracts

When over the counter ("**OTC**") or other bilateral contracts are entered into (such as OTC derivatives, repurchase agreements, security lending etc.), the investment funds may find themselves exposed to risks arising from the solvency of their counterparties and from the possibility of them defaulting these contracts and the relevant investment funds/investors may be adversely impacted.

4.2.6 Credit/credit rating risk

The investment funds may invest in debt obligations issued by governments and corporate. Investment in sovereign debts issued or guaranteed by governments as well as in corporate issues may potentially involve a high degree of risk, as default can occur if the government or corporate entity is not able or willing to repay the principal and/or interest when due. Fixed income securities are also exposed to the risk of being downgraded, which can adversely affect and/or result in a substantial loss to the investment funds. Additional risks for sovereign debt include the unilateral rescheduling of sovereign debt by the issuer and the limited legal resources available against a sovereign issuer, which may adversely affect the investment funds.

The ratings of debt securities by Moody's Investor Services, Standard & Poor's, Fitch's and other international credit rating agencies are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint and do not guarantee the creditworthiness of the security and/or issuer at all times. The rating of an issuer is heavily weighted by past performance and does not necessarily reflect probable future conditions. Rating agencies might not always change their credit rating of an issuer in a timely manner to reflect events that could affect the issuer' ability to make scheduled payment on its obligations. In addition, there may be varying degrees of difference in credit risk of securities within each rating category.

Moreover, the credit rating of the debt securities directly or indirectly held by the investment funds may be downgraded. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the value of the relevant debt security may decline rapidly which may surpass those caused by general market fluctuations. A lowering of the credit rating of a debt security may also adversely affect the debt security's liquidity, making it more difficult to sell. Thus, the value of the investment funds may be adversely affected. The investment manager may be required to dispose of the securities being downgraded at an undesirable price in order to meet the requirements under Schedule 1 to the General Regulation and/or the investment objectives of the investment funds, which may reduce the value of the relevant investment fund.

4.2.7 Concentration risk

The investments of an investment fund in specific industries, sectors or countries/regions may be relatively significant at particular times depending on different factors including but not limited to the investment manager's view of the fundamental economic and market conditions, investment trends across the globe, the duration and yield of the debt securities and their issuers. As such, the value of such investment fund may be more volatile than that of a fund having a more diverse portfolio of investments. In particular, the investments of an underlying APIF and/or Approved ITCIS may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries or in a single country or region, which may result in the relevant Constituent Fund indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the relevant Constituent Fund's returns. In cases where the investments of an investment fund may be concentrated in the securities of a single country or region, the value of such investment fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market of the relevant country or region. The relevant Constituent Fund may not control the investments of an underlying APIF and/or Approved ITCIS and any indirect concentration for such relevant Constituent Fund is a result of an underlying APIF and/or Approved ITCIS pursuing their own investment objectives.

The investments of an investment fund may be concentrated in the securities of companies with certain environment ratings. This lack of diversification may subject the investments of such investment fund to a more rapid change in value than would otherwise be the case if the assets were more diversified. As a consequence, the aggregate return of such investment fund may be adversely affected by the unfavourable performance of that single section in which such investment fund invests.

4.2.8 Hedging risk

An investment manager of the relevant investment fund is permitted, but not obliged, to use hedging techniques to attempt to offset market and/or currency risks. There is no guarantee that hedging techniques will achieve their desired results. If the techniques and instruments employed by the investment manager are incorrect, or the counterparty for such instruments default, the relevant investment funds may suffer a substantial loss.

4.2.9 Derivative risk

The use of financial derivative instruments for hedging or other limited purposes permitted under Schedule 1 of the General Regulation may limit potential gains or be ineffective in hedging the risk exposure of an investment fund and may result in significant losses. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument. The use of financial derivative instruments may expose an investment fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation, OTC transaction risk, settlement risks and time decay risk of option/warrant premium, which may have an adverse effect on the NAV of such investment fund. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the investment of the relevant investment fund may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely.

4.2.10 Liquidity risk

An investment fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. Some securities markets, especially those in emerging countries (e.g. China and certain Asian countries), in which the underlying assets of the investment funds may invest in, are not yet fully developed which may, in some circumstances, lead to potential liquidity shortfalls. Further, the underlying assets of the investment funds may invest in financial instruments which may include investments in permitted unlisted securities, which are not traded in an organised public market and which generally may be illiquid. As a result, the investment funds may not be able to liquidate some of its investments in a timely manner at an amount close to their fair value in order to meet its liquidity requirements.

4.2.11 Equity investment risk

An investment fund may invest directly or indirectly in equity securities. Investing in equity securities may offer a higher rate of return than those investing in short term and longer-term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. As a result, the market value of the equity securities that it invests in may go up as well as down and can thereby expose the relevant investment funds to losses. Factors affecting the equity securities are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, issuer-specific factors, 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.

4.2.12 Emerging market risk

The investments of the investment funds may have exposure to emerging markets. The history of financial markets shows that emerging markets have been volatile while producing higher returns when compared to the larger more mature markets which have tended to be less volatile while generating lower returns. The securities markets of some emerging markets are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The legal and regulatory framework of some emerging markets may not be as developed as those in the more developed markets and may offer less protection for investors than that afforded by developed markets. Accounting, auditing and financial reporting standards in some emerging markets may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies in emerging markets. Political risk may also be more pronounced as emerging markets tend to face more political uncertainties than developed markets.

4.2.13 Eurozone risk

An investment fund may invest in the Eurozone. Mounting sovereign debt burdens (e.g., any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the investment fund may be exposed to additional operational or performance risks. While the European governments, the European Central Bank, and other authorities are taking measures (e.g., undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, these measures may not have the desired effect and therefore the future stability and growth of Europe is uncertain. The performance and value of the investment fund may be adversely affected should there be any adverse credit events (e.g., downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).

4.2.14 China market risk

Investing in the PRC market is subject to certain risks of investing in emerging markets generally and the risks specific to the PRC market.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the PRC economy, moving from the previous planned economy system. However, many of the economic measures may be subject to adjustment and modification. The relevant investment funds and their investors may be affected by the uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations.

The regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing. PRC accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the PRC securities markets may be different from other countries/regions in respect of the level of maturity and development.

Investments in equity interests of PRC companies may be made through China A-Shares, China B-Shares and China H-Shares. The PRC stock market may experience price volatility. For further details, please refer to the risk factor headed “Emerging market risk” above.

Investment in Renminbi denominated fixed income securities may be outside the PRC and the number of the total market value of these securities are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity. For further details of China bond investment, please refer to the risk factor headed "Risks associated with China interbank bond market ("CIBM")" below.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant investment funds. Laws governing taxation will continue to change which may affect the performance of the relevant investment funds.

4.2.15 Market risk

The investments into the investment funds are subject to the risks inherent in all securities; the value of holdings may rise as well as fall affecting the performance of the relevant investment funds.

4.2.16 Exchange rate risk

The relevant investment funds may invest in assets quoted in currencies other than the base currency of the relevant investment funds. The performance of the relevant investment funds may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the relevant investment fund.

If the relevant investment fund aims to maximise return in a currency other than HK Dollars (i.e. a foreign currency), investors whose base currency is not that foreign currency (or a currency linked to it) may be exposed to additional currency risk.

In particular, if the relevant investment funds invest in assets quoted in Renminbi, it should be noted that Renminbi is currently not a freely convertible currency and is subject to foreign exchange controls and repatriation restrictions imposed by the government of the PRC. There is no assurance that Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the performance of such investment fund. Although offshore Renminbi ("**CNH**") and onshore Renminbi ("**CNY**") are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

4.2.17 Credit rating downgrading risk

An investment fund may invest in debt securities in which their credit ratings or the credit ratings of their issuers could be downgraded by a rating agency. In such event, the value of the debt securities, and hence the relevant investment fund could be adversely affected. The investment manager of the relevant investment fund may or may not be able to dispose of the debt securities that are being downgraded. The relevant investment fund is also subject to credit risk (i.e. the risk that issuers of the debt securities will be unable to pay principal and interest when due), and such risk may lead to the loss of some or all of the sums invested in such debt securities, and/or payments due on such debt securities.

4.2.18 Risk relating to sustainable investing / ESG

Some of the underlying APIFs and/or Approved ITCISs of a Constituent Fund may take into account the environmental, social and governance ("**ESG**") criteria in determining the investment portfolio. The use of ESG criteria may cause the investment funds to perform differently compared to similar funds that do not use such criteria.

In order to meet such criteria, the investment managers of the investment funds may have to sell certain securities held by the investment funds when it is financially disadvantageous to do so, and/or forego opportunities to buy when it is otherwise financially advantageous to do so. This may also increase the concentration of ESG-related securities in the portfolio of the investment funds, and their value may become more volatile than that of a fund invested in a more diversified portfolio.

In the event the ESG characteristics of a security held by the investment funds change, resulting in the investment managers of the investment funds having to sell the security, neither the investment funds nor their investment managers accept liability in relation to such change.

There is a lack of standardised taxonomy in ESG evaluation methodologies and the way in which different funds that use ESG criteria will apply such criteria may vary. The investment managers of the investment funds will use its own methodologies, involving its subjective judgment, in analysing and evaluating the ESG scoring of a security or its issuer. There is a risk that the investment managers of the investment funds may not apply the relevant green criteria correctly or that the investment funds may have indirect exposure to issuers who do not meet the relevant ESG criteria used by them.

The ESG assessment by the investment managers of the investment funds may also depend on information and data from third parties (which may include providers for research, reports, screening, ratings and/or analysis such as index providers and consultants), which may be incomplete, inaccurate or unavailable. As a result, there is a risk that the investment managers of the investment funds may incorrectly assess a security or issuer. There is also a risk that the investment managers of the investment funds may not apply the relevant ESG criteria correctly or that the investment funds could have indirect exposure to issuers who do not meet the relevant ESG criteria used by the investment funds. Neither the investment funds nor their investment managers make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment.

4.2.19 Risks associated with specific nature of fund of funds

Certain Constituent Funds may invest through underlying APIFs and/or Approved ITCISs as fund of funds. Investors should be aware of the specific features of a fund of funds and the consequences of investing in a fund of funds.

Constituent Funds which are funds of funds may be exposed to risks affecting the underlying APIFs and/or Approved ITCISs that they invest in.

The Investment Manager has no ability to control the manner in which the investment managers of such underlying APIFs and/or Approved ITCISs will make investment decisions and investments. The performance of a Constituent Fund may depend on the investment selection made by the investment managers of the underlying APIFs and/or Approved ITCISs. There is also no assurance that the selection of each underlying APIF and/or Approved ITCIS will result in an effective diversification of investment styles and that positions taken by the underlying APIFs and/or Approved ITCISs will always be consistent. No assurance can also be given that the strategies employed by the investment managers of the underlying APIFs and/or Approved ITCISs will be able to achieve the investment objective of the underlying APIFs and/or Approved ITCISs or the Constituent Fund or achieve attractive returns.

Investors may bear the recurring expenses of a Constituent Fund in addition to the expenses of the underlying APIFs and/or Approved ITCISs and, therefore, the returns that they may obtain may not reflect the returns by investing directly in the underlying APIFs and/or Approved ITCISs. Also, investment decisions of the underlying APIFs and/or Approved ITCISs are made at the level of such underlying APIFs and/or Approved ITCISs and it is possible that the investment managers of such underlying APIFs and/or Approved ITCISs 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 APIF or Approved ITCIS may purchase an asset at about the same time as another underlying APIFs or Approved ITCIS may sell it. Transaction costs will be incurred in effecting the relevant transactions.

4.2.20 Risks associated with the China interbank bond market ("CIBM")

Certain investment funds may invest in Chinese debt securities traded on the CIBM through the CIBM Initiative (i.e. the opening-up of the CIBM to a wider group of eligible foreign institutional investors free of quota restriction) and/or China Bond Connect. The CIBM is in a stage of development and the market capitalisation and trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume may result in prices of debt securities traded on such market fluctuating significantly. The bid and offer spreads of the prices of such debt securities may be large, and the relevant investment funds may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments. Investments in CIBM may be subject to liquidity, volatility, regulatory, PRC tax risk and risks associated with settlement procedures and default of counterparties.

Under the prevailing regulations in Mainland China, if foreign institutional investors wish to invest in CIBM through the CIBM Initiative and/or China Bond Connect, the relevant filings, registration with People's Bank of China and account opening for investment in the CIBM have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the investment funds are subject to the risks of default or errors on the part of such third parties.

In terms of fund remittance and repatriation under the CIBM Initiative, foreign investors (such as the underlying APIFs and/or Approved ITCISs) may remit investment principal in Renminbi or foreign currency into Mainland China for investing in the CIBM. Where the investment funds repatriate funds out of Mainland China, the ratio of Renminbi to foreign currency ("**Currency Ratio**") should generally match the original Currency Ratio when the investment principal was remitted into Mainland China.

Trading through China Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through China Bond Connect may be disrupted.

The investment funds' ability to trade through China Bond Connect (and hence to pursue their investment strategies) may therefore be adversely affected. In addition, where an investment fund invests in the CIBM through China Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

The relevant rules and regulations on the CIBM Initiative and China Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, the relevant investment funds' ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the investment funds may suffer substantial losses as a result.

4.2.21 Risks relating to investments via the Stock Connect

The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. Where a suspension in the trading through the programme is affected, an investment fund's ability to invest in China A-Shares or access the PRC market through the programme will be adversely affected. In such event, an investment fund's ability to achieve its investment objective could be negatively affected.

The Stock Connect is subject to quota limitations which may restrict an investment fund's ability to invest in China A-Shares through the programme on a timely basis and as a result, the ability of an investment fund to access the China A-shares market (and thus its ability to achieve its investment objective) will be adversely affected. In addition, the PRC regulations impose certain restrictions on selling, therefore an investment fund may not be able to dispose of holdings of China A-shares in a timely manner. A stock may be recalled from the scope of eligible stocks for trading via the Stock Connect, which may adversely affect an investment fund. Moreover, due to the differences in trading days, an investment fund may be subject to a risk of price fluctuations in China A-shares on a day that the PRC market is open for trading but the Hong Kong market is closed.

Trading in securities through the Stock Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities/make payment, an investment fund may suffer delays in recovering its losses or may not be able to fully recover its losses. The Hong Kong Securities Clearing Company Limited ("**HKSCC**") holds the China A-shares as a nominee of an investment fund, who is the beneficial owner of such shares. As the nominee holder, HKSCC provides assistance to beneficial owners of China A-shares (held through the Stock Connect), where necessary subject to conditions being made, thus an investment fund may encounter difficulties or delays in any action to enforce its rights.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants and may be subject to operational risk due to the new information technology systems.

Lastly, investments through the Stock Connect held by an investment fund are not covered by the Hong Kong's Investor Compensation Fund.

4.2.22 Risks relating to investments in an Approved ITCIS

(a) Passive investment risk

The composition of the respective equity market indices which are tracked by the underlying Approved ITCISs may change and constituent securities may be delisted. There is no guarantee or assurance that the performance of the underlying Approved ITCISs will exactly replicate at any time the performance of the respective equity market indices.

Due to the inherent investment nature of index-tracking funds, the underlying Approved ITCISs lack the discretion to adapt to market changes. As such, any falls in the respective equity market indices may result in corresponding falls in the value of the underlying Approved ITCISs and the relevant Constituent Fund.

Any license granted to the service providers of the underlying Approved ITCISs of the relevant Constituent Funds for the use of, and reference to, the respective equity market indices, may be terminated and the underlying Approved ITCISs may be terminated as a result. Under such situation, the relevant Constituent Fund may have to reallocate its assets to other underlying Approved ITCISs.

(b) Tracking error risk

Underlying Approved ITCISs seek to track as closely as possible their respectively stated equity market indices. However, due to inherent tracking errors brought about by various factors, including, without limitation, the fees and charges payable by the underlying Approved ITCISs, the performance of the underlying Approved ITCISs may not track exactly the performance of the respective equity market indices.

The Investment Manager will monitor the extent of the tracking errors of the underlying Approved ITCISs on an ongoing basis. In the situation where the performance of an underlying Approved ITCIS deviates significantly from the performance of the relevant equity market index, the Investment Manager may take any appropriate actions.

(c) Market makers risk for Approved ITCISs

There can be no assurance that an active trading market for Approved ITCISs will be maintained. If Approved ITCISs' pricing is provided by only a few market makers, such pricing might not be close to the NAV of the underlying Approved ITCISs, which may cause the underlying Approved ITCISs' performance to deviate from their actual NAV. Decisions by market makers to reduce their role in market making activities in times of market stress may inhibit the effectiveness of the market making process in maintaining the relationship between the underlying value of an Approved ITCIS's holdings and the Approved ITCIS's NAV. Because market makers provide stability to a market, the significant reduction in market maker's activities could potentially lead to decreased liquidity and increased volatility in the markets. In the event where market makers cease to provide pricing with short notice, the underlying Approved ITCISs may be traded without market makers. There is also no guarantee that any market making activity will be effective. Such events may result in the underlying Approved ITCIS trading above (at a "premium") or below (at a "discount") its NAV, which could result in significant losses on the part of the Constituent Fund(s) when investing in the underlying Approved ITCIS in these circumstances.

(d) Index-related risk

Index providers may change their process and basis of computing and compiling the relevant underlying indices and related formulae, constituent companies, and factors anytime without notice. The accuracy of the relevant underlying indices and its computation and related information cannot be guaranteed. Errors in index data may have an adverse impact on a Constituent Fund or its underlying Approved ITCISs. The MPFA authorisation of the underlying Approved ITCISs may be withdrawn if the relevant indices are no longer considered acceptable. Securities which constitute the indices may be changed by the index provider and may be de-listed. The above events could result in significant losses on the part of the Constituent Fund(s) when investing in the underlying Approved ITCIS.

(e) Futures and security lending risk

The Approved ITCISs may acquire futures contracts, options and forward currency transactions for the purpose of hedging against market and exchange rate risks, and may enter into securities lending transactions or repurchase agreements. There can be no assurance, however, that the objective sought to be attained from the use of these techniques and instruments will be achieved. Entering into such instrument is subject to key risk factors including counterparty and liquidity risks. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, an Approved ITCIS in which a Constituent Fund invests could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. In the worst case scenario, the Approved ITCIS may not be able to recover the securities loaned, which could result in significant losses on the part of the Constituent Fund.

4.2.23 Risk associated with investment in instruments with loss-absorption features

Certain investment funds may invest in instruments with loss-absorption features where such instruments are typically subject to being written off or converted to ordinary shares on the occurrence of a trigger event which are likely to be outside of the issuer's control. A trigger event may include, for example, where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability. Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being partially or fully written off or converted to ordinary shares upon the occurrence of a pre-defined trigger events (e.g., when the issue is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments giving rise to losses of the investment funds. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk. The investment funds may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price) or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The investment funds may also invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

4.2.24 Smaller companies' risk

Although investment in smaller companies offers the possibility of higher returns, it also involves a higher degree of risk, due to higher risks of failure or bankruptcy as well as reduced volume of quoted securities which imply a higher liquidity risk. Moreover, investment in small sized companies also implies that the securities may be subject to accentuated market movements; thus increasing its intrinsic market price risk.

4.2.25 Additional risks associated with the China HK Dynamic Asset Allocation Fund

(a) Liquidity risk associated with investment in Offshore RMB Bonds

The underlying APIFs and/or Approved ITCISs of the China HK Dynamic Asset Allocation Fund may invest in Offshore RMB Bonds and will be subject to additional liquidity risks. There is currently no active secondary market for Offshore RMB Bonds. In the absence of an active secondary market, the underlying APIFs and/or Approved ITCISs may need to hold investments until their maturity date. If sizeable redemption requests are received, the underlying APIFs and/or Approved ITCISs may need to liquidate their investments at a substantial discount in order to satisfy such requests and the underlying APIFs and/or Approved ITCISs may suffer significant losses in trading such investments. Even if a secondary market is developed, the prices at which the underlying investments of the underlying APIFs and/or Approved ITCISs are traded may be higher or lower than the initial subscription prices of the Offshore RMB Bonds due to many factors including the prevailing interest rates. Furthermore, the operation of the Offshore RMB Bond market as well as new issuances could be disrupted, causing a fall in value of the China HK Dynamic Asset Allocation Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise Renminbi by way of bond issuances and/or reversal or suspension of the liberalisation of the CNH market by the relevant regulator(s).

(b) Gold market risk

The price of gold is volatile and investors bear potential losses subject to fluctuations in the price of gold. The prevailing gold price may go down as well as up since it is affected by a variety of factors that are unpredictable, including, without limitation, changes in supply and demand relationships, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes, changes in interest and exchange rates and changes, suspensions or disruptions of market trading activities in commodities and related contracts. These factors may affect the prevailing gold price in varying ways. Therefore, the underlying assets of the underlying APIFs and/or Approved ITCISs may experience greater volatility and may be adversely affected by the above factors.

(c) Custody risk associated with investment in ETFs that track the price of gold

The underlying gold investments of the ETFs are held by the custodian(s) or sub-custodian(s) of the ETFs and thus, subject to the custody risk of such custodian(s) or sub-custodian(s). The underlying gold investments may not be fully insured and thus, the underlying APIFs and/or Approved ITCISs as an investor in the ETFs could suffer a loss if the gold held by the custodian(s) or sub-custodian(s) is lost or damaged.

(d) Liquidity risk associated with investment in ETFs that track the price of gold

Although the units or shares of the underlying ETFs are listed for trading on stock exchange(s), there can be no assurance that an active trading market for the units or shares will be maintained. If the underlying APIFs and/or Approved ITCISs as investors need to sell units or shares of the ETFs at a time when no active market for units or shares of such ETFs exists, or there is a halt in trading for such units or shares, this will most likely adversely affect the price the underlying APIFs and/or Approved ITCISs as investors receive for selling such units or shares (assuming the underlying APIFs and/or Approved ITCISs are able to sell them), and potentially may mean such units or shares cannot be liquidated at all.

(e) Tracking error risk associated with investment in ETFs that track the price of gold

The underlying ETFs may be subject to tracking error risk, which is the risk that its performance may not track that of the respective index exactly. This tracking error may result from the investment strategy used, and fees and expenses. There can be no assurance of exact or identical replication at any time of the performance of the respective index.

4.2.26 Additional risks associated with the Green Fund

(a) ESG investment policy risk

The use of ESG criteria may cause the Amundi HK – Green Planet Fund to perform differently compared to similar funds that do not use such criteria.

In order to meet such criteria, the investment manager of the Amundi HK – Green Planet Fund may have to sell certain securities held by the Amundi HK – Green Planet Fund when it is financially disadvantageous to do so, and/or forego opportunities to buy when it is otherwise financially advantageous to do so. This may also increase the concentration of ESG-related securities in the Amundi HK – Green Planet Fund's portfolio, and its value may become more volatile than that of a fund invested in a more diversified portfolio.

In the event the ESG characteristics of a security held by the Amundi HK – Green Planet Fund change, resulting in the investment manager of the Amundi HK – Green Planet Fund having to sell the security, neither the Amundi HK – Green Planet Fund nor the investment manager of the Amundi HK – Green Planet Fund accept liability in relation to such change.

There is a lack of standardised taxonomy in ESG evaluation methodologies and the way in which different funds that use ESG criteria will apply such criteria may vary. The investment manager of the Amundi HK – Green Planet Fund will use its own methodologies, involving its subjective judgment, in analysing and evaluating the ESG scoring of a security or its issuer. There is a risk that the investment manager of the Amundi HK – Green Planet Fund may not apply the relevant green criteria correctly or that the Amundi HK – Green Planet Fund may have indirect exposure to issuers who do not meet the relevant ESG criteria used by it.

The Amundi HK – Green Planet Fund's investment manager's ESG assessment may also depend on information and data from third parties (which may include providers for research, reports, screening, ratings and/or analysis such as index providers and consultants), which may be incomplete, inaccurate or unavailable. As a result, there is a risk that the investment manager of the Amundi HK – Green Planet Fund may incorrectly assess a security or issuer. There is also a risk that the investment manager of the Amundi HK – Green Planet Fund may not apply the relevant ESG criteria correctly or that the Amundi HK – Green Planet Fund could have indirect exposure to issuers who do not meet the relevant ESG criteria used by the Amundi HK – Green Planet Fund. Neither the Amundi HK – Green Planet Fund nor the investment manager of the Amundi HK – Green Planet Fund make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment.

(b) Risk of small and medium companies-related investments

The Amundi HK – Green Planet Fund may invest in securities of small and medium companies and thus, is subject to the risk of small and medium companies-related investments. This risk represents the fact that although investment in smaller and medium companies offers the possibility of higher returns, it also involves a higher degree of risk, due to higher risks of failure or bankruptcy as well as reduced volume of quoted securities which imply a higher liquidity risk. Finally, investment in small and medium sized companies also implies that the securities may be subject to accentuated market movements; thus increasing its intrinsic market price risk.

(c) Legal, tax and regulatory risk

Legal, tax and regulatory risks represent the risk that changes in the underlying legal, tax or regulatory environment within which an investment is made may occur during the term of the Green Fund. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the Green Fund and the investors may be subject to could differ materially from current requirements and may materially and adversely affect the investment and/or on the treatment of the investment by the investors.

4.2.27 Additional risks associated with the Guaranteed Portfolio

(a) Insurer risk

The value of the MPF Capital Guaranteed Plus Policy is subject to the risk of the Insurer not being able to meet the guarantee obligations. In the worst case scenario, a Member who invests into the Guaranteed Portfolio may suffer a significant loss to his/her investments due to this risk.

(b) Dilution of performance risk

Due to the guarantee structure of the Guaranteed Portfolio, there may be dilution of performance. The upside potential of the Guaranteed Portfolio is limited as the major part of the investment is put into fixed income instruments to support the guarantee.

(c) Investment risk

Potential returns of the Guaranteed Portfolio in excess of the guaranteed amount are subject to investment risks and are not guaranteed.

(d) Risk of not being entitled to any guarantee

The entitlement to the Annual Rate in respect of a relevant financial year is conditional upon the Member's continued investment in the Guaranteed Portfolio until the end of that financial year. Investments which fail to meet such condition are fully exposed to fluctuations in the value of the assets of the Guaranteed Portfolio.

4.2.28 Additional risks associated with the DIS Constituent Funds

(a) Risks in relation to investing in the MPF default investment strategy

(i) General investment risk

Although the MPF default investment strategy 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 designated Constituent Funds for the MPF default investment strategy are mixed asset funds indirectly investing in a mix of equities and bonds. Members should note that the MPF default investment strategy which invests in these Constituent Funds is subject to the general investment risks that apply to mixed asset funds.

(ii) Age as the sole factor in determining the asset allocation

As set out in more detail in the section "6. Administrative procedures", Members should note that the MPF default investment strategy adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a Member’s age. The MPF default investment strategy does not take into account factors other than age, such as market and economic conditions, nor does it consider 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 funds from the range available in the Scheme.

(iii) Pre-set asset allocation

Members should note that the Core Accumulation Fund and the Age 65 Plus Fund 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 Assets and Lower Risk Assets of the Core Accumulation Fund and the Age 65 Plus Fund will limit the ability of the investment managers of the underlying APIFs and/or Approved ITCISs of each of the Core Accumulation Fund and the Age 65 Plus Fund 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 managers of the underlying APIFs and/or Approved ITCISs of each of the Core Accumulation Fund and the Age 65 Plus Fund thought it appropriate to do so.

(iv) Annual de-risking between the Core Accumulation Fund and the Age 65 Plus Fund

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 aims at managing risks of the investments through reducing exposure to Higher Risk Assets, it may preclude the MPF default investment strategy 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 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 changes gradually over a 15-year time period. Members should be aware that the de-risking operates 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.

(v) Potential rebalancing within each of the Core Accumulation Fund and the Age 65 Plus Fund

In order to maintain the prescribed allocation between the Higher Risk Assets and Lower Risk Assets within each of the Core Accumulation Fund and the Age 65 Plus Fund, the investments of each of the Core Accumulation Fund and the Age 65 Plus Fund may have to be continuously rebalanced. For example, when the Higher Risk Assets perform poorly, the Core Accumulation Fund's or the Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, each of the Core Accumulation Fund and the Age 65 Plus Fund 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 managers of the underlying APIFs and/or Approved ITCISs of each of the Core Accumulation Fund and the Age 65 Plus Fund is of the view that the Higher Risk Assets might continue to perform poorly.

(vi) Additional transaction costs

Due to the potential rebalancing of Higher Risk Assets and Lower Risk Assets in the process of maintaining the prescribed allocation within each of the Core Accumulation Fund and the Age 65 Plus Fund and the annual reallocation of accrued benefits for Members under the de-risking process, the MPF default investment strategy may incur greater transaction costs than a fund/strategy with more static allocation.

(vii) Risk on early withdrawal and switching APIFs and/or Approved ITCISs

Since the MPF default investment strategy 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.

(viii) Impact on Members keeping benefits in the MPF default investment strategy 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 contributions, if any, will be invested in the Age 65 Plus Fund which holds around 20% of its assets in Higher Risk Assets which may not be suitable for all Members beyond the age of 64.

5. FEES AND CHARGES

5.1 Fee tables

The following tables describe 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 in the sub-section "5.2 Definitions" and the sub-section "5.3 Explanatory notes".

For the purposes of this section, all percentage rates are on a p.a. basis and will be accrued daily and paid monthly in arrears.

The Trustee and Investment Managers may from time to time waive certain fees (including but not limited to any portion of the management fees at both Constituent Fund level and its relevant underlying fund(s)) for the benefit of the Members, such as when the size of assets under management of the relevant Constituent Funds has not reached a level where Members may benefit from economies of scale. Fee waiver (if any) details will be published on a yearly basis in the On-going Cost Illustrations for the Scheme, or may be obtained through fund performance review and AIA Interactive Website at aia.com.hk.

(A) JOINING FEE & ANNUAL FEE		
Type of fees	Current amount (HKD)	Maximum amount (HKD)
Joining fee[(i)]	Nil	Nil
Annual fee[(ii)]	Nil	Nil

(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT			
Type of fees & charges	**Name of Constituent Fund**	**Current amount (HKD)**	**Maximum amount (HKD)**
Contribution charge(iii)	MPF Conservative Fund	N/A	N/A
	Other Constituent Funds	Nil	Nil
Offer spread(iv)	Guaranteed Portfolio	N/A	N/A
	MPF Conservative Fund		
	Other Constituent Funds	Nil	Nil
Bid spread(v)	Guaranteed Portfolio	N/A	N/A
	MPF Conservative Fund		
	Other Constituent Funds	Nil	Nil
Withdrawal charge(vi)	All Constituent Funds	N/A	N/A

(C) & (D) FUND OPERATING CHARGES AND EXPENSES OF CONSTITUENT FUNDS & THE UNDERLYING FUNDS, ALL MANAGEMENT FEES SHOWN IN THIS PART ARE INCLUSIVE OF ALL MANAGEMENT FEES IMPOSED BY THE CONSTITUENT FUNDS AND THEIR UNDERLYING APIFs & APPROVED ITCISs

Type of charges & expenses	Name of constituent fund	Current level (% p.a. of NAV)@	Deducted from
Management fees(viii),(b) and Guarantee charge (vii) (for Guaranteed Portfolio only)	**Equity Funds - ITCIS Series#**		
	American Fund^^	Up to 0.82%	Relevant Constituent Fund and/or underlying fund assets
	Eurasia Fund^^	Up to 0.90%	
	Hong Kong and China Fund^^	Up to 0.82%	
	World Fund^^	Up to 0.90%	
	Fixed Income Funds		
	Asian Bond Fund^^	Up to 0.9895%	Relevant Constituent Fund and/or underlying fund assets
	Global Bond Fund^^	Up to 0.9850%	
	MPF Conservative Fund^^, &		
	Dynamic Asset Allocation Funds		
	China HK Dynamic Asset Allocation Fund^	Up to 1.20%	Relevant Constituent Fund and/or underlying fund assets
	Manager's Choice Fund	Up to 1.73%	Relevant Constituent Fund and/or underlying fund assets
	Equity Funds		
	Asian Equity Fund	Up to 1.5795%	Relevant Constituent Fund and/or underlying fund assets
	European Equity Fund		
	Greater China Equity Fund	Up to 1.625%	
	North American Equity Fund	Up to 1.625%	
	Green Fund	Up to 1.595%	

Type of charges & expenses	Name of constituent fund	Current level (% p.a. of NAV)@	Deducted from
Management fees (viii),(b) and Guarantee charge (vii) (for Guaranteed Portfolio only)	**Guaranteed Fund**		
	Guaranteed Portfolio(5.4)	1.50%	Relevant underlying insurance policy assets
	Lifestyle Funds		
	Growth Portfolio	Up to 1.625%	Relevant Constituent Fund and/or underlying fund assets
	Balanced Portfolio		
	Capital Stable Portfolio		
	Default Investment Strategy Funds		
	Core Accumulation Fund	Up to 0.75%	Relevant Constituent Fund and/or underlying fund assets
	Age 65 Plus Fund		
Guarantee charge(vii)	Guaranteed Portfolio	N/A	
Other expenses	All Constituent Funds	See the sub-section "5.6 Other expenses"	Relevant Constituent Fund and, where applicable, underlying fund/underlying insurance policy assets
	Certain recurrent expenses relating to the Core Accumulation Fund and the Age 65 Plus Fund are subject to a statutory annual limit of 0.20% of the NAV of these Constituent Funds and will not be charged to or imposed on the relevant Constituent Fund in excess of that amount.		

@ Inclusive of fees payable to the Trustee, the Investment Manager, the Administrator, the Custodian and/or other service providers (if any) as shown in the fee breakdown table in item (viii) of the sub-section "5.2 Definitions".

The Constituent Funds in this category are Portfolio Management Funds investing in more than one Approved ITCISs. These Constituent Funds are not index-tracking funds.

^ For the China HK Dynamic Asset Allocation Fund, the maximum total management fees charged by both the Constituent Fund level and its underlying fund is 2.3% p.a. of NAV.

^^ For the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Asian Bond Fund, the Global Bond Fund and the MPF Conservative Fund, the maximum total management fees charged by both the Constituent Fund and its relevant underlying fund(s) shall be 2.6% p.a. of NAV.

& In respect of the MPF Conservative Fund, an incentive fee equals to the net returns (after the "management fees" and "other expenses" in the table above) of the MPF Conservative Fund in excess of the MPFA monthly savings rate will apply and is payable to the Investment Manager of the MPF Conservative Fund. Incentive fee is accrued daily and with respect to each month, will be only payable in that month in arrears. Only to the extent required will fees for the MPF Conservative Fund be reduced to ensure the net return on the MPF Conservative Fund equals the MPFA monthly savings rate. The return of the MPF Conservative Fund may be below the MPFA monthly savings rate. Despite the fees described above, fees will be payable out of the MPF Conservative Fund only to the extent permitted by MPF Legislation.

(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES (relating to non-standard voluntary contribution, Member account maintenance(5.8), administrative/legal documents, payment of accrued benefits, payroll/contribution, payroll software, and record maintenance)			
Types of charges and expenses	Amount#	Remarks	Payable by^
Fees for non-standard voluntary contribution*	HKD500 per contribution	Maximum level at HKD500 per contribution	Employee Member
Member account maintenance fees(5.8)*	Currently waived	-	Member
Administrative/Legal Documents			
Copies of Master Trust Deed/other Constitutive Document(s)	HKD1,000 per copy	-	Participating Employer/Member
Copies of Scheme Consolidated Report*	HKD1,000 per copy	-	Participating Employer/Member
Extra copies of - Employer Welcome Pack - Member's Guide	HKD200 per copy HKD50 per copy	- -	Participating Employer Member
Payment of Accrued Benefits			
Payment by Bank Draft/Telegraphic Transfer/Direct Credit*	HKD200 per request on top of bank charges	-	Participating Employer
Special arrangement for cheque issuance (including cheque re-issuance)*	HKD200 per cheque	No third party cheque will be issued	Participating Employer
Payroll/Contributions			
Change of contribution frequency*	HKD200 per request	Waived for the first request for each Scheme Year AND one-month notice is required	Participating Employer/Member
Change of information on Notice of Contribution Arrangement*	HKD200 per request	-	Self-employed Member
Change of information on Remittance Statement	HKD200 per adjustment	Any investment gains/losses will be borne by the client	Participating Employer

Payroll/Contributions			
Change of voluntary contribution arrangement - Re-arranging contribution method, withdrawal method, etc.*	HKD200 per request	Waived for the first request for each Scheme Year AND one-month notice is required	Participating Employer/Self-employed Member
Change of voluntary contribution amount by External Relevant Employee Member, Personal Account Member and Employee Member*	HKD200 per request	Waived for the first request for each Scheme Year AND one-month notice is required	Member
Refund of excess payment by Employer/Self-employed Member*	HKD200 per request	Any investment gains/losses will be borne by the client	Participating Employer/Member
Retrieval/Adjustment of previous data/record*	HKD200 per request	Any investment gains/losses will be borne by the client	Participating Employer/Member
Re-processing of Direct Debit Instruction rejected due to insufficient funds*	HKD100 per transaction on top of bank charges	-	Participating Employer/Member
Tracing and correction of misplaced contributions made by the client*	HKD200 per adjustment	Any investment gains/losses will be borne by the client	Participating Employer/Member
Tracing of unidentified cheque*	HKD200 per cheque	-	Participating Employer/Member
Payroll Software			
Additional Payroll Supplement modification - Defining user requirement, programming, testing and implementation of the system, etc.	HKD600 per man hour (minimum 4 man hours)	-	Participating Employer
Extra copies of AIA MPF Payroll Master/AIA MPF Calculator	HKD50 per copy	-	Participating Employer
On-site technical support for AIA MPF Payroll Master and database investigation by email	HKD1,200 for the first 2 hours (minimum) and thereafter HKD300 per hour	-	Participating Employer

Record Maintenance			
Change of Date of Participation*	HKD100 per request	-	Self-employed Member
Copies of In-force Member list	HKD100 per copy	-	Participating Employer
Extra copies of Statement of Account (Quarterly)/Annual Benefit Statement*	HKD100 per copy	-	Participating Employer/Member
Retrieval of Notice of Contribution Arrangement*	HKD100 per copy	-	Self-employed Member
Retrieval of Remittance Statement	HKD100 per copy	-	Participating Employer
Re-issuance of - Monthly Statement of Payment Account	HKD100 per copy	Waived for requesting statement(s) of the current period	Participating Employer
- Notice of Participation*	HKD100 per copy	-	Participating Employer/Member
Withdrawal of Member Termination and Reinstatement of Membership	HKD500 per Member	For Employer Plans only AND any investment gains / losses will be borne by the client	Participating Employer

* Such charges/expenses shall not be charged to or imposed on a Member if such Member has all or part of his/her accrued benefits invested in the Core Accumulation Fund and/or the Age 65 Plus Fund as at the time when the Trustee receives the valid relevant instruction/request from such Member.

The fees payable above, if any, are to be received by the Administrator.

^ For the avoidance of doubt, the fees and charges in the above Table (E) do not apply to TVC Account Holders. Each reference to "Member" below excludes TVC Account Holders.

5.2 Definitions

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

(i) **"Joining fee"** means the one-off fee charged by the Trustee and payable by the Participating Employers and/or Members upon joining the Scheme.

(ii) **"Annual fee"** means the fee charged by the Trustee on an annual basis and payable by the Participating Employers and/or Members.

(iii) **"Contribution charge"** means the fee charged by the Sponsor 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 MPF Conservative Fund.

(iv) **"Offer spread"** is charged by the Trustee upon subscription of units of the Constituent Fund by a Member. Offer spread does not apply to the MPF Conservative Fund. Offer spread at the Constituent Fund level for a transfer of benefits can only include the Necessary Transaction Costs.

(v) **"Bid spread"** is charged by the Trustee upon redemption of units of the Constituent Fund by a Member. Bid spread does not apply to the MPF Conservative Fund. Bid spread at the Constituent Fund level for a transfer of benefits, withdrawal of benefits in a lump sum, or by instalments can only include Necessary Transaction Costs.

(vi) **"Withdrawal charge"** means the fee charged by the Trustee upon withdrawal of accrued benefits from the Scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the MPF Conservative Fund. A withdrawal charge for withdrawal of benefits in a lump sum, or by instalments can only include Necessary Transaction Costs.

(vii) **"Guarantee charge"** refers to an amount that is deducted out of the assets of the Guaranteed Portfolio for the purpose of providing the guarantee. This fee is usually charged as a percentage of the NAV of the Guaranteed Portfolio.

(viii) **"Management fees"** include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor for providing their services to the relevant fund. They are usually charged as a percentage of the NAV of a fund. In the case of each DIS Constituent Fund, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the NAV of the respective Constituent Fund and its underlying APIF(s). The management fees of each DIS Constituent Fund are subject to a statutory daily limit equivalent to 0.75% p.a. of the NAV of the DIS Constituent Fund which applies across both the Constituent Fund and underlying funds.

The fee breakdown of the current level of the management fees in respect of all the Constituent Funds is as follows (Note 1):

	Constituent Fund level (Note 2)			Underlying Fund level*(Note 2)
	Trustee Fee	Administrator Fee	Investment Manager Fee (inclusive of aggregate management fees of underlying fund(s)) (% p.a. of the NAV of the relevant Constituent Fund) (Note 3)	Aggregate management fees (inclusive of the trustee, administrator, and investment management fees that are chargeable as a percentage of the net asset value of the relevant underlying fund)
Equity Fund – ITCIS Series				
American Fund	0.10%	0.50%	Up to 0.22%	
Eurasia Fund			Up to 0.30%	
Hong Kong and China Fund			Up to 0.22%	
World Fund			Up to 0.30%	

Fixed Income Funds			
Asian Bond Fund	0.10%	0.50%	Up to 0.3895%
Global Bond Fund			Up to 0.385%
MPF Conservative Fund			Up to 0.385% Note 4
Dynamic Asset Allocation Funds			
China HK Dynamic Asset Allocation Fund	0.10%	0.75%	Up to 0.350%
Manager's Choice Fund			Up to 0.880%
Equity Funds			
Asian Equity Fund	0.10%	0.75%	Up to 0.7295%
European Equity Fund			
Greater China Equity Fund			Up to 0.775%
North American Equity Fund			
Green Fund			Up to 0.745% Note 4
Guaranteed Fund			
Guaranteed Portfolio§	0.00%	0.00%	1.50% (0.00% investment management fee at the Constituent Fund level) Note 4
Lifestyle Funds			
Growth Portfolio	0.10%	0.75%	Up to 0.775%
Balanced Portfolio			
Capital Stable Portfolio			
Default Investment Strategy Funds			
Core Accumulation Fund	0.10%	0.40%	Up to 0.25%
Age 65 Plus Fund			

Note 1: The Sponsor, AIA Company Limited, does not currently charge a sponsor fee.

Note 2:

- Fees chargeable not in the form of a percentage of the net asset value of the relevant Constituent Fund are not included in the fee table above.
- Other than the fees and charges summarised in the above table, the Constituent Fund or underlying fund(s) will also bear all fees and expenses incurred in connection with or in relation to, as applicable, the Scheme, the Constituent Fund or the relevant underlying fund(s), including custody, sub-custody expenses and stamp duties, any application, authorisation, annual or other fees payable to any regulatory authorities, and any levy imposed by the relevant Hong Kong legislation, in particular, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, proxy fees and expenses, collection fees and expenses, insurance and security costs (if any), the fees and expenses of the auditors, legal charges and other advisory charges, the expenses of giving notices to or otherwise communicating with participating employers (as applicable) or external retirement scheme investors (as applicable), the costs and expenses incurred in effecting and maintaining any insurance, other expenses required by any other applicable laws or regulations to be taken out in respect of the Scheme, the Constituent Fund or the relevant underlying fund(s) (as applicable) and other costs as described in the constitutive documents.

Note 3: The investment management fee is variable and is subject to a cap at the upper bound of the rate. The investment management fee rates take into account the aggregate management fees at the underlying fund level. Where the aggregate management fees at the underlying fund level of a Constituent Fund are charged at the applicable upper bound, no investment management fee will be charged at the Constituent Fund level. The total fees chargeable at the Constituent Fund level and the aggregate management fees at the underlying fund level in respect of a Constituent Fund as shown in the above table will not exceed the applicable management fees as shown in table (C)&(D)in section 5.1 of this MPF Scheme Brochure.

§ For Guaranteed Portfolio, no fees apply directly in the Constituent Fund level. Fees are charged on the underlying investment of Guaranteed Portfolio which is an insurance policy. The maximum fees on the insurance policy permitted is 2.3% p.a. of the NAV.

Please note that for the underlying insurance policy of Guaranteed Portfolio, net income of the underlying insurance policy in excess of its declared investment return will be transferred from the statement of comprehensive income to the net assets attributable to Insurer for reserve purpose. In case of net loss, the amount will be transferred to the net liabilities attributable to the Insurer.

* The fees in the above table include the aggregate management fees chargeable by underlying funds including APIFs and Approved ITCISs.

Note 4: For the MPF Conservative Fund, the Green Fund and the Guaranteed Portfolio, each of which being a Feeder Fund, the fee breakdown at the underlying fund level is as follows:

Constituent Fund	At the underlying fund level (p.a. of NAV)		
	Trustee	Investment Manager	Others**
MPF Conservative Fund	0.00%	0.00%^^	0.025%^
Green Fund	0.045%	0.00%^^	0.00%
Guaranteed Portfolio	0.10%	0.65%^^^	0.75%

** "Others" fees include fees such as custodian fee and administration fee.

^ In addition to a monthly transfer agency fee of USD1,500.

^^ The investment management fee at the underlying fund level will be paid directly by the Investment Manager at the Constituent Fund level from its own funds to the investment manager at the underlying fund level.

^^^ The investment manager at the MPF Capital Guaranteed Plus Policy ("**MPFCGPP**") level will pay management fees directly out of its own funds to investment manager(s) of the underlying funds invested in by the MPFCGPP.

The investment manager fee at the MPFCGPP level will be inclusive of the trustee, administrator, and investment management fees that are chargeable as a percentage of the net asset value of the underlying funds invested in by the MPFCGPP.

5.3 Explanatory notes

(a) In respect of any increase in fees and charges from the current level as stated, at least three months' prior notice must be given to all Members and Participating Employers.

(b) Management fees-

Trustee fee (including administration fee at the Constituent Fund level)

Constituent Fund level: For the Manager's Choice Fund, the Asian Equity Fund, the European Equity Fund, the Greater China Equity Fund, the North American Equity Fund, the Green Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio, trustee fee (including administration fee) at the Constituent Fund level is 1.1% p.a. of NAV at maximum level.

Investment management fee

Constituent Fund level: In relation to the Manager's Choice Fund and the Green Fund, the maximum level of the investment management fee at the Constituent Fund level is 1.2% p.a. of NAV.

In relation to the Equity Funds category (except Green Fund), the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio, the maximum total investment management fees charged by both the Constituent Fund and its relevant underlying fund(s) is 1.2% p.a. of NAV.

The Investment Manager of the Equity Funds - ITCIS Series, the Fixed Income Funds, the Dynamic Asset Allocation Funds (except for the China HK Dynamic Asset Allocation Fund), Equity Funds, Guaranteed Fund, and Lifestyle Funds categories shall be entitled to share any investment management fee payable to it with such persons as it thinks fit, including but not limited to, intermediaries and distributors who introduce investors.

5.4 Guaranteed Portfolio (Discretionary charges)

For investments in the Guaranteed Portfolio and when a Participating Employer is withdrawing from the Scheme, a discretionary adjustment may be applied to the payments due to a Member as a result of such withdrawal. The discretionary adjustment will be deducted by the Insurer of the underlying insurance policy of the Guaranteed Portfolio and in an amount to be determined by the Insurer, in its sole and absolute discretion but not to exceed 5% of any payment under any circumstances.

5.5 Fees and out-of-pocket expenses of the MPF default investment strategy

In accordance with section 34DD(4) and schedule 11 to the MPF Ordinance, the aggregate of the payments for services specified in section 34DD(2) of the MPF Ordinance of the Core Accumulation Fund and the Age 65 Plus Fund must not, in a single day, exceed a daily rate (being 0.75% p.a. of the NAV of each of these two Constituent Funds divided by the number of days in the year).

The above aggregate payments for services (i.e. management fees as defined in this section "5. Fees and charges") include, but are not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Investment Manager of the Constituent Funds, and, if applicable, the relevant service provider(s) of the underlying APIF(s), and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the Constituent Funds. These payments for services are also subject to a statutory daily limit equivalent to 0.75% p.a. of the NAV of the Constituent Fund which applies across both the Constituent Fund and underlying funds. Currently, the management fees for each of the Core Accumulation Fund and the Age 65 Plus Fund are in return for the trustee services (in respect of the Trustee), the administration services (in respect of the Administrator), the investment management services (in respect of the investment manager of the Core Accumulation Fund and the Age 65 Plus Fund) and the services provided by certain service providers at the underlying APIF level (including without limitation the investment management services of the investment manager of the underlying APIF). In particular, with respect to the investment management services, as the investment manager of the Core Accumulation Fund and the Age 65 Plus Fund, AIA Investment Management HK Limited will carry out investment management functions including supervision and monitoring of each Constituent Fund and its underlying APIF(s). Payments of services do not include any out-of-pocket expenses incurred by each Constituent Fund and its underlying APIF(s).

In addition, in accordance with section 34DD(4) and schedule 11 to the MPF Ordinance, the total amount of all payments that are charged to or imposed on each of the Core Accumulation Fund and the Age 65 Plus Fund or Members who invest in each of the Core Accumulation Fund and the Age 65 Plus Fund, 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 each of the Core Accumulation Fund and the Age 65 Plus Fund, shall not in a single year exceed 0.2% of the NAV of the respective Constituent Fund. 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 the Core Accumulation Fund and the Age 65 Plus Fund in connection with recurrent acquisition of investments for the Core Accumulation Fund and the Age 65 Plus Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the Core Accumulation Fund and the Age 65 Plus Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the Core Accumulation Fund and the Age 65 Plus Fund. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

5.6 Other expenses

Subject to MPF Legislation in addition to the fees described in the fee tables above, the Constituent Funds or their corresponding APIFs or Approved ITCISs will bear all fees and expenses incurred in connection with or in relation to the relevant fund/scheme, including custody, sub-custody expenses and stamp duties, any application, authorisation, annual or other fees payable to the SFC, the MPFA and any other regulatory authority, and any levy (if applicable) imposed by the MPFA under the MPF Ordinance, in particular the compensation levy, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, valuation fees, transfer fees and expenses, registration fees and expenses, proxy fees and expenses, collection fees and expenses, insurance and security costs, the fees and expenses of the auditors, legal charges and other advisory charges, the expenses of giving notices to or otherwise communicating with Participating Employers (if applicable), Members (if applicable), the costs and expenses incurred in effecting and maintaining any insurance, including any indemnity insurance (if applicable), required by the

MPF Ordinance or any other applicable law or regulation, and other expenses as described in the constitutive/offering documents.

5.7 Other fees and charges for providing additional services

Additional costs and expenses may be imposed by the Trustee or Administrator, subject to the MPF Legislation, for additional services which are not described in this MPF Scheme Brochure or not required under the MPF Legislation to be provided. Any costs and expenses (whether being set-up fee, annual fee or any other additional costs and expenses) which the Trustee and the Administrator determine to be wholly attributable to a specific Participating Employer or Member will be borne by that Participating Employer or that Member (as the case may be). If the Participating Employer or the Member (as the case may be) fails to pay such costs and expenses, then the Trustee may (and, where directed by the Sponsor, must), subject to the MPF Legislation, redeem units credited to,

(a) in respect of any amount outstanding from the Participating Employer, the Reserve Account,

(b) in respect of any amount outstanding from a Member (not being a TVC Account Holder): that Member (and, if there is no Member's Voluntary Account, or the Member's Voluntary Account is insufficient to cover the outstanding amount, the Member's Employer's Voluntary Account), and

(c) in respect of any amount outstanding from a TVC Account Holder, that TVC Account Holder's TVC Account.

The Trustee has the discretion to waive part or all of the above fees.

5.8 Member account maintenance fees

Additional Member account maintenance fees will be charged directly to the relevant Member and may be imposed for additional services which are not described in this MPF Scheme Brochure. If the relevant Member fails to pay such fees, then the Trustee may (and, where directed by the Sponsor, must), subject to the MPF Legislation, redeem units credited to the Member's Voluntary Account of the Member (and, if there is no Member's Voluntary Account, or the Member's Voluntary Account is insufficient to cover the outstanding amount, the Member's Employer's Voluntary Account). Any imposition of these fees are subject to three months' notice to Members and the revision of this MPF Scheme Brochure.

If no contributions have been received during a continuous period of at least 12 months and if the aggregate of a Member's MPF Balance and Voluntary Balance is less than a figure determined from time to time by the Sponsor, then a charge may be imposed. If this charge is imposed, the amount will be HKD50 per month. This charge does not apply to the MPF Conservative Fund. Any imposition of these fees are subject to three months' notice to Members and the revision of this MPF Scheme Brochure.

5.9 Transfer fees and fees for payment of benefit in instalments/lump sum

No fees or financial penalties will be charged to or imposed on a Member, or deducted from a Member's account, for:

(a) transferring accrued benefits:

  (i) from the Scheme to another Registered Scheme, or from another Registered Scheme to the Scheme, or

  (ii) from one account to another account within the Scheme, or

  (iii) in the same account within the Scheme, from a Constituent Fund to another Constituent Fund, or

(b) paying accrued benefits: (i) in one lump sum, or (ii) in instalments,

other than an amount representing the Necessary Transaction Costs, and as permitted by the MPF Legislation. Accordingly, any such Necessary Transaction Costs imposed and received must be used to reimburse the relevant Constituent Fund.

The Necessary Transaction Costs would include, but are not limited to, items such as brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses, etc. The administration costs (such as staff costs) of the Trustee or others would not form part of the transfer fees.

5.10 Soft dollars and cash rebates

The relevant Investment Manager and any of its associates as defined in the MPF Ordinance (the "**Associates**") may effect transactions by or through the agency of another person with whom the relevant Investment Manager and any of its Associates have an arrangement under which that party will from time to time provide to or procure for the relevant Investment Manager and any of its Associates, goods, services or other benefits (such as research and advisory services, computer specialised software or research services and performance measures, etc.) the nature of which is such that their provision can reasonably be expected to benefit the Scheme as a whole and may contribute to an improvement in the performance of the Scheme or of the relevant Investment Manager or any of its Associates in providing services to the Scheme and for which no direct payment is made but instead the relevant Investment Manager and any of its Associates undertake to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

Neither the Investment Managers nor any Associate shall retain the benefit of any cash commission rebate (being repayment of a cash commission made by a broker or dealer to the Investment Managers and/or any Associate) paid or payable from any such broker or dealer in respect of any business placed with such broker or dealer by the Investment Managers or any Associate for or on behalf of the Scheme. Any such cash commission rebate received from any such broker or dealer will be held by the Investment Managers and any Associate for the benefit of the Scheme.

5.11 Right to alter charges

For decreases in charges, Participating Employers and Members will be informed of the changes as soon as is reasonably practicable. Also, charges may be varied for individual Members and Participating Employers.

A document that illustrates the on-going costs on contributions to Constituent Funds in this Scheme (except for the MPF Conservative Fund) is distributed with this MPF Scheme Brochure. An illustrative example demonstrating how the total amounts of annual fees and charges are payable in respect of the MPF Conservative Fund is attached in Appendix 1 to this MPF Scheme Brochure. 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 AIA Interactive Website at aia.com.hk or via employers' hotline (852) 2100 1888 or Members' hotline (852) 2200 6288.

6. ADMINISTRATIVE PROCEDURES

6.1 Application for participating in the Scheme

6.1.1 General

Membership of the Scheme is open to the following persons:

(a) any employees (regardless of whether their employers are Participating Employers);

(b) self-employed persons;

(c) persons applying to become Personal Account Members; and

(d) persons who are eligible and wish to make TVC in the Scheme.

If an Employee Member changes employment, he/she can leave the whole or any part of his/her accrued benefits in the Scheme and become a Personal Account Member.

Any person who falls under any one of the following categories may open a TVC Account:

(a) an employee member of a Registered Scheme;

(b) a self-employed person member of a Registered Scheme;

(c) a personal account holder of a Registered Scheme; and

(d) a member of an occupational retirement scheme exempted under section 5 of the MPF Ordinance.

Each eligible person can only have one TVC Account under a Registered Scheme.

Employers who wish to enroll their employees in the Scheme should apply to become a Participating Employer.

To apply for membership in or to become a Participating Employer of the Scheme, please submit a completed application form (enclosed with this MPF Scheme Brochure), together with the relevant documents stated in the application form, to:

AIA Company (Trustee) Limited

c/o AIA International Limited (Hong Kong Branch)

8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong

Additional copies of this MPF Scheme Brochure and application form may be obtained from the Customer Service Centre at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong.

For compliance purposes, there could be circumstances (such as the Relevant Circumstances) where the Trustee may disallow any person or reject any person's application to join the Scheme as an External Relevant Employee Member or, to the extent not prohibited by law, a Personal Account Member. Likewise, the Trustee may reject any application to open a TVC Account in the Scheme should any of the Relevant Circumstances occur.

6.2 Contributions

6.2.1 Mandatory contributions

(a) General

Each Participating Employer must, in respect of each Employee Member, make a minimum contribution to the Scheme of 5% of each such Member's Relevant Income (up to the statutory maximum as prescribed from time to time) in accordance with the MPF Ordinance.

Each Employee Member must pay an equivalent amount if his/her Relevant Income meets the statutory minimum (as prescribed from time to time) up to the statutory maximum (as prescribed from time to time).

No mandatory contributions need to be made by either a Participating Employer or an Employee Member until the Employee Member has been employed by the Participating Employer for at least 60 days.

In respect of mandatory contributions by an Employee Member:

(i) no mandatory contributions need to be made by an Employee Member in respect of any Contribution Period in respect of which the Relevant Income of an Employee Member is less than the minimum level set out in schedule 2 to the MPF Ordinance;

(ii) in respect of an Employee Member (not being a casual employee) whose Wage Period is not more than 1 month, no contribution can be deducted for the purpose of making the Employee Member's mandatory contribution in respect of the Employee Member's Relevant Income earned for any Wage Period that commences on or before the 30^{th} day of employment after the Relevant Time; and

(iii) in respect of an Employee Member (not being a casual employee) whose Wage Period is more than 1 month, no contribution can be deducted for the purpose of making the employee's mandatory contribution in respect of the Employee Member's Relevant Income earned for the period commencing from the Relevant Time and ending on the last day of the calendar month in which the 30^{th} day of employment after the Relevant Time falls.

A Self-employed Member must contribute to the Scheme if his/her Relevant Income meets the statutory minimum (as prescribed from time to time) or subject to the statutory maximum (as prescribed from time to time). Where less than the maximum mandatory contributions are paid, the Self-employed Member must, at least 30 days prior to the end of each Scheme Year, submit to the Trustee details of his/her income for the next Scheme Year. Self-employed Members can elect to contribute either monthly or on an annual basis. In either case, a Self-employed Member must pay mandatory contributions by the end of the Scheme Year or each monthly period in question (as appropriate). Contributions should only be paid in HK Dollars or such other currencies on such terms as the Trustee may, subject to the MPF Legislation, from time to time determine.

The General Regulation requires any mandatory contributions payable by a Participating Employer in respect of an Employee Member (not being a casual employee) to be paid within 10 days after the last day of the calendar month within which the relevant Contribution Period ends, or the month during which the permitted period (as defined in the MPF Ordinance) ends, whichever is later.

(b) Treatment of Excess Payment by the Employer

(i) Any contributions paid to the Scheme prior to the date when they become payable under the MPF Legislation ("**Advance Contributions**") will be invested in accordance with the appropriate employee's investment selection or be treated in such manner as the Sponsor may from time to time determine in good faith and in a commercially reasonable manner.

(ii) Any part of any Advance Contributions which it subsequently transpires are in excess of the amount required to be paid by the relevant Participating Employer to the Scheme under the MPF Legislation shall be transferred to the Reserve Account of the

Participating Employer and dealt with in accordance with the relevant Master Trust Deed.

(iii) The Participating Employer shall be responsible for repaying to the appropriate employee the amount of any contributions mistakenly deducted from the employee's salary. Neither the Sponsor nor the Trustee shall be liable for any reduction in the value of the contributions mistakenly paid to the Scheme as the result of investment performance.

6.2.2 Voluntary contributions

Members can choose to make additional regular monthly contributions on Relevant Income in excess of the statutory maximum (or less than the statutory minimum) or contribute at a rate higher than the 5% minimum. Further, each Member may pay voluntary contributions of any amount at such time and in such manner as the Trustee and the Member may agree from time to time. In addition, Members who are not obliged to make mandatory contributions may nonetheless pay voluntary contributions to the Scheme. For the avoidance of doubt, subject to the MPF Legislation, the word "Member" in this paragraph and in any other provisions of this MPF Scheme Brochure where a Member's voluntary contributions or Voluntary Benefits are concerned includes "Personal Account Member" and "External Relevant Employee Member", but excludes "TVC Account Holder".

An Employee Member who chooses to make a voluntary contribution other than as provided in the rules governing the Scheme (including the rules governing the participation in the Scheme by a Participating Employer) may do so upon payment of a fee of up to HKD500 per contribution, as determined by the Trustee and Sponsor.

Participating Employers can choose to make a voluntary contribution although it is not compulsory. Unlike the statutory minimum MPF contributions, benefits accruing on an employer's voluntary contributions need not belong immediately to the Employee Members, but may be subject to a graded vesting scale determined by length of employment or other restrictions. The Administrator will provide a document with details of any graded vesting scale to the Employee Members, who may also call (852) 2200 6288 for details.

The calculation of the amount of any voluntary contributions paid by a Member, an employer for or in respect of an Employee Member will be the responsibility of the Member or the Participating Employer. Neither the Trustee nor the Sponsor will be liable for checking or validating the manner of calculation of such voluntary contributions.

Notwithstanding any other provisions of this MPF Scheme Brochure, for compliance purposes, there could be circumstances (such as the Relevant Circumstances) where the Trustee may reject voluntary contributions, regardless of whether they are paid by or in respect of any Member or Participating Employer. Any rejected voluntary contributions (with no interest) will be refunded within 45 days of receipt of any such voluntary contributions unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

6.2.3 TVC

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 Participating 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.

The relevant application form sets out the minimum limit imposed on the amount and/or frequency of contribution made to the TVC Account. TVC will be fully vested in the TVC Account Holder once it is paid into the Scheme.

For compliance purposes, there could be circumstances (such as the Relevant Circumstances) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

The characteristics of TVC are as follows:

(a) TVC can only be made directly by eligible persons into TVC Account of a Registered Scheme in order to enjoy tax concession, subject to relevant conditions. Please refer to this section "6. Administrative procedures" and the section "7. Other information" for details;

(b) Involvement of employers is not required;

(c) 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 this section "6. Administrative procedures" for details.

For the avoidance of doubt, the protection of accrued benefits under the MPF 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 a bankrupt TVC Account Holder.

6.2.4 Contributions to Trustee

Contributions to the Scheme must be paid only to the Trustee.

6.2.5 Special contributions

The MPFA may, at any time, pay a contribution (the "**special contribution**") into a Member's Contribution Account or, where appropriate, Personal Account, in accordance with the MPF Legislation.

Where the MPFA reasonably believes that a special contribution should not have been paid into the Contribution Account, or where appropriate, Personal Account, of a Member, the MPFA may by notice in writing to the Trustee require the Trustee to withdraw the paid special contribution or the accrued benefits derived from the special contribution, whichever is less, from the Member's Contribution Account, or where appropriate, Personal Account, and such withdrawal shall be paid to the MPFA and notified to the Member by the Trustee.

The payment of the special contribution by the MPFA does not extinguish or reduce the liability of any Participating Employer, Employee Member or Self-employed Member to pay any other contributions under the MPF Legislation, the governing rules of the Scheme or any other instrument (however described) that governs the Scheme.

6.3 Investment in Constituent Funds

6.3.1 General

Prior to making their first contribution to the Scheme, each Member will be given the opportunity to direct how their contributions are to be invested between each Constituent Fund by signing and returning to the Trustee a membership application form.

Investment allocation percentages must be in multiples of 5% and add up to 100%. If the allocation percentages on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions total more than 100%, or if the percentage is not a multiple of 5% or if no investment allocation has been made, then the Trustee will determine that 100% of contributions and benefits transferred into the Scheme will be invested in the MPF default investment strategy. If the allocation percentages are in multiples of 5% but total less than 100%, the remaining unallocated percentage will be invested in the MPF default investment strategy. For the avoidance of doubt, any investment instruction given after enrolment that does not meet the requirements for a Specific Investment Instruction will be rejected and in that case, the existing investment allocation (in respect of future contributions and accrued benefits transferred from another scheme) will remain unchanged.

Confirmation of the investment allocations made by the Member (or determined by the Trustee as above) will be provided to the Member.

During the first three months after a Member's first contribution to the Scheme, a Member will be permitted to make one switch out of an investment in a Constituent Fund and this switch will not be counted towards any limit on the number of switches or restrictions on the method of providing instructions contained in this section "6. Administrative procedures" of this MPF Scheme Brochure.

Any balances credited to the Participating Employer's Reserve Account will be invested in the Guaranteed Portfolio, unless the Participating Employer and the Trustee agree otherwise.

Any interest which may accrue on amounts (i) pending investment in or transfer to Constituent Funds or the Scheme, or (ii) pending payment or transfer from a Constituent Fund or the Scheme, will be applied for the benefit of the Members either for the payment of any administrative expenses of the Scheme or as income of the Scheme.

6.3.2 LifeEasy

LifeEasy is an automatic asset rebalancing service based on the age band or the number of years until the end of your desired saving years. It is available to all Members.

A Member who selects LifeEasy need not designate a specific investment allocation between Constituent Funds. The predefined investment mixes will be automatically applied to the Member's existing and future investments as set out below.

In determining the investment allocation to be applied in respect of a relevant Member, that Member's future contributions and existing investments are split between: -

(a) Employment Related Investments - Contributions and investments (including any amounts transferred to the Scheme) not derived from a Member's participation in the Happy Retirement Savings Programme, a voluntary savings plan to help Members accumulate future potential wealth and prepare for the Members' retirement; and

(b) Non-Employment Related Investments - Voluntary contributions and investments from a Member under the Happy Retirement Savings Programme, as well as TVC and investments (including any benefits transferred to a TVC Account under the Scheme from another Registered Scheme).

If a Member under LifeEasy submits an instruction to switch part of his/her existing investments from one or more Constituent Fund to another within the Scheme, that Member will be deemed to have exited LifeEasy. In that case:

(i) the accrued benefits subject to the partial switching will be invested in accordance with the Member's switching instruction;

(ii) the remaining benefits to which the Member's switching instruction does not apply will be invested in the same manner as they were invested immediately before the Member exited LifeEasy and no further re-balancing will apply to such remaining benefits; and

(iii) in effecting the above partial switching instruction, the Member will be required to confirm that the Member's future contributions and accrued benefits transferred from another scheme will be invested in the same manner as the accrued benefits immediately before the partial switching and no re-balancing will apply to them.

Where existing accrued benefits are transferred from one account that is subject to LifeEasy to another account (the "**other account**") within the Scheme:

(A) if the other account is also subject to LifeEasy, then the benefits so transferred to the other account will continue to be, and the future contributions and accrued benefits transferred from another scheme, will be subject to LifeEasy, and

(B) if the other account is not subject to LifeEasy, then the benefits so transferred to the other account will be invested in the same manner immediately before the transfer, such benefits will cease to be subject to LifeEasy and no further re-balancing will apply to them and, in the absence of a Specific Investment Instruction for the other account, the future contributions and accrued benefits transferred from another scheme will be invested in the MPF default investment strategy.

Employment Related Investments

Employment Related Investments will be invested in the World Fund, the Global Bond Fund and the Guaranteed Portfolio in the proportions determined by reference to the Member's age and set out in the table below:

Age	World Fund	Global Bond Fund	Guaranteed Portfolio
50 or below	100%	0%	0%
> 50 to ≤ 52	90%	10%	0%
> 52 to ≤ 54	80%	20%	0%
> 54 to ≤ 56	70%	30%	0%
> 56 to ≤ 58	60%	40%	0%
> 58 to ≤ 60	50%	50%	0%
Age	World Fund	Global Bond Fund	Guaranteed Portfolio
> 60 to ≤ 62	40%	40%	20%
> 62 to ≤ 63	30%	40%	30%
> 63 to ≤ 65	20%	40%	40%

Non-Employment Related Investments

TVC Account Holders and Members who have participated in the Happy Retirement Savings Programme can select to contribute into the Non-Employment Related Investments. Non-Employment Related Investments will also be invested in the World Fund, the Global Bond Fund and the Guaranteed Portfolio in the proportions determined by reference to the number of years to the end of the desired savings years set by the Member (which must be a minimum of 5 years from the date the Member chooses LifeEasy). The relevant proportions are set out in the table below: -

Years to end of desired savings years	World Fund	Global Bond Fund	Guaranteed Portfolio
15 years or over	100%	0%	0%
less than 15 years but at least 13 years	90%	10%	0%
less than 13 years but at least 11 years	80%	20%	0%
less than 11 years but at least 9 years	70%	30%	0%
less than 9 years but at least 7 years	60%	40%	0%
less than 7 years but at least 5 years	50%	50%	0%
less than 5 years but at least 3 years	40%	40%	20%
less than 3 years but at least 2 years	30%	40%	30%
less than 2 years	20%	40%	40%

6.3.3 Switching between Constituent Funds

(a) Future contributions invested in Constituent Funds

Each Member can reallocate their future contributions among the Constituent Funds by using the "AIA Connect" mobile app, the AIA Interactive Website at aia.com.hk, submitting the Investment Mandate Form, or by using the Interactive Voice Response System. Subject to the relevant provisions below (in particular, notes (A), (B) and (D)), there is no limit on the number of requests for reallocation of any future contributions among the Constituent Funds. **Any reallocation of future contributions only applies to future contributions and will therefore not affect the existing investments of the accrued benefits.**

(b) Existing investments in Constituent Funds

Subject to the provisions of this section "6. Administrative procedures" below, a Member can switch all or part of his/her existing investments from one Constituent Fund to another within the Scheme. For the avoidance of doubt, any switching instruction given after enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected, and in that case, where the invalid investment instruction is to switch the investment of the existing accrued benefits, existing investment (in respect of the existing accrued benefits) will remain unchanged. **For the avoidance of doubt, where a Member switches all or part of his/her existing investments, such switching instruction only applies to existing investments and not the new contributions.**

There are the following two methods in which a Member may switch his/her existing investments:

(i) **Rebalancing** - This method allows a Member to switch his/her existing investments by changing the existing total investment allocation percentages. The Member would be required to give to the Administrator new investment allocation percentage (which shall be in the multiples of 5%) for each Constituent Fund within the Scheme and his/her existing investments will be redeemed and reinvested according to the new investment allocation percentages on a net basis (that is, the difference between the investment in a Constituent Fund under the new investment allocation percentage and the investment in that Constituent Fund before the fund switching). For example, if a Member currently has investment allocation of 50% into the Guaranteed Portfolio and 50% into the MPF Conservative Fund and the Member would like to change his/her investment allocation to 60% into the Guaranteed Portfolio and 40% into the MPF Conservative Fund, only 10% of the Member's investments in the MPF Conservative Fund will be redeemed and reinvested into the Guaranteed Portfolio.

(ii) **Fund-to-fund switching** - This method, which is offered through the "AIA Connect" mobile app and the AIA Interactive Website at aia.com.hk, allows a Member to switch his/her investments by withdrawing the whole or a part of his/her existing investments (which shall be in the multiples of 5%) in one or more Constituent Funds and investing such withdrawn amount into one or more other Constituent Funds within the Scheme. Any amount that is not switched out by the Member under Fund-to-fund switching will remain invested in the Constituent Fund(s) elected by the Member in his/her previous investment instruction.

(c) Reallocation and switching conditions

Members can reallocate their future contributions into or switch all or part of their existing investments between the Constituent Funds free of charge subject to the provisions below. The number of reallocation or switching requests permitted in each Scheme Year depends on the Constituent Fund elected and the means in which the requests are submitted and can be summarised as follows:

(i) **Number of switch in or switch out request(s) for each Constituent Fund permitted in each Scheme Year**

	Number of request(s) permitted(C)	
Name of Constituent Fund	Switch in	Switch out(B)
Guaranteed Portfolio(D)	No limit	Once
Other Constituent Funds		No limit

(ii) **Number of reallocation or switching request(s) permitted under various submission means in each Scheme Year**

<table>
<tr><th rowspan="2">Submission means</th><th colspan="2">Number of request(s) permitted[C]</th></tr>
<tr><th>Reallocation/Rebalancing[B]</th><th>Fund-to-Fund Switching</th></tr>
<tr><td>Paper Form (Investment Mandate Form) (in person, by post or by fax)</td><td>No limit[C]</td><td rowspan="2">N/A</td></tr>
<tr><td>Interactive Voice Response System[A]</td><td rowspan="2">No limit</td></tr>
<tr><td>“AIA Connect” mobile app and AIA Interactive Website at aia.com.hk[A]</td><td>No limit</td></tr>
</table>

Notes:

(A) Switches or reallocations via the “AIA Connect” mobile app, AIA Interactive Website at aia.com.hk or Interactive Voice Response System, where appropriate, are free of charge, but this is subject to an access fee for each Scheme Year (which currently is waived).

(B) In respect of rebalancing, if the requested revised allocation percentage is smaller than the previous allocation percentage for existing balance in a Constituent Fund, it will be deemed to be a switch out from the Constituent Fund concerned. In respect of fund-to-fund switching, any switch out request from a Constituent Fund will be deemed to be a switch out from the Constituent Fund concerned.

(C) There is no limit on the number of reallocation or switching requests in each Scheme Year, subject to any alternate arrangements agreed to by the Sponsor and the relevant Participating Employer. In any case, a Member will have at least one opportunity in each Scheme Year to make a reallocation or switch request.

(D) Member is permitted to raise only one switch request out of the Guaranteed Portfolio for each Scheme Year regardless of the submission means used. On the other hand, the Guaranteed Portfolio does not have any limit on the number of switch in requests during each Scheme Year submitted through any available means.

(d) **Reallocation and switching cut-off time**

Via the Interactive Voice Response System (not applicable to fund-to-fund switching), the “AIA Connect” mobile app or the AIA Interactive Website at aia.com.hk:

If you place more than one switching (rebalancing or fund-to-fund switching of existing investments) or more than one reallocation request (of future contributions) in any one day via this means, the Administrator will only take the latest request received before 4:00 p.m. on that Business Day as the final request. However, if a switching request and a reallocation request are placed on the same day, the Administrator will take both requests.

A switching and/or reallocation request made (i) after 4:00 p.m. on a Business Day or (ii) on a non-Business Day will be deemed to have been received on the next Business Day.

Via the paper form (Investment Mandate Form):

Please note that the reallocation and/or rebalancing requests will be processed within two Business Days after the date of receipt of the completed instruction under normal circumstances and in any case will not exceed five Business Days.

Except for reallocation and/or rebalancing requests made via the paper format, you can cancel any switching and/or reallocation request made (i) on the same Business Day; or (ii) after 4:00 p.m. on the previous Business Day or any non-Business Day(s) thereafter, via the Interactive Voice Response System (not applicable to fund-to-fund switching), the “AIA Connect” mobile app or the AIA Interactive Website at aia.com.hk before 4:00 p.m. on a normal Business Day. In other words, such cancellation requests will not be accepted after 4:00 p.m. on the relevant Business Day.

(e) Reallocation and switching in the context of LifeEasy

There is no fee or charge for a Member to select LifeEasy. Such selection may be made either online (via AIA Interactive Website at aia.com.hk), or by using the forms prescribed by the Trustee from time to time.

A Member can select to leave LifeEasy at any time (by using AIA Interactive Website at aia.com.hk or the forms as referred to above). Again, there will be no fee or charge for such change.

Should a Member submit a fund switching request in accordance with this section "6. Administrative procedures", then the Member will be deemed to have elected to leave LifeEasy and the Member’s investment allocation will not be rebalanced automatically according to the predefined investment mixes. The Member’s investment will be allocated into the relevant Constituent Funds according to the Member’s latest fund switching request.

Where a Member has provided the Trustee with a personal e-mail address, the Trustee will send an e-mail to such Member about five Business Days prior to the next fund switching date (i.e. a date on which the Member’s investment allocation is scheduled to change). Where a Member has not provided the Trustee with a personal e-mail address, a similar message will be sent to the Member’s login account at aia.com.hk. Similar confirmations message will be sent after re-balancing is done or whenever should there be any change to LifeEasy.

For a Member who has enabled LifeEasy service, to the extent that it is reasonably practicable and in accordance with the predefined investment mixes set out in this section "6. Administrative procedures" above, the rebalancing date will be:

(i) for Employment Related Investments, the day after the Member’s birthday (if the LifeEasy service is enabled less than 30 days prior to the Member’s 50th, 52nd, 54th, 56th, 58th, 60th, 62nd, 63rd birthday (the "**Relevant Birthday**"), the Trustee will rebalance his/her portfolio in accordance with the predefined investment mix of his/her next Relevant Birthday);

(ii) for Non-Employment Related Investments, the day after the anniversary date of confirmation of LifeEasy service.

Where such rebalancing cannot be carried out on the specified date, it will be carried out on the next Business Day after such date. A confirmation statement will be sent to the Member after rebalancing has been completed as soon as practicable.

Under normal circumstances, Member's opt-in or opt-out request of the LifeEasy can be processed within one Business Day for on-line submission or 10 Business Days for submission in forms.

6.3.4 MPF default investment strategy

MPF default investment strategy 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. For those Members who do not make a valid investment choice, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the MPF default investment strategy. The MPF default investment strategy is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

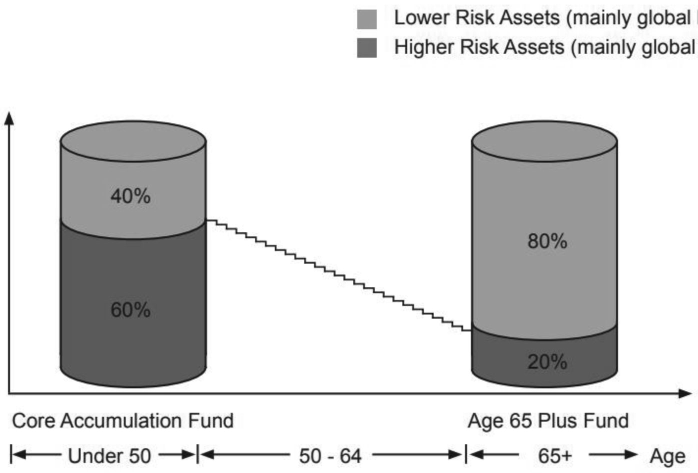
(a) Asset allocation of the MPF default investment strategy

The MPF default investment strategy aims to balance the long-term effects of risk and return through investing in two Constituent Funds, namely the Core Accumulation Fund and the Age 65 Plus Fund, according to the pre-set allocation percentages at different ages. The Core Accumulation Fund will invest around 60% in Higher Risk Assets and 40% in Lower Risk Assets of its NAV whereas the Age 65 Plus Fund 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 and cash, and other types of assets allowed under the MPF Legislation.

(b) De-risking of the MPF default investment strategy

Accrued benefits invested through the MPF default investment strategy will be invested in a way that adjusts risk depending on a Member's age. The MPF default investment strategy 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 the Core Accumulation Fund and increasing the holding in the Age 65 Plus Fund 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 age 64, after which it stays steady again.

Diagram 1: Asset allocation between Constituent Funds in the MPF default investment strategy



__Note:__ The exact proportion of the portfolio in Higher Risk Assets/Lower Risk Assets at any point in time may deviate from the target glide path due to market fluctuations.

The above de-risking is to be achieved by annual adjustments of asset allocation of the accrued benefits gradually from the Core Accumulation Fund to the Age 65 Plus Fund under the MPF default investment strategy. Save for the exceptional circumstances set out below in this paragraph, switching of the existing accrued benefits among the Core Accumulation Fund and the Age 65 Plus Fund will be automatically carried out each year on a Member's birthday and according to the allocation percentages as shown in the MPF default investment strategy de-risking table in Diagram 2 below. De-risking must take place on a Business Day. Accordingly, if the Member's birthday is not on a Business Day, then the investments will be moved on the next available Business Day. Alternatively, if the Member's birthday falls on 29 February and in the year which is not a leap year, then the investments will be moved on 1 March or the next available Business Day. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the Member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available Business Day.

When one or more of the specified instructions (including but not limited to subscription (i.e. investing contributions into the relevant Constituent Funds), transfer out/withdrawal or switching instructions) are received prior to or on the annual date of de-risking for a relevant Member and being processed on that date, the annual de-risking may be deferred, as the annual de-risking will only take place after completion of these specified instructions. In particular, any fund switching or change of investment mandate instructions must be received by the Trustee five Business Days prior to the Member's birthday, in order for them to be processed on or prior to the de-risking day. Any valid fund switching or change of investment mandate instructions received after this cut-off time may only be completed after the annual de-risking. Also, cleared funds (i.e. contributions that are available for investment) and relevant information (e.g. correct remittance statement) with regard to contributions have to be received by the Trustee 10 Business Days before the de-risking day in order for investments of contributions in the relevant Constituent Funds to be completed before the de-risking day.

Please refer to this section "6. Administrative procedures" for details regarding the handling procedures for allocation of contributions, transfer out/withdrawal or switching instructions respectively.

Members should be aware that the above de-risking will not apply where the Member chooses the Core Accumulation Fund and the Age 65 Plus Fund as standalone fund choices (“**Standalone Investments**”) (rather than as part of the MPF default investment strategy).

In summary, under the MPF default investment strategy:

(i) When a Member is below the age of 50, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested in the Core Accumulation Fund.

(ii) When a Member is between the ages of 50 and 64, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between the Core Accumulation Fund and the Age 65 Plus Fund as shown in the MPF default investment strategy de-risking table below. The de-risking on the existing accrued benefits will be automatically carried out as described above.

(iii) When a Member reaches the age of 64, all existing accrued benefits and all contributions and accrued benefits transferred from another Registered Scheme will be invested in the Age 65 Plus Fund.

(iv) If the relevant Member has reached 60 years of age before 1 April 2017, unless the Member has given a Specific Investment Instruction, the Member’s accrued benefits (including future contributions and accrued benefits transferred from another scheme) will be invested in the same manner as at 31 March 2017.

(v) For a deceased Member, de-risking will cease once the Trustee has received sufficient proof of the death of the Member. If de-risking has already been taken place between the death of the Member and the time at which the Trustee received the sufficient proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased Member.

If the Trustee does not have the full date of birth of the relevant Member:

(i) If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a Business Day, the next available Business Day.

(ii) If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a Business Day, the next available Business Day.

(iii) If there is no information at all on the date of birth, the Member’s accrued benefits will be fully invested in the Age 65 Plus Fund with no de-risking applied.

If the relevant Member notifies the Trustee of his/her updated birthday, then the Trustee will, as soon as practicable after being so notified, adjust the allocation between the Core Accumulation Fund and the Age 65 Plus Fund according to his/her updated birthday, and effect the de-risking in the future years according to the MPF default investment strategy de-risking table in Diagram 2 below and his/her updated birthday.

Diagram 2: the MPF default investment strategy 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 Core Accumulation Fund and the Age 65 Plus Fund is made at the point of annual de-risking and the proportion of the Core Accumulation Fund and the Age 65 Plus Fund in the MPF default investment strategy portfolio may vary during the year due to market fluctuations.

Please refer to the section "3. Fund options, investment objectives and policies" for the statement of investment policies of the Core Accumulation Fund and the Age 65 Plus Fund, respectively. Also, please refer to the provisions below for specific operational arrangements for the MPF default investment strategy.

The Trustee will, to the extent practicable, issue a notice to the relevant Member at least 60 days prior to his/her 50th birthday informing him/her of the commencement of the de-risking process. Also, a confirmation statement will be sent to the relevant Member no later than five Business Days after the de-risking process has been completed.

(c) **Switching in and out of the MPF default investment strategy**

Members can switch into or out of the MPF default investment strategy at any time, subject to the rules of the Scheme. Members should, however, bear in mind that the MPF default investment strategy has been designed as a long-term investment arrangement. Members may switch all or part of their investments in the MPF default investment strategy out of it and invest them into: (a) the Core Accumulation Fund and/or the Age 65 Plus Fund as Standalone Investments rather than as part of the MPF default investment strategy, and/or (b) other Constituent Funds as Standalone Investments, and vice versa. Investments switched out of the MPF default investment strategy will cease to be subject to the MPF default investment strategy, while those remaining will continue to be. Also, Members may change their investment mandate to invest in the MPF default investment strategy at any time.

(d) Circumstances for accrued benefits to be invested in the MPF default investment strategy

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

(A) When Members join the Scheme or set up a new account in the Scheme, they have the opportunity to give a Specific Investment Instruction for their future contributions (including any voluntary contributions and additional voluntary contributions) and accrued benefits transferred from another scheme. They may choose to invest their future contributions and accrued benefits transferred from another scheme into:

(I) the MPF default investment strategy; and/or

(II) one or more Constituent Funds of their own choice from the list under the section "3. Fund options, investment objectives and policies" above (including the Core Accumulation Fund and the Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant Constituent Fund(s) of their choice.

Alternatively, Members may select to join LifeEasy. For the avoidance of doubt, if a Member under LifeEasy chooses to invest his/her future contributions and accrued benefits transferred from another scheme in the manner set out under (I) and/or (II) above, that Member will be deemed to have exited LifeEasy and no further re-balancing will apply to that Member’s existing accrued benefits.

Features of LifeEasy can be found in this section "6. Administrative procedures".

(B) Members should note that, if investments/benefits in the Core Accumulation Fund or the Age 65 Plus Fund are made under the Member’s Specific Investment Instructions for investment in such fund as Standalone Investments, those investments/benefits will not be subject to the de-risking process. If a Member’s accrued benefits are invested in any combination of (i) the Core Accumulation Fund and/or the Age 65 Plus Fund as Standalone Investments and (ii) the MPF default investment strategy (no matter by default or by Specific 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 arrangements applicable to accrued benefits invested in (i) and (ii). In particular, Members will, when giving a switching instruction, be required to specify to which part of the benefits (namely under (i) or (ii)) the instruction relates.

(C) If a Member opts for (A)(II) above, the indicated investment selections on the membership application form upon enrolment must meet the requirements for a Specific Investment Instruction. The following table sets out the different investment instructions and the consequences of each investment instruction being invalid:

<table>
<tr><th>Investment instruction</th><th>Consequences</th></tr>
<tr><td>• The total investment allocation adds up to more than 100%.</td><td rowspan="3">100% of contributions and accrued benefits transferred from another scheme in respect of that Member will be invested in the MPF default investment strategy.</td></tr>
<tr><td>• Any investment selection on the instruction is not a multiple of 5%.</td></tr>
<tr><td>• No investment selection has been made.</td></tr>
<tr><td>• The indicated investment selections on the membership application form are in multiples of 5% but do not add up to 100%.</td><td>The part of the contributions in respect of that Member for which a valid investment selection has not been made will be invested in the MPF default investment strategy.</td></tr>
</table>

(D) Where a Member has multiple capacities under the Scheme (e.g. a Member being an Employee Member and a Personal Account Member), the investment arrangement applies to the account of the Member in each capacity individually. For instance, if a Member is an Employee Member and a Personal Account Member and wishes to switch his/her accrued benefits and contributions under the account related to his/her Employee Member status into the MPF default investment strategy, such switching will only impact the account related to his/her Employee Member status and not the account related to his/her Personal Account Member status.

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

There are special rules to be applied for accounts which exist or are set up before 1 April 2017 ("**Pre-existing Accounts**") and these rules only apply to Members who are under or becoming 60 years of age on 1 April 2017:

(A) For a Member’s Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement which was generally resulted from no Investment Mandate being given on the existing accrued benefits (such a Member being a "**DIA Member**"):

If, as of 1 April 2017, the accrued benefits in a Member’s Pre-existing Account are only invested according to the original default investment arrangement of the Scheme, i.e. the Guaranteed Portfolio, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the MPF default investment strategy and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in MPF default investment strategy. If the Member’s Pre-existing Account is the one described above, a notice called the "DIS Re-investment Notice" (the "**DRN**") may be sent to the Member within six months from 1 April 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 accrued benefits transferred from another scheme are invested into the MPF default investment strategy. Members should note that the risk inherent in the arrangement, in particular, the risk of the original default investment arrangement under the section "3. Fund options, investment objectives and policies" may be different from that of the MPF default investment strategy. They will also be subject to market risks during the redemption and reinvestment process. The following table summarises the risk levels of each of the original default investment arrangement, the Core Accumulation Fund and the Age 65 Plus Fund:

Name of the Constituent Fund	Risk level
Guaranteed Portfolio	Low
Core Accumulation Fund	Medium to high
Age 65 Plus Fund	Low to medium

Section 34DK of the MPF Ordinance provides that, where the original default investment arrangement is a guaranteed fund, the Trustee must not invest the members' benefits (benefits currently investing into the original default investment arrangement) according to the MPF default investment strategy if the market value of the benefits is less than the value guaranteed by the original default investment arrangement on the expiry day of the DRN.

However, according to the guarantee features of the Guaranteed Portfolio:

- the Insurer will declare an interim rate (which will not be less than 0% p.a.) each month;
- the interim rate will accrue daily;
- should a Member's balance derived from the Annual Rate (the "**AR Balance**") be lower than that of the balance accumulated with interim credited rates up to the end of that financial year (the "**IR Balance**"), the IR Balance accumulated with interim credited rates becomes the beginning of the year balance for the next financial year;
- conversely, where a Member's AR Balance is higher than the IR Balance, the difference will be credited to the relevant Member's account(s);

as such, the market value of the Member's balance in the Guaranteed Portfolio will be the same as the guaranteed value daily.

Put simply:

Interest at interim rate is credited to Member's balance investing in the Guaranteed Portfolio daily	►	Market value of the Member's balance investing in the Guaranteed Portfolio will be the same as the guaranteed value on the expiry day of the DRN	►	Section 34DK does not apply	►	If the Member does not provide any Specific Investment Instruction after receiving the DRN, the Trustee will redeem the Member's benefits in the Guaranteed Portfolio and re-invest such benefits according to the MPF default investment strategy.

For further details of the guarantee features of the Guaranteed Portfolio, please refer to Appendix 2 to this MPF Scheme Brochure.

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

(B) For a Member's Pre-existing Account which, as at 31 March 2017:

(I) has part of the accrued benefits in it invested in the original default investment arrangement as a result of no valid investment instruction being given in respect of that part of the accrued benefits (save for those who fall under (C)(I) below), or

(II) has all of the accrued benefits in it invested in Constituent Funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Scheme being transferred to the Pre-existing Account) and no investment mandate has ever been given for the Pre-existing Account in respect of future contributions and accrued benefits transferred from another scheme,

unless the Trustee has received any Specific Investment Instructions, the Member's accrued benefits will be invested in the same manner as they were invested immediately before 1 April 2017, while the future contributions and accrued benefits transferred from another scheme paid to the Member's Pre-existing Account on or after 1 April 2017 will be invested in the MPF default investment strategy.

(C) For a Member's Pre-existing Account which as at 31 March 2017:

(I) has part of the accrued benefits in it invested in the original default investment arrangement after scheme restructuring; or

(II) has all of the accrued benefits in it invested in Constituent Funds other than the original default investment arrangement after scheme restructuring whereby all or any of the accrued benefits in the Pre-existing Account were transferred to the Pre-existing Account from an account in another Registered Scheme in a restructuring to which the MPFA consented under section 34B(5) of the MPF Ordinance,

unless the Trustee has received any Specific Investment Instructions, the Member's accrued benefits, as well as the future contributions and accrued benefits transferred from another scheme paid to the Member's Pre-existing Account on or after 1 April 2017 will be invested in the same manner as at 31 March 2017.

6.3.5 Treatment of benefits transferred from a Contribution Account to a Personal Account

Where a Member ceases employment with a Participating Employer and:

(a) in the absence of his/her election to transfer such benefits as described in this section "6. Administrative procedures", and his/her accrued benefits in respect of such employment are automatically transferred to a Personal Account upon the expiry of the three months' period after the Trustee has been notified of the termination of his/her employment, or

(b) the Member has given instruction to transfer the accrued benefits from such employment to a Personal Account and his/her accrued benefits are therefore transferred to the Personal Account,

the accrued benefits transferred from the Member's Contribution Account to the Member's Personal Account will be invested in the same manner immediately before the transfer, and unless the Trustee receives a Specific Investment Instruction from the Member with regard to the Member's Personal Account, any future contributions and accrued benefits transferred from another scheme may be invested in the MPF default investment strategy.

6.3.6 Information on performance of the Core Accumulation Fund and the Age 65 Plus Fund

The Constituent Fund performance (including the definition and actual figures of the fund expense ratio) and Reference Portfolios of the Core Accumulation Fund and the Age 65 Plus Fund will be published in the fund factsheets (and one of which will be attached to annual benefit statement). Members can visit aia.com.hk or call the customer service hotline for information. Members may also obtain the fund performance information at the MPFA's website (www.mpfa.org.hk).

The Reference Portfolio is adopted to provide a common reference point for performance and asset allocation of the Core Accumulation Fund and the Age 65 Plus Fund for the purpose of the MPF default investment strategy. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association. Please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio.

The Constituent Fund performance is calculated in HK 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 Fund(s) and consider whether the investments still suit their personal needs and circumstances.

6.4 Payment of benefits

6.4.1 General

All benefits from the Scheme are defined contribution benefits. As such the actual amount paid from the Scheme will depend upon the amount of contributions paid to the Scheme, the charges and investment returns. Benefits are paid in a lump sum, or if applicable, in instalments in accordance with section 15 of the MPF Ordinance, section 166 of the General Regulation and other relevant MPF requirements, and subject to the completion of such document or form, in such form and on such terms, as the Trustee may require from time to time.

Currently, only Members reaching 65th birthday or early retiring on reaching age 60 may apply (subject to the completion of such document or form (in such form and on such terms) as the Trustee may require from time to time) for payment of the MPF Benefits or TVC Benefits in instalments. Where a Member falling under any of the above categories opts for payment of benefits in instalments, he/she may specify the withdrawal amount he/she wishes to withdraw by submitting to the Trustee a valid claim form (which can be downloaded from the Trustee's website at aia.com.hk) as the Trustee may require from time to time. The withdrawal charge payable in respect of each withdrawal can only include Necessary Transaction Costs. If the Member chooses to have the benefits to be paid to his/her bank account directly, bank charges may apply by the Member's banking account.

Benefits from the Scheme are split into 3 types: MPF Benefits (derived from the mandatory 5% contributions and any special contributions), Voluntary Benefits (derived from voluntary contributions) and TVC Benefits (derived from TVC).

All benefits will be paid in HK Dollars or in such other currencies on such terms as the Trustee may, subject to the MPF Legislation, from time to time determine.

6.4.2 MPF Benefits

This section does not apply to an External Relevant Employee Member.

The MPF Ordinance sets out the circumstances in which MPF Benefits may be paid. MPF Benefits are only payable to a Member:

(a) on the Member reaching his/her 65th birthday;

(b) on the Member's death (in which case the benefits are paid to the Member's legal personal representatives);

(c) on the total incapacity of the Member;

(d) on the early retirement of the Member on reaching age 60;

(e) upon the Member's permanent departure from Hong Kong;

(f) on the terminal illness of the Member; or

(g) where the accrued benefits of a Member does not exceed HKD5,000 and, as at the date of the claim, at least 12 months have elapsed since the contribution day in respect of the latest Contribution Period for which a mandatory contribution is required to be made in respect of the Member and the Member does not have accrued benefits kept in any other Registered Scheme.

A request for payment of MPF Benefits shall be made in a form specified by the MPFA and be accompanied by such documents as may be required by the MPF Legislation or by the Trustee.

6.4.3 Voluntary Benefits

Voluntary Benefits are payable to a Member:

(a) upon retirement of the Member;

(b) on the Member's death (in which case the benefits are paid to the Member's legal personal representatives);

(c) on the total incapacity of the Member;

(d) where the Member is an Employee Member, on leaving the employment of his/her Participating Employer; or

(e) in such other circumstances as the Member, the Member's Participating Employer, the Trustee and the Sponsor, may agree.

The Participating Employer portion of any accrued benefits in the Scheme can be used to reduce the Participating Employer's liability to make long service or severance payments under the Employment Ordinance (Cap. 57 of the laws of Hong Kong). Subject to the consent of the relevant Participating Employer and the Sponsor, an Employee Member's Voluntary Benefits that are paid by the Participating Employer may be paid only in part.

If an Employee Member is dismissed from employment and the Trustee receives written confirmation from that Employee Member's Participating Employer that the dismissal was for wilfully disobeying a lawful and reasonable order, misconducting himself/herself, such conduct being inconsistent with the due and faithful discharge of his/her duties, being guilty of fraud or dishonesty, being habitually neglectful of his/her duties, upon any other grounds on which the Participating Employer is entitled to terminate his/her employment without notice at common law, or that Employee Member has left his/her employment to avoid such a dismissal, then that Employee Member will not, to the extent permitted by the MPF Legislation, be entitled to receive any benefit from the Scheme other than the value of that Employee Member's MPF Benefits and that Employee Member's Voluntary Benefits derived from that Employee Member's own voluntary contributions.

A request for payment of Voluntary Benefits shall be made in a form determined by the Trustee and be accompanied by such documents as may be required by the Trustee.

A Participating Employer's voluntary contributions may be subject to a graded vesting scale applicable on the Valuation Date following the date on which the Trustee has been notified of the circumstances giving rise to the Employee Member ceasing to be a Member (or following the actual date of termination of membership, if later) and the amount of Voluntary Benefits payable will be affected as a result.

6.4.4 TVC Benefits

As with MPF Benefits, the TVC Benefits may only be payable to a Member:

(a) on the Member reaching his/her 65th birthday;

(b) on the Member's death (in which case the benefits are paid to the Member's legal personal representatives);

(c) on the total incapacity of the Member;

(d) on the early retirement of the Member on reaching age 60;

(e) upon the Member's permanent departure from Hong Kong;

(f) on the terminal illness of the Member; or

(g) where the accrued benefits of the Member does not exceed HKD5,000 and, as at the date of the claim, at least 12 months have elapsed since the contribution day in respect of the latest Contribution Period for which a mandatory contribution is required to be made in respect of the Member and the Member does not have accrued benefits kept in any other Registered Scheme.

6.4.5 Timing of payment

For the payment of MPF Benefits, Voluntary Benefits or TVC Benefits, the normal period for payment will be 10 days after receipt of a request for payment. The maximum period between the date of receipt of a request for payment of MPF Benefits and TVC Benefits and the date of payment of such benefits will be as specified in the General Regulation. The maximum period for processing of payments of Voluntary Benefits would be generally around 30 days and is also subject to the submission of all relevant documents which are to the satisfaction of the Trustee. If the Scheme is subject to an audit or investigation by or on behalf of the MPFA, then any payment will be made within 30 days after the MPFA has given its consent or appropriate notification to the Trustee.

Any undisposed employer's voluntary balances credited to the Participating Employer's Reserve Account will be invested in the Guaranteed Portfolio, unless the Participating Employer and the Trustee agree otherwise.

6.5 Withdrawal from participation in the Scheme

A Participating Employer, an External Relevant Employee Member or a Self-employed Member will cease to participate in the Scheme upon the occurrence of any one of the following events (each, an "**Event**"):

(a) the Participating Employer, External Relevant Employee Member or Self-employed Member giving notice in writing to the Trustee terminating its liability to contribute to the Scheme;

(b) with the written consent of the Participating Employer, External Relevant Employee Member or Self-employed Member, the Trustee giving three months' notice in writing to the Participating Employer, External Relevant Employee Member or Self-employed Member terminating its participation in the Scheme; or

(c) the Trustee, and the Participating Employer, External Relevant Employee Member or Self-employed Member agreeing in writing that the participation of the Participating Employer, External Relevant Employee Member or Self-employed Member in the Scheme is to end on a particular date.

Upon such Event occurring:

(i) the Participating Employer, External Relevant Employee Member or Self-employed Member will cease to participate in the Scheme as from such date (the "**Cessation Date**") as the Trustee may decide in good faith and in a commercially reasonable manner;

(ii) the Trustee will notify the MPFA of the cessation of participation of the Participating Employer, External Relevant Employee Member or Self-employed Member;

(iii) Employee Members employed by the Participating Employer, the External Relevant Employee Member or Self-employed Member will cease to be Members of the Scheme from the Cessation Date;

(iv) the MPF Benefits will be transferred to a Registered Scheme nominated by the Participating Employer or Self-employed Member or, failing such nomination, retained in the Scheme and each Employee Member or the Self-employed Member will become a Personal Account Member on the Cessation Date; and

(v) the Voluntary Benefits will, in part or in whole, where applicable, be transferred to another Registered Scheme, or paid to the relevant Member, or retained in the Scheme for the relevant Member.

It is expected that the transfer or payment of MPF Benefits and Voluntary Benefits will normally be completed within 10 Business Days, but in any event not exceeding 30 days, from the cessation of participation of the Participating Employer, External Relevant Employee or Self-employed Member upon the occurrence of an Event.

With respect to a TVC Account Holder, apart from the withdrawal of accrued benefits (as more particularly described in this section "6. Administrative procedures"), the Trustee may terminate the Member's TVC Account if:

(a) the balance of the TVC Account is zero; and

(b) there is no transaction activity in respect of the TVC Account for 365 days.

In addition, in respect of a Personal Account Member who elects to make voluntary contributions to the Scheme in accordance with the governing rules of the Scheme, the Personal Account Member may cease to make contributions to the Scheme at such time and in such manner as the Personal Account Member may agree with the Trustee and the Sponsor.

6.6 Transfers

6.6.1 Transfers from or within the Scheme

(a) Transfer of MPF Balance on cessation of employment

An Employee Member may on cessation of employment with his/her Participating Employer elect to have his/her MPF Balance transferred to:

(i) a Personal Account in the Scheme of the Employee Member, or

(ii) another Contribution Account of the Employee Member within the Scheme nominated by the Employee Member, or

(iii) an account (including a personal account) in another Master Trust Scheme nominated by the Employee Member, or

(iv) an existing account (including a personal account) of the Employee Member in an industry scheme.

Subject to that Employee Member's election being in accordance with the provisions of section 146 of the General Regulation, the Trustee must comply with the election in accordance with section 146 of the General Regulation.

(b) Transfer of MPF Balance of Self-employed Members

A Self-employed Member may, at any time, elect to have his/her MPF Balance transferred to:

(i) an existing account of the Self-employed Member in an industry scheme (as defined in the MPF Ordinance), or

(ii) an account in an industry scheme to which that Self-employed Member is eligible to join, or

(iii) an account in another Master Trust Scheme nominated by that Self-employed Member.

In respect of the Self-employed Member's MPF Balance, subject to that Self-employed Member's election being in accordance with the provisions of section 148 of the General Regulation, the Trustee must comply with the election in accordance with section 148 of the General Regulation.

(c) Transfer of MPF Balance in respect of current employment, former employment or former self-employment

An Employee Member may, at any time, elect to transfer:

(i) the whole of his/her MPF Balance that are attributable to his/her contribution in respect of his/her current employment and held in a Contribution Account referred to in section 78(6) of the General Regulation to:

- a Personal Account of the Employee Member within the Scheme nominated by the Employee Member, or
- a personal account of the Employee Member within another Registered Scheme, which is a Master Trust Scheme or an industry scheme, nominated by the Employee Member.

Subject to that Employee Member's election being in accordance with the provisions of section 148A of the General Regulation, the Trustee must comply with the election in accordance with section 148A of the General Regulation. An election by the Employee Member under this section shall be limited to once in every calendar year unless the Trustee in its sole discretion consent to such other arrangement;

(ii) the whole of his/her MPF Balance that are attributable to his/her former employments or former self-employments and held in a Contribution Account referred to in section 78(6) of the General Regulation to:

- another Contribution Account of the Employee Member within the Scheme nominated by the Employee Member, or
- a contribution account of the Employee Member within another Registered Scheme, nominated by the Employee Member, or
- a Personal Account of the Employee Member within the Scheme, nominated by the Employee Member, or
- a personal account of the Employee Member within another Registered Scheme, which is a Master Trust Scheme or an industry scheme, nominated by the Employee Member.

Subject to that Employee Member's election being in accordance with the provisions of section 148B of the General Regulation, the Trustee must comply with the election in accordance with section 148B of the General Regulation.

(d) Transfer of Voluntary Balance of Employee Members and Self-employed Members

This section does not apply to voluntary contributions paid by a Member which are not related to that Member's employment or self-employment.

Any Employee Member may, on cessation of employment with his/her Participating Employer, elect to have the whole or any part of his/her Voluntary Balance attributable to his/her current and/or former employment:

(i) transferred to a Personal Account of the Employee Member within the Scheme, nominated by the Employee Member, or

(ii) paid to the Employee Member.

Other than on the cessation of employment with his/her Participating Employer, an Employee Member may not transfer:-

(i) any portion of his/her Voluntary Balance that is attributable to his/her current employment, and

(ii) any portion of his/her Voluntary Balance that is attributable to his/her former employment.

Any Self-employed Member may, upon cessation of his/her self-employment, elect to have the whole or any part of his/her Voluntary Balance in his/her Self-employed Member's Voluntary Account:

(i) transferred to a Personal Account of the Self-employed Member within the Scheme, or

(ii) paid to the Self-employed Member.

The Trustee may with the consent of the Sponsor in accordance with the terms of the Master Trust Deed, and on receipt of such information as it may reasonably require, comply with such request.

(e) Transfer of Mandatory Balance and Voluntary Balance of Personal Account Members

A Personal Account Member may, at any time, elect to transfer the whole of his/her MPF Balance and/or Voluntary Balance held in his/her Personal Account in the Scheme to:

(i) a Contribution Account of the Personal Account Member within the Scheme nominated by the Personal Account Member, or

(ii) a contribution account of the Personal Account Member within another Registered Scheme, nominated by the Personal Account Member, or

(iii) another Personal Account of the Personal Account Member within the Scheme nominated by the Personal Account Member, or

(iv) a personal account of the Personal Account Member within another Registered Scheme, which is a Master Trust Scheme or an industry scheme, nominated by the Personal Account Member.

Subject to that Personal Account Member's election being in accordance with the provisions of section 149 of the General Regulation, the Trustee must comply with the election in accordance with section 149 of the General Regulation.

6.6.2 Transfers to the Scheme

The Trustee may allow transfers into the Scheme from other retirement benefit schemes, provided such transfers are made in accordance with and permitted under the MPF Legislation. Normally such transfers will be the result of:

(a) a Participating Employer requesting the Trustee to accept sums in respect of an Employee Member from another retirement benefits scheme;

(b) an Employee Member, a Self-employed Member, an External Relevant Employee Member or a Personal Account Member requesting the Trustee to accept a sum to be paid to the Scheme from:-

(i) the contribution account or personal account of another Registered Scheme; or

(ii) such other accounts from an occupational retirement scheme exempted under section 5 of the MPF Ordinance; or

(c) a TVC Account Holder requesting the Trustee to accept a sum to be paid to the Scheme from a TVC Account of another Registered Scheme (for details with regard to transfer of the accrued benefits from a TVC Account in another Registered Scheme to the Scheme, please refer to this section "6. Administrative procedures" below).

6.6.3 Transfer of accrued benefits in a TVC Account of a TVC Account Holder

TVC is portable and TVC Account Holders should note that:

(a) A TVC Account Holder may at any time choose to transfer the accrued benefits derived from TVC to another Registered Scheme that offers TVC;

(b) The transfer must be in a lump sum (full account balance);

(c) The TVC Account in the original Registered Scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;

(d) For the avoidance of doubt, transfer of accrued benefits derived from a TVC Account to another TVC Account of the Member in another Registered Scheme cannot be claimed as deductions for taxation purpose; and

(e) Transfer of TVC accrued benefits to another TVC Account of the Member in another Registered Scheme will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF Legislation.

6.6.4 Time limits for completing transfer requests

It is expected that the transfer of MPF Balances, Voluntary Balances and TVC Balances will normally be completed within 10 Business Days but in any event within 30 days after, the later of (i) the date on which a completed transfer request form has been received, or (ii) where applicable, the last contribution day in respect of the Employee Member who has ceased to be employed by the Participating Employer and who made an election to transfer upon cessation of employment.

6.6.5 Out-of-market risk during transfers

When transferring from the Scheme to another Registered Scheme, there is a time lag, usually about one to two weeks, between the redemption of a Member's accrued benefits by the Trustee of the Scheme and the subscription of the new investment using the accrued benefits so redeemed and transferred by the transferee trustee, during which the redeemed accrued benefits will not be invested in any fund and therefore its value will not be subject to change due to market fluctuations. In other words, during this period, if fund prices change due to market fluctuations, there is a chance of a "sell low, buy high" scenario occurring to the Member.

6.6.6 Minimum residual balance for partial transfers of a Member's Voluntary Balance

The Trustee, with the consent of the Sponsor, may refuse to comply with a request for a partial transfer of a Member's Voluntary Balance if the value of the Member's Voluntary Balance remaining in the Scheme after such transfer will be less than HKD5,000, or such other amount as the Trustee may specify to the Member. For the avoidance of doubt, no partial transfer of TVC Balance is allowed.

6.6.7 Summary of transferability of accrued benefits for Employee Members, Self-employed Members and Personal Account Members

For a summary of the transferability of accrued benefits for Employee Members, Self-employed Members and Personal Account Members, please refer to Appendix 3 to this MPF Scheme Brochure.

6.7 Withdrawal and termination of Constituent Funds

The Sponsor or the Trustee may, determine that any Constituent Fund shall terminate (the "**Terminating Fund**") in accordance with the Master Trust Deed. The Members investing in the Terminating Fund (each, a "**Terminating Fund Member**") will be given a choice to have his/her MPF Balance, TVC Balance, Member's Voluntary Balance or employer's voluntary balance invested in other Constituent Fund(s) in accordance with the Master Trust Deed. Where the Terminating Fund Member fails to provide his/her election, the Trustee may effect such redemptions of the Terminating Fund and subscriptions of other Constituent Fund(s) as it may consider appropriate.

7. OTHER INFORMATION

7.1 Calculation

7.1.1 Valuation of funds and benefits

Each Constituent Fund, other than the Guaranteed Portfolio, is unitised and will be valued on a Valuation Date. The Guaranteed Portfolio will be valued on the last Valuation Date of the month. Dealing is permitted on any Valuation Date.

The unitised Constituent Funds are each valued by means of dividing the NAV of the relevant Constituent Fund (in accordance with the Master Trust Deed) by the total number of units of that Constituent Fund then in existence. When determining the value of a unit for the purposes of the calculation of benefit payments the unit price used will be coincident with or next following the date upon which the Trustee receives a valid payment request. Any unit price will be rounded down to two decimal places, except that, in respect of each of the Core Accumulation Fund and the Age 65 Plus Fund, the resultant figure shall be rounded down to four decimal places and the initial unit price per unit of each of the Core Accumulation Fund and the Age 65 Plus Fund will be HKD1.0000. The smallest amount of units to be issued for a unitised Constituent Fund is a fraction of a unit rounded to four decimal places. An offer spread may be added to the unit price to arrive at the issue price and a bid spread may be deducted from the unit price to arrive at the redemption price. Please refer to the section "5. Fees and charges" for details.

Quoted investments (other than interests in open-ended collective investment schemes) will normally be valued at the last traded price on the stock exchange or over-the-counter market on which the investment is listed, traded or ordinarily dealt in. The value of unquoted investments will be the value certified by an approved valuer and approved by, or in accordance with a method approved by, the Trustee, or the value as determined by the Trustee, in good faith and in a commercially reasonable manner. The value of each unit in any open-ended collective investment scheme will be the last published bid price for such unit in such collective investment scheme. Cash, deposits and similar property will be valued at their face value, together with accrued interest, if any. There is included in, or deducted from, the assets of the Constituent Fund in respect of each outstanding futures contract entered into on behalf of the Constituent Fund an amount equal to the gain or (as the case may be) loss which would have accrued to the Constituent Fund at the time at which the relevant valuation is made as if the relevant Investment Manager had at that time closed out the position of the Constituent Fund under that contract by entering into an equal and opposite futures contract at market prices prevailing at that time.

The Master Trust Deed permits the Trustee to adjust the value of any asset or permit some other method of valuation to be used if, having regard to such considerations as the Trustee may deem relevant, the Trustee considers that such adjustment or other method of valuation is required to reflect more fairly the value of such asset.

7.1.2 Publication of value of units

The value of units in each Constituent Fund, other than the Guaranteed Portfolio, will be published on a daily basis in one English language and one Chinese language daily newspaper in Hong Kong, or may be obtained by contacting the Employers' hotline on (852) 2100 1888 or Members' hotline on (852) 2200 6288.

7.2 Taxation

It is our understanding that investors will enjoy the following tax benefits:

(a) An employer’s profits tax liability will be reduced by its contributions to the Scheme, up to the limits set out in the Inland Revenue Ordinance (Cap. 112 of the laws of Hong Kong).

(b) Employees will be able to deduct a maximum of HKD18,000 p.a. of mandatory contributions for salaries tax purposes.

(c) Benefits attributable to mandatory contributions may be received by an employee free of tax whilst benefits attributable to voluntary contributions may be received by an employee free of tax if they fall within the limits set out in the Inland Revenue Ordinance.

(d) TVC Account Holders will be able to deduct the TVC paid into their TVC Account, subject to a maximum deduction per year as specified in the Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HKD60,000. 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.

We recommend that you seek professional advice regarding your own particular tax circumstances.

7.3 Reports and accounts

Members will receive the following:

(a) an information booklet and notice of participation on joining; and

(b) annual statements within three months after the Scheme Year end.

Participating Employers will receive the following:

(i) employer information booklet and notice of participation upon participation in the Scheme;

(ii) quarterly investment performance reports; and

(iii) annual summary within three months after the Scheme Year end.

To facilitate the tax return filing by TVC Account Holders, the Trustee will provide a TVC summary to the relevant TVC Account Holder if TVC is made by him/her to the Scheme during a year of assessment. Such summary will be made available around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April).

7.4 Deferral and suspension of dealing

AIA Investment Management HK Limited may direct the Trustee to declare the deferral or suspension in dealing for a Constituent Fund. Where no Investment Manager is appointed for that Constituent Fund, the Trustee may declare the deferral or suspension in dealing for that Constituent Fund. Requests for realisation of units received prior to or during the suspension or deferral will be actioned after the suspension or deferral is declared by the Trustee to be lifted.

A deferral or suspension of dealing may occur only during any of the following:

(a) any period when any market on which a substantial part of the securities or other property for the time being comprised in the relevant Constituent Fund is quoted, listed or dealt in is closed otherwise than for ordinary holidays;

(b) any period when dealings on any such market are restricted or suspended;

(c) during the existence of any state of affairs as a result of which disposal of any of the securities or other property for the time being comprised in the relevant Constituent Fund cannot, in the reasonable opinion of the relevant Investment Manager or, in respect of a Constituent Fund for which no Investment Manager is appointed, of the Trustee, be effected normally or without seriously prejudicing the interests of beneficiaries;

(d) during any breakdown in the means of communications normally employed in determining the NAV of the relevant Constituent Fund or when for any other reason the NAV of any securities or other property for the time being comprised in the relevant Constituent Fund cannot be promptly and accurately ascertained;

(e) any period when the realisation of securities or other property for the time being comprised in the relevant Constituent Fund or the transfer of funds involved in such realisation cannot, in the reasonable opinion of the relevant Investment Manager or, in respect of a Constituent Fund for which no Investment Manager is appointed, of the Trustee, be effected at normal prices or normal rates of exchange in good faith and in a commercially reasonable manner;

(f) any period, in the reasonable opinion of the relevant Investment Manager or, in respect of a Constituent Fund for which no Investment Manager is appointed, of the Trustee and in good faith and in a commercially reasonable manner, when the payment or receipt of the proceeds of the realisation of any of the securities or other property comprised in the relevant Constituent Fund is the subject of delay due to exceptional circumstances;

(g) any period where there exists exceptional circumstance such that it would, in the reasonable opinion of the relevant Investment Manager or the Trustee and in good faith and in a commercially reasonable manner, be detrimental to the beneficiaries to continue dealing in the units of the relevant Constituent Fund; and

(h) any period where suspension is required for the purpose of implementing a restructuring or merger proposal under which the Scheme is to be restructured or merged into other Registered Scheme, which proposal has been approved by the MPFA pursuant to section 34B of the MPF Ordinance.

Any declaration of a deferral or suspension in dealing of a Constituent Fund shall be consistent with any relevant official rules and regulations and will not cause the Trustee to contravene the MPF Legislation.

7.5 Constitutive documents

Copies of the Master Trust Deed and other constitutive documents may be obtained from the Trustee at such reasonable price as the Trustee may from time to time determine or may be inspected free of charge during normal working hours at the Customer Service Centre at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong.

The constitutive documents include the following:

(a) Master Trust Deed;

(b) Custodian Agreement;

(c) Investment Management Agreements.

7.6 Scheme termination, restructure and cancellation of registration

Participating Employers and Members will be given three months' notice (or any shorter period as agreed with the SFC or the MPFA) of the merger, division or termination of a Constituent Fund, or the restructuring of the Scheme including restructuring by means of merger or division of the Scheme.

Subject to compliance with the appropriate provisions of the MPF Legislation, the Trustee may, upon the request of the Sponsor, apply to the MPFA to cancel the registration of the Scheme.

7.7 Automatic exchange of financial account information

Financial institutions in Hong Kong and many other jurisdictions are required to identify account holders who are reportable foreign tax residents under the laws, regulations and international agreements for the implementation of automatic exchange of financial account information ("**AEOI**"), and report the information of account holders and controlling persons of certain entity account holders (each, a "**controlling person**") (including but not limited to their names, addresses, dates of birth, places of birth/incorporation, jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s)) and account information (including but not limited to their account balance, income, and payments to the account holders) (collectively, the "**Reportable Information**") to the local tax authority where the financial institutions operate. The local tax authority, in respect of a reportable foreign tax resident, will provide the Reportable Information of the reportable foreign tax resident to the tax authority(ies) of the country(ies) and jurisdiction(s) of tax residence of the reportable foreign tax resident on a regular, annual basis. If you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the Hong Kong Inland Revenue Department ("**IRD**") for transmission to any tax authority outside Hong Kong.

The Scheme is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, the Trustee will use for the purposes of AEOI the Reportable Information of any individual or entity, whether in the capacity as a Member, Participating Employer or beneficiary, that is considered under AEOI to be an account holder or controlling person of an account holder (where applicable). The Reportable Information may be transmitted to the IRD for transfer to the tax authority of another jurisdiction.

The Trustee may, to the extent not prohibited by applicable law including AEOI, engage, employ or authorise any individual or entity (including but not limited to third-party service providers, the Trustee's affiliates, subsidiaries, associated entities, and any of their branches and offices) (each, for purposes of this section, an "**authorised person**") to assist the Scheme with the fulfilment of its obligations under AEOI, and to act on the Scheme's behalf in relation to its obligations under AEOI. The Trustee and its authorised persons may share with each other any information of any account holder and controlling person of an account holder (where applicable) of the Scheme.

The Trustee and/or any of its authorised person(s) may require any account holder under AEOI to provide a valid self-certification form and such other information (including the Reportable Information and any documentary evidence) which the Trustee and/or any of its authorised person(s) may require from time to time for the implementation of AEOI (collectively, the "**Required Information**"). In addition, where the account holder is an entity, the Trustee and/or its authorised person(s) may require the Required Information of its controlling person(s).

Where required by AEOI and to the extent not prohibited by applicable law, the Trustee will not accept any applicant to the Scheme or make any payment to any account holder (whether in the capacity of a Member, a Participating Employer or a beneficiary) before receiving the Required Information. Account holders and controlling persons must update the Trustee and/or any of its authorised person(s) about any changes in the information they have previously provided to the Trustee and/or any of its authorised person(s) as soon as practicable and ideally within 30 days of such changes. If the Trustee and/or any of its authorised person(s) do not receive the Required Information in respect of an account holder or a controlling person, the Trustee and/or any of its authorised person(s) may be required to report such person based on the information they have.

Members, Participating Employers, and any other account holders and controlling persons should consult their own tax advisers regarding the possible implications of AEOI on their participation and holding interests in the Scheme and the information that may be required to be provided and disclosed to the Trustee and/or any of its authorised person(s), and where applicable, to the IRD and other tax authorities. The application of the AEOI rules and the information that may be required to be reported and disclosed are subject to change. Please see the IRD website (https://www.ird.gov.hk/eng/tax/dta_aeoi.htm) for more information about AEOI in Hong Kong. Any discussion of tax considerations herein is not intended or written to be tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any domestic or foreign tax penalties that may be imposed on such person.

7.8 MPF hotline and other assistance

If you require any assistance, please call: employers' hotline (852) 2100 1888 or members' hotline (852) 2200 6288.

8. GLOSSARY

"Administrator" means AIA International Limited (Hong Kong Branch).

"AIA Interactive Website" means the official website in which a Member may get access to the Scheme related information.

"APIF" means a collective investment scheme approved by the MPFA pursuant to the MPF Ordinance for investment by Registered Schemes.

"Approved ITCIS" means an index-tracking collective investment scheme, as defined in section 1(1) of schedule 1 to the General Regulation, approved by the MPFA for the purposes of section 6A of schedule 1 to the General Regulation.

"Business Day" means any day (other than a Saturday) on which banks in Hong Kong are open for normal banking business provided that where, as a result of a typhoon signal number 8 (or above) or a black rainstorm warning or other similar event, the period during which banks in Hong Kong are open for normal banking business on any day is reduced, any such day shall not be a "Business Day" unless the Trustee and the Sponsor otherwise determine.

"Constituent Fund" means an investment fund contained within the trust constituting the Scheme.

"Contribution Account", in relation to a Member, means an account with the Scheme into which (i) mandatory contributions and voluntary contributions (if any) are paid in respect of any current employment or current self-employment of the Member; and (ii) special contributions (if any) are paid in respect of the Member.

"Contribution Period" means, for the purposes of the sub-section "6.2 Contributions" of this MPF Scheme Brochure, the same as "contribution period" in section 7A(10) of the MPF Ordinance.

"Custodian" means Citibank, N.A.

"DIS Constituent Funds" means the Core Accumulation Fund and the Age 65 Plus Fund.

"Employee Member" means any employee of a Participating Employer who has made an application to become a Member of the Scheme and who has been admitted as a Member.

"Employer's Voluntary Account" means that notional account maintained in respect of that Member into which voluntary contributions by the Participating Employer, and amounts transferred from another retirement benefits scheme (not being (i) amounts in respect of mandatory contributions under the MPF Ordinance, (ii) amounts transferred from that retirement benefits scheme to the Member's Voluntary Account, (iii) amounts the Participating Employer contributes to the Scheme that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, (iv) any contribution surcharge paid in respect of the Member in accordance with the MPF Ordinance, (v) any amounts equal to that Member's Minimum MPF Benefits and (vi) any income or profits arising from any investments of the contributions, surcharges and benefits mentioned above but taking into account any losses in respect thereof), are credited in accordance with the Master Trust Deed.

"ESG" means environmental, social and corporate governance.

"ETF" means an exchange-traded fund.

"External Relevant Employee Member" means any employee who is neither a Personal Account Member nor a TVC Account Holder, and who has made an application to become a Member of the Scheme and has been admitted as a Member, notwithstanding that his/her employer does not participate in the Scheme.

"Feeder Fund" means a fund that invests in only one APIF/Approved ITCIS.

"General Regulation" means the Mandatory Provident Fund Schemes (General) Regulation.

"Higher Risk Assets" has the meaning given to it in the MPF Ordinance, including without limitation global equities or similar investments.

"HKD" or "HK Dollars" means the currency of Hong Kong.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Insurer" means AIA Company Limited.

"Interactive Voice Response System" means the official voice response system in which a Member may get access to the Scheme related information.

"Investment Manager" means an Investment Manager as identified in the section "2. Directory of approved trustee and other service providers" in respect of any matter or Constituent Fund, the relevant investment manager or investment managers appointed pursuant to the terms and conditions of the Master Trust Deed and its or their investment agreement, with responsibility for that matter or that Constituent Fund. Each reference to "Investment Manager" in the section "3. Fund options, investment objectives and policies" means the Investment Manager of the particular Constituent Fund to which the investment objective/policy relates and each reference to "Investment Manager" in other parts of this MPF Scheme Brochure means any one of the Investment Managers, unless otherwise specified.

"Investment Mandate Form" means any paper form prescribed by the Trustee from time to time in which a Member may elect to change the investment allocation percentage of his/her existing and/or future investments to the Scheme.

"LifeEasy" means the automatic asset rebalancing service as described in the section "6. Administrative procedures" of this MPF Scheme Brochure.

"Lower Risk Assets" means those assets not being Higher Risk Assets, including without limitation global bonds and money market instruments.

"Master Trust Deed" means the master trust deed dated 31 January 2000, as amended from time to time, which established the Scheme.

"Master Trust Scheme" has the same meaning as in the MPF Ordinance.

"Member" means a person who has been admitted to membership of the Scheme and who has not ceased to be a Member. For the avoidance of doubt, "Member" includes an "Employee Member", "Personal Account Member", "External Relevant Employee Member", "Self-employed Member" and "TVC Account Holder".

"Member's Voluntary Account" means in relation to a Member, the notional account maintained in respect of the Member into which voluntary contributions by the Member, voluntary contributions by a Participating Employer in respect of that Employee Member who has then become a Personal Account Member and has elected to retain his/her benefits payable under the Scheme in his/her Member's Voluntary Account, amounts transferred from another retirement benefits scheme and amounts transferred from an Employer's Voluntary Account (not being (i) amounts in respect of mandatory contributions under the MPF Ordinance, (ii) TVC, (iii) amounts transferred from another Registered Scheme to the TVC Account under the Scheme, (iv) amounts the Participating Employer contributes to the Scheme that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, (v) any contribution surcharge paid in respect of the Member in accordance with the MPF Ordinance, (vi) any amount equal to that Member's Minimum MPF Benefits and (vii) any income or profits arising from any investments of the contributions, surcharges and benefits mentioned above but taking into account any losses), are credited in accordance with the Master Trust Deed.

"Minimum MPF Benefits" in respect of a Member (who is not an External Relevant Employee Member), has the same meaning as in schedule 2 to the Mandatory Provident Fund Schemes (Exemption) Regulation (Cap. 485B of the laws of Hong Kong).

"MPF Account" means, in respect of a Member (who is not an External Relevant Employee Member), that account maintained into which mandatory contributions under the MPF Ordinance (including (i) any amounts that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, (ii) any contribution surcharge in respect of mandatory contributions in accordance with the MPF Ordinance, (iii) any amount equal to that Member's Minimum MPF Benefits, (iv) any income or profits arising from any investments of the contributions, surcharges and benefits mentioned above but taking into account any losses in respect thereof) and (v) any special contributions under the MPF Ordinance (including any amounts that are treated as special contribution under Part IIIA of the MPF Ordinance and any income or profits arising from any investments of the contributions but taking into account any losses thereof) are credited in accordance with the Master Trust Deed.

"MPFA" means the Mandatory Provident Fund Schemes Authority established under the MPF Ordinance.

"MPF Balance" means, in respect of a Member (other than an External Relevant Employee Member), and at any date, the value of any amounts credited to the appropriate Member's MPF Account in accordance with the Master Trust Deed.

"MPF Benefits" means benefits, in respect of a Member (other than an External Relevant Employee Member), derived from mandatory contributions credited to the MPF Account and payable in accordance with the terms of the Master Trust Deed.

"MPF Legislation" means the MPF Ordinance and the General Regulation.

"MPF Ordinance" means the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong).

"NAV" means net asset value.

"Necessary Transaction Costs" means the 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 (as the case may be) and are payable to a party other than the Trustee.

"Offshore RMB Bonds" means the debt securities that are denominated in offshore Renminbi.

"ORSO" means the Occupational Retirement Schemes Ordinance (Cap. 426 of the laws of Hong Kong).

"Participating Employer" means any employer admitted to participate in the Scheme in accordance with the Master Trust Deed.

"PRC" means the People's Republic of China.

"Personal Account" in respect of a Personal Account Member, means an account (other than a Contribution Account) within the Scheme:

(a) into which special contributions (if any) are paid in respect of the Personal Account Member;

(b) in which the Member’s accrued benefits (if any) in respect of any former employment or former self-employment of the Member are held;

(c) in which the Member’s accrued benefits (if any) in respect of any current employment of the Member are held; and

(d) in which the Member’s benefits (if any) transferred to the Scheme from an ORSO exempted scheme or an ORSO registered scheme are held,

and includes a former Contribution Account (if any) of the Member in which accrued benefits retained under section 147(6) of the General Regulation are held.

"Personal Account Member" means, for the purpose of this MPF Scheme Brochure, a Member who is not an Employee Member, an External Relevant Employee Member, a Self-employed Member or a TVC Account Holder. An Employee Member or any person may become a Personal Account Member under any of the following circumstances:

(a) where an Employee Member becomes entitled to the Voluntary Benefits but does not become immediately entitled to the MPF Benefits, or

(b) where any person makes a transfer to the Scheme in accordance with the rules governing the participation in the Scheme but that person is not an employee of a Participating Employer or a self-employed person, or

(c) where any Employee Member, on his/her Participating Employer's ceasing its participation in the Scheme, has any part of his/her benefits (whether deriving from his/her Member's Voluntary Account, Employer's Voluntary Account or MPF Account) retained in the Scheme and does not elect to have his/her benefits transferred to another Registered Scheme under the General Regulation, or

(d) where an Employee Member or a Self-employed Member ceases to be a Member in circumstances where any part of his/her benefits are retained in the Scheme.

"Portfolio Management Fund" means a fund that invests in more than one APIF/Approved ITCIS.

"Reference Portfolio" means, in respect of each of the Core Accumulation Fund and the Age 65 Plus Fund, the MPF industry developed reference portfolio adopted for the purpose of the MPF default investment strategy to provide a common reference point for performance and asset allocation of the Core Accumulation Fund and the Age 65 Plus Fund (as the case may be).

"Registered Scheme" means a retirement benefits scheme registered under section 21 or 21A of the MPF Ordinance.

"Relevant Circumstances" means any of the following:

(a) the Trustee having reason to know that information and documents provided to the Trustee are incorrect or, incomplete;

(b) 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 or tax reporting; and/or

(c) other circumstances which the Trustee and the Sponsor may consider appropriate.

"Relevant Income" has the meaning in section 2(1) of the MPF Ordinance.

"Relevant Time", for the purpose of the sub-section "6.2 Contributions" of this MPF Scheme Brochure, has the same meaning as the term "relevant time" in section 7(3) of the MPF Ordinance.

"Reserve Account" means that notional account maintained in respect of that Participating Employer into which undisposed employer's voluntary balances together with such other amounts as the Master Trust Deed may provide are credited in accordance with the terms of the Master Trust Deed.

"Scheme" means the AIA MPF - PRIME VALUE CHOICE.

"Scheme Year" means the period from the commencement of the Scheme to 30 November 2000, and each period of 12 months thereafter ending on 30 November, unless changed in accordance with the terms of the Master Trust Deed.

"Self-employed Member" means a self-employed person who has been admitted to participate in the Scheme as a Member in accordance with the Master Trust Deed.

"SFC" means the Securities and Futures Commission of Hong Kong.

"Specific Investment Instruction" is either a mandate or instruction setting out:

(a) an instruction for investment allocations which meets the following requirements:

(i) the investment selection must be in multiples of 5%; and

(ii) the total investment selection (or in the case of any switching instruction, the switch-in total) should add up to 100%; or

(b) any confirmation by a Member (whether made verbally or through hard copy, fax or online submission of the relevant administration forms prescribed by the Trustee or mobile app or Interactive Voice Response System) with regard to any investment arrangements of the existing accrued benefits and/or future contributions and accrued benefits transferred from another scheme.

Any investment mandate, change of investment mandate or switching instruction must meet the requirements for a "Specific Investment Instruction".

The Specific Investment Instruction applies to all types of contributions including without limitation, employer's mandatory and voluntary contributions, as well as employee's mandatory and voluntary contributions.

"Sponsor" means AIA Company Limited.

"Trustee" means AIA Company (Trustee) Limited.

"TVC" means tax deductible voluntary contributions as defined in the MPF Ordinance.

"TVC Account" has the meaning given to it in the MPF Ordinance.

"TVC Account Holder" means a Member who has been admitted to participate in the Scheme as a TVC Account Holder in accordance with the Master Trust Deed.

"TVC Balance" means, in respect of a TVC Account Holder, and at any date, the value of the balance held in the TVC Account of such TVC Account Holder in the Scheme, as determined in accordance with the terms of the Master Trust Deed.

"TVC Benefits" means benefits, in respect of a TVC Account Holder, derived from TVC of such TVC Account Holder paid or transferred into the TVC Account of such TVC Account Holder in the Scheme, and payable in accordance with the Master Trust Deed.

"USD" or "US dollars" means the currency of the United States of America.

"Valuation Date" means, in respect of each Constituent Fund, each Business Day or such other day or days as the Trustee, with the approval of the SFC, may from time to time determine to be a Valuation Date either generally or in respect of a particular Constituent Fund, in accordance with the terms of the Master Trust Deed.

"Voluntary Balance" means, in respect of a Member, and at any date, the value of the Member's voluntary contributions, and of that portion of his/her employer's voluntary balance, as determined in accordance with Master Trust Deed.

"Voluntary Benefits" means benefits, in respect of a Member, derived from voluntary contributions of the Member and his/her Participating Employer and payable in accordance with the Master Trust Deed.

"Wage Period" means, in relation to an employee and his/her employer, the period for which the employee is paid, or should be paid, Relevant Income by the employer.

APPENDIX 1

ILLUSTRATIVE EXAMPLE FOR MPF CONSERVATIVE FUND OF THE AIA MPF - PRIME VALUE CHOICE

Issued December 2016

PURPOSE OF THE EXAMPLE

This example is intended to help you compare the total amounts of annual fees and charges payable under the Scheme with those under other Registered Schemes.

This example assumes that:

Your MPF Account Activities

(a) your monthly Relevant Income is HKD8,000;

(b) you have put all your accrued benefits into the MPF Conservative Fund; you have not switched your accrued benefits to other Constituent Funds during the financial period; and

(c) you have not transferred any accrued benefits into or out of this Scheme during the financial period

Your Company Profile

(a) five employees (including yourself) of your employer participating in this Scheme;

(b) the monthly Relevant Income of each employee is HKD8,000;

(c) no voluntary contribution is made; and

(d) each of the other four employees has the same MPF account activities as yours

Investment Return and Savings Rate

(a) the monthly rate of investment return is 0.5% on total assets; and

(b) the prescribed savings rate is 3.25% p.a. throughout the financial period

Based on these assumptions, the ***total amounts of annual fees*** you need to pay under this Scheme (including those payable to the underlying APIF) in one financial period would be: **HKD48.00**

Warning: This is just an illustrative example. The actual amounts of fees you need to pay may be ***higher or lower***, depending on your choice of investments and activities taken during the financial period.

APPENDIX 2

The Interim and Annual Rate Declared in respect of the Guaranteed Portfolio

The interim rate and Annual Rate declared in respect of the Guaranteed Portfolio can be obtained from https://bit.ly/3IVBdZD.

Features of the guarantee under the Guaranteed Portfolio

Separate individual accounts are maintained for each Member in the Guaranteed Portfolio (the "**Individual Accounts**"). Such Individual Accounts include the Member's contributions invested into the Guaranteed Portfolio.

AIA Company Limited is the insurer (the "**Insurer**") (as guarantor) of the MPF Capital Guaranteed Plus Policy in which the Guaranteed Portfolio is invested.

The Insurer will declare an interim rate (which will not be less than 0% p.a.) each month. Interest on Individual Accounts will be accrued and credited daily based on the interim rate. At the end of each financial year (ending on 30 November) the Insurer will declare an annual interest rate (the "**Annual Rate**"). While the Annual Rate and any interim rate declared are determined at the sole discretion of the Insurer and are reviewed regularly based on various factors including actual return, value and nature of assets, economic and market conditions, the Insurer guarantees that the Annual Rate declared will not be less than 0% p.a.

A Member who invests in the Guaranteed Portfolio will only be entitled to the Annual Rate in respect of a financial year if the Member holds the investment in the Guaranteed Portfolio until the end of that financial year. Should a Member's balance derived from the Annual Rate (the "**AR Balance**") be lower than that of the balance accumulated with interim credited rates up to the end of that financial year (the "**IR Balance**"), the IR Balance becomes the beginning of the year balance for the next financial year. Conversely, where a Member's AR Balance is higher than the IR Balance, the difference will be credited to the Member's relevant account(s). For the avoidance of doubt, if a Member transfers his/her investments in the Guaranteed Portfolio at any time during a financial year from one account to another account within the Scheme (e.g. from the Member's MPF Account to another MPF Account of the Member within the Scheme, or from the Member's MPF Account to a Personal Account of the Member within the Scheme, etc.), such transfer would not break the continuity of the Member's holding in the Guaranteed Portfolio. Therefore, the Member will still be entitled to the Annual Rate in respect of the relevant financial year if the Member holds the investment in the Guaranteed Portfolio until the end of that financial year. However, for the avoidance of doubt, where the Member ceases to hold any investment in the Guaranteed Portfolio at any time during a financial year, e.g. transfer his/her investments in the Guaranteed Portfolio to other Constituent Fund(s) in the Scheme or to other account in another Registered Scheme, the Member will not be entitled to the Annual Rate in respect of the relevant financial year.

On any withdrawal other than a "Deemed Withdrawal" or total withdrawal which in the opinion of the Trustee is due to the cessation of participation of any Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) in the Scheme, Members will be entitled to the balance standing to the Individual Accounts as at the date of withdrawal.

In a "Deemed Withdrawal" or total withdrawal situation which in the opinion of the Trustee is due to the cessation of participation of any Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) in the Scheme, the Individual Account of an Employee Member of the withdrawing Participating Employer may be subject to a discretionary adjustment (which may reduce the balance of his/her Individual Account). The discretionary adjustment is determined at the sole discretion of the Insurer on withdrawal but will in no event exceed 5% of the Individual Account balance.

A "Deemed Withdrawal" means any event where a Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) joins another Registered Scheme with another Registered Scheme provider and funds are then withdrawn from the Guaranteed Portfolio.

(a) Illustrative example 1

The following example shows how interest is credited to the Individual Account (in HKD):

Date	Monthly Declared Return (p.a.)	Member A			Member B			Member C		
		Initial Balance	Monthly Contribution	Individual Accounts Balance	Initial Balance	Monthly Contribution	Individual Accounts Balance	Initial Balance	Monthly Contribution	Individual Accounts Balance
12/1/x		1000.0		1,000.0	1000.0		1,000.0			
12/31/x	3%		50.0	1,052.5		50.0	1,052.5			
1/31/x+1	3%		50.0	1,105.1		50.0	1,105.1			
2/28/x+1	3%		50.0	1,157.8		50.0	1,157.8			
3/31/x+1	3%		50.0	1,210.7		50.0	1,210.7			
4/30/x+1	2%		50.0	1,262.7		50.0	1,262.7			
5/31/x+1	2%		50.0	1,314.8		50.0	1,314.8			
6/30/x+1	2%		50.0	1,366.9		50.0	1,366.9			
7/31/x+1	2%		50.0	1,419.2		50.0	1,419.2	1000.0		1,000.0
8/31/x+1	1%		50.0	1,470.4					50.0	1,050.8
9/30/x+1	1%		50.0	1,521.6					50.0	1,101.7
10/31/x+1	1%		50.0	1,572.8					50.0	1,152.6
11/30/x+1	1%		50.0	1,624.1					50.0	1,203.6

All three Members A, B, and C have an initial investment of HKD1,000.0 in the Guaranteed Portfolio and a monthly investment of HKD50. Member A has participated in the Guaranteed Portfolio for the entire financial year, Member B has ceased to invest in the Guaranteed Portfolio at the end of July in the financial year and Member C has only commenced investing in the Guaranteed Portfolio at the beginning of August in the financial year.

At the end of the financial year, with the Annual Rate declared by the Insurer is 1% p.a., the balance of the Individual Account of the Members are:

Member A: HKD1,624.1 (since HKD1,624.1 is greater than HKD1,600.0 i.e. the sum of the beginning of year balance and contributions during the financial year, the guarantee is satisfied),

Member B: HKD0.0. As he/she has not held his/her investment in the Guaranteed Portfolio until the end of that financial year, he/she will not be entitled to the Annual Rate in respect of that financial year. The amount that he/she can withdraw is only the beginning of year balance plus contributions during that financial year and any interest credited based on the declared interim rate (up to the date of his/her withdrawal); and

Member C: HKD1,203.6 (since HKD1,203.6 is greater than HKD1,200.0 i.e. the sum of the initial balance and contributions during the financial year, the guarantee is satisfied).

For Members A and C, their Individual Account balances at end of the financial year become the beginning of year balance for the next financial year.

Members will be entitled to the balance standing in the Individual Accounts as at the date of withdrawal (other than a "Deemed Withdrawal" or total withdrawal which in the opinion of the Trustee is due to the cessation of participation of any Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) in the Scheme).

(b) Illustrative example 2

The following example shows a Member's investment in the Guaranteed Portfolio (in HKD) where the Member claims for payment of benefits on the ground of terminal illness:

Date	Monthly Declared Return (p.a.)	MC Account				VC Account			Total				
		Initial Balance	Monthly Contribution	Individual Accounts Balance	Terminal Illness Benefit	Initial Balance	Monthly Contribution	Individual Accounts Balance	Initial Balance	Monthly Contribution	Individual Accounts Balance before benefit payment	Terminal Illness Benefit	Individual Accounts Balance for the beginning of next month
12/1/x		1,000.0		1,000.0		1,000.0		1,000.0	2,000.0		2,000.0	-	
12/31/x	3%		500.0	1,502.5			500.0	1,502.5		1,000.0	3,004.9	-	3,004.9
1/31/x+1	3%		500.0	2,006.2			500.0	2,006.2		1,000.0	4,012.4	-	4,012.4
2/28/x+1	3%		500.0	2,511.1			500.0	2,511.1		1,000.0	5,022.3	-	5,022.3
3/31/x+1	3%		500.0	3,017.3	(3,017.3)		500.0	3,017.3		1,000.0	6,034.6	(3,017.3)	3,017.3
4/30/x+1	2%		500.0	500.5	(500.5)		500.0	3,522.9		1,000.0	4,023.4	(500.5)	3,522.9
5/31/x+1	2%		500.0	500.5	(500.5)		500.0	4,029.2		1,000.0	4,529.8	(500.5)	4,029.2
6/30/x+1	2%		500.0	500.5	(500.5)		500.0	4,536.4		1,000.0	5,037.0	(500.5)	4,536.4
7/31/x+1	2%		500.0	500.5	(500.5)		500.0	5,044.5		1,000.0	5,545.0	(500.5)	5,044.5
8/31/x+1	1%		500.0	500.3	(500.3)		500.0	5,548.9		1,000.0	6,049.2	(500.3)	5,548.9
9/30/x+1	1%		500.0	500.3	(500.3)		500.0	6,053.8		1,000.0	6,554.1	(500.3)	6,053.8
10/31/x+1	1%		500.0	500.3	(500.3)		500.0	6,559.1		1,000.0	7,059.4	(500.3)	6,559.1
11/30/x+1	1%		500.0	500.3	(500.3)		500.0	7,064.8		1,000.0	7,565.1	(500.3)	7,064.8

Note:
(i) The above illustration assumes that the Member files claims on the ground of terminal illness at every month end.
(ii) In order to simplify the calculation of interim interest each month, the above illustration assumes that starting April, contributions are settled 20 days before month end.

Past performance should not be taken as an indication of future performance.

The Insurer at its sole discretion has the right to retain investment income of the insurance policy in excess of that required to be set aside to meet the guaranteed benefits under the MPF Capital Guaranteed Plus Policy.

APPENDIX 3

Transferability of accrued benefits of Employee Members, Self-employed Members, and Personal Account Members

	Employee Members			**Self-employed Members**	**Personal Account Members**
	Contributions by Employer attributable to current employment held in a Contribution Account	Contributions by Employee Members attributable to current employment held in a Contribution Account	Contributions attributable to former employment or former self-employment held in a Contribution Account	Contributions by Self-employed Members attributable to current or former self-employment held in a Contribution Account	Accrued benefits held in a Personal Account
Mandatory Contributions (Frequency)	Cannot be transferred other than on cessation of current employment	May transfer to: • a Personal Account of the Employee Member within the Scheme nominated by the Employee Member, or • a personal account of the Employee Member within another Registered Scheme, which is a Master Trust Scheme or an industry scheme, nominated by the Employee Member (Once per calendar year)	May transfer to: • another Contribution Account of the Employee Member within the Scheme nominated by the Employee Member, or • a contribution account of the Employee Member within another Registered Scheme, nominated by the Employee Member, or • a Personal Account of the Employee Member within the Scheme, nominated by the Employee Member, or • a personal account of the Employee Member within another Registered Scheme, which is a Master Trust Scheme or an industry scheme, nominated by the Employee	May transfer to: • an existing account of the Self-employed Member in an industry scheme (as defined in the MPF Ordinance), or • an account in an industry scheme to which that Self-employed Member is eligible to join, or • an account in another Master Trust Scheme nominated by that Self-employed Member (Unlimited)	May transfer to: • a Contribution Account of the Personal Account Member within the Scheme nominated by the Personal Account Member, or • a contribution account of the Personal Account Member within another Registered Scheme, nominated by the Personal Account Member, or • another Personal Account of the Personal Account Member within the Scheme nominated by the Personal Account Member, or • a personal account of the Personal Account Member within another Registered Scheme, which is a Master Trust Scheme or an industry scheme, nominated by the Personal Account

			Member (Unlimited)		Member (Unlimited)
Voluntary Contributions	Cannot be transferred other than on cessation of current employment			Cannot be transferred other than on cessation of current self-employment / membership	