

AIA MPF - Prime Value Choice Principal Brochure



Important Notes

- The **MPF Conservative Fund**, the **Capital Stable Portfolio**, the **Allianz Capital Stable Fund** and the **Fidelity Capital Stable Fund** in the AIA MPF - Prime Value Choice (the "**Scheme**"), do not guarantee the repayment of capital under all circumstances.
- The **Guaranteed Portfolio** in the Scheme invests solely in an approved pooled investment fund in the form of an insurance policy issued by the AIA Company Limited (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 Section A3, Schedule 16 and Appendix 2 of this Principal 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 Section A3, Schedule 16 and Appendix 2 of this Principal 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. 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.
- In the event that you do not make any investment choices, your contributions made and/or benefits transferred into the Scheme will be invested in the **Guaranteed Portfolio**.
- 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, subject to the relevant MPF requirements, and prescribe from time to time) for payment of the MPF Benefits in instalments. Please refer to "3. Payment of benefits" under Section D of the Principal Brochure 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. Please refer to the guarantee features of the Guaranteed Portfolio, please refer to section (h) of Schedule 16 to the Principal Brochure for details. Guarantee charge will apply to Members who remain investing in the Guaranteed Portfolio.

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

Please note that investment income and prices may go down as well as up. There can be no safeguards against investment losses. Scheme participants must therefore ensure they choose the appropriate funds to meet their risk tolerance.

[Note: References in brackets are to paragraphs of the SFC Code on MPF Products]

[5.22]

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

Neither the delivery of this Principal Brochure nor the offer or issue of units in any product described in this Principal Brochure shall under any circumstances constitute a representation that the information contained in this Principal Brochure is correct as of any time subsequent to the date of this Principal Brochure. To reflect material changes, this Principal 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 Principal Brochure.

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

December 2016

[5.33] [5.34]

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GLOSSARY

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

“Associate” has the meaning in section 2(1) of the MPF Ordinance.

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

“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.

“Contribution Period”, for the purposes of paragraph D1 of this Principal Brochure, means the same as “contribution period” in section 7A(10) of the MPF Ordinance.

“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 (other than amounts in respect of mandatory contributions under the MPF Ordinance, amounts transferred from that retirement benefits scheme to the Member’s Voluntary Account, amounts the Participating Employer contributes to the Scheme that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, any contribution surcharge paid in respect of the Member in accordance with the MPF Ordinance, any amounts equal to that Member’s Minimum MPF Benefits and 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 terms of the Master Trust Deed.

“External Relevant Employee Member” means any employee who is not a Personal Account Member 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.

“General Regulation” means the Mandatory Provident Fund Schemes (General) Regulation.

“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 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.

“Investment Mandate Form” means any paper forms in which a Member may elect to change the investment allocation percentage of his/her existing and/or future investments to the Scheme.

“ITCISs” means index-tracking collective investment schemes approved by the MPFA under section 6A of Schedule 1 to the General Regulation.

“LifeEasy” means the automatic asset rebalancing service as described in section D of this Principal Brochure.

“Master Trust Deed” means the Master Trust Deed dated 31 January 2000 which established the Scheme.

“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” and “Self-employed Member”.

“Member’s Voluntary Account” means that notional account maintained in respect of that Member into which voluntary contributions by that Member, voluntary contributions by an 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 (other than amounts in respect of mandatory contributions under the MPF Ordinance, amounts the Participating Employer contributes to the Scheme that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, any contribution surcharge paid in respect of the Member in accordance with the MPF Ordinance, any amount equal to that Member’s Minimum MPF Benefits and 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 terms of 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.

“MPF” has the meaning given to it in paragraph A1 of this Principal Brochure.

“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 any amounts that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, any contribution surcharge in respect of mandatory contributions in accordance with the MPF Ordinance, any amount equal to that Member’s Minimum MPF Benefits and 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 any special contributions under Part IIIA of 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 terms of 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 terms of 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).

“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 terms of the Master Trust Deed.

“Permitted Period”, for the purposes of paragraph D1 of this Principal Brochure, means the same as “permitted period” in section 7(3)(a) of the MPF Ordinance.

“Personal Account” means, in respect of a Personal Account Member, that notional account maintained, into which:

- (i) any special contributions under the MPF Ordinance (including any amounts that are treated as special contributions under Part IIIA of the MPF Ordinance) that are paid in respect of the Personal Account Member,
- (ii) the Member’s accrued benefits that are attributable to his/her former employment or former self-employment are held,
- (iii) the Member’s accrued benefits that are paid by the Member and are attributable to the current employment of the Member are held, and
- (iv) the member’s accrued benefits transferred to the Scheme from an ORSO exempted Scheme or an ORSO registered scheme,

and 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 terms of the Master Trust Deed.

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

- (i) where an Employee Member becomes entitled to the Voluntary Benefits but does not become immediately entitled to the MPF Benefits, or
- (ii) 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
- (iii) 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
- (iv) 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.

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

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

“Relevant Time”, for the purpose of paragraph D1 of this Principal 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 terms of the Master Trust Deed.

“SFC” means the Securities and Futures Commission of Hong Kong.

“Sponsor” means AIA Company Limited.

“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 terms of the Master Trust Deed.

“Voluntary Benefits” means benefits, in respect of a Member, derived from voluntary contributions of the Member and his/her employer and payable in accordance with the terms of the Master Trust Deed.

“Wage Period”, in relation to an employee and his/her employer, means the period for which the employee is paid, or should be paid, Relevant Income by the employer.

A. INTRODUCTION

1. What is the Mandatory Provident Fund (“MPF”)?

The government 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 section.

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.

2. The AIA MPF - PRIME VALUE CHOICE (the “Scheme”)

The Scheme is constituted by means of a Master Trust Deed dated 31 January 2000, as amended, made between **AIA Company (Trustee) Limited, PineBridge Investments Hong Kong Limited, JF Asset Management Limited**, and **AIA Company Limited** and is governed by the laws of Hong Kong.

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

[5.2] [5.25]

The Scheme is registered as a master trust scheme under the MPF Ordinance 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.

[5.2] [5.35] [5.36]

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.

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.

3. Constituent Funds

Members will have a choice of 25 Constituent Funds in which to invest contributions paid by and in respect of them. Contributions may be allocated to one or more of the Constituent Funds in accordance with the Member's instructions on a membership application form that has been signed and returned to the Trustee.

If the indicated investment selections on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions add up to more than 100%, or if any investment selection on the form is not a multiple of 5% or if no investment selection has been made, then the Trustee may determine that 100% of contributions in respect of that Member will be invested in the Guaranteed Portfolio, or such other Constituent Fund as the Trustee may determine from time to time in good faith and in a commercially reasonable manner. If the indicated investment selections on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions are in multiples of 5% but do not add up to 100%, then the part of the contributions in respect of that Member for which an investment selection has not been made will be invested in the Guaranteed Portfolio, or such other Constituent Fund as the Trustee may determine from time to time in good faith and in a commercially reasonable manner.

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

During the first 3 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 Section D2 of this Principal 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.

Separate and distinct investment policies will be applied by the relevant Investment Managers (if applicable) in managing the investments of each Constituent Fund and those investment policies will reflect the investment risk relevant to each Constituent Fund. The Constituent Funds are:

Name of Constituent Fund	Type of Fund	Structure of Fund	Investment Mix
<i>Equity Funds - Index-Tracking Collective Investment Scheme Series#</i>			
American Fund	Equity Fund - North and South Americas	Portfolio management fund	Mainly invests in approved ITCISs that track equity market indices in North and South Americas with balance in cash or cash based investments for operational and/or hedging purposes.
Eurasia Fund	Equity Fund - Europe, Australasia and Far East	Portfolio management fund	Mainly invests in approved ITCISs that track equity market indices in Europe, Australasia and Far East with balance in cash or cash based investments for operational and/or hedging purposes.
Hong Kong and China Fund	Equity Fund - Hong Kong and China	Portfolio management fund	Mainly invests in approved ITCISs that track equity market indices in Hong Kong that measure the performance of companies listed in Hong Kong (including China incorporated enterprises listed in Hong Kong in the form of H Shares) with balance in cash or cash based investments for operational and/or hedging purposes.
World Fund	Equity Fund - Global	Portfolio management fund	Mainly invests in approved ITCISs that track equity market indices around the world with balance in cash or cash based investments for operational and/or hedging purposes.

Name of Constituent Fund	Type of Fund	Structure of Fund	Investment Mix
<i>Fixed Income Funds</i>			
Asian Bond Fund	Bond Fund - Asia-Pacific	Feeder fund	Mainly bonds.
Global Bond Fund	Bond Fund - Global	Feeder fund	Mainly debt securities.
MPF Conservative Fund	Money Market Fund - Hong Kong	Feeder fund	Deposits and debt securities.
<i>Dynamic Asset Allocation Fund</i>			
Manager's Choice Fund	Mixed Assets Fund - Global - Maximum equity around 90%	Portfolio management fund	Depending on the global market condition, may allocate from 10% - 90% of assets in equities, with balance in bonds, money market instruments and cash.
<i>Equity Funds</i>			
Asian Equity Fund	Equity Fund - Asia-Pacific	Feeder fund	Mainly equities with balance in bonds and cash.
European Equity Fund	Equity Fund - Europe	Feeder fund	Mainly equities with balance in bonds and cash.
Japan Equity Fund	Equity Fund - Japan	Feeder fund	Mainly equities with balance in bonds and cash.
Greater China Equity Fund	Equity Fund - Greater China Region	Feeder fund	Mainly equities with balance in bonds and cash.
Hong Kong Equity Fund	Equity Fund - Hong Kong	Feeder fund	Mainly equities with balance in bonds and cash.
North American Equity Fund	Equity Fund - North America	Feeder fund	Mainly equities with balance in bonds and cash.
Green Fund	Equity Fund - Global	Feeder fund	Most of the assets invested in equity securities and may invest in exchange traded funds, convertible bonds and other bonds or collective investment schemes.
<i>Guaranteed Fund</i>			
Guaranteed Portfolio	Guaranteed Fund	Feeder fund	Mainly deposits and bonds with balance in cash or cash based investments for operational purposes.

Name of Constituent Fund	Type of Fund	Structure of Fund	Investment Mix
<i>Lifestyle Funds</i>			
Growth Portfolio	Mixed Assets Fund - Global - Maximum equity around 90%	Portfolio management fund	Mainly equities with balance in bonds and cash.
Balanced Portfolio	Mixed Assets Fund - Global - Maximum equity around 50%	Portfolio management fund	Even split between equities and cash/bonds.
Capital Stable Portfolio	Mixed Assets Fund - Global - Maximum equity around 30%	Portfolio management fund	Mainly bonds and cash, with balance in equities.
Fidelity Growth Fund	Mixed Assets Fund - Global - Maximum equity around 90%	Feeder fund	Mainly equities, with balance in bonds and cash.
Fidelity Stable Growth Fund	Mixed Assets Fund - Global - Maximum equity around 50%	Feeder fund	Even split between equities and cash/bonds.
Fidelity Capital Stable Fund	Mixed Assets Fund - Global - Maximum equity around 30%	Feeder fund	Mainly bonds and cash with balance in equities.
Allianz Growth Fund	Mixed Assets Fund - Global - Maximum equity around 90%	Feeder fund	Mainly equities, with small amount in fixed-interest securities and cash.
Allianz Stable Growth Fund	Mixed Assets Fund - Global - Maximum equity around 50%	Feeder fund	Even split between equities and fixed-interest securities.
Allianz Capital Stable Fund	Mixed Assets Fund - Global - Maximum equity around 30%	Feeder fund	Mainly fixed-interest securities with balance in equities.

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.

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.

Each of the Constituent Funds, other than the Guaranteed Portfolio, is unitised. The value of units in each Constituent Fund, other than the Guaranteed Portfolio, will be published on a daily basis in The Standard and the Hong Kong Economic Times, or may be obtained by ringing the Trustee on 2100 1888.

Dealing is permitted on any Valuation Date.

Each of the Constituent Funds is denominated in Hong Kong dollars.

Interest on any amount in transit pending investment or transfer to a Constituent Fund or the Scheme, or 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.

4. Investment objectives and policies

The Statement of Investment Policy of each Constituent Fund is set out in the Schedules to this Principal Brochure. Members and Participating Employers in the Scheme will be notified of any changes to any Statement of Investment Policy.

[5.5] [5.37]

5. Investment and borrowing restrictions

Each Constituent Fund will be operated (1) as a feeder fund investing primarily in a collective investment scheme authorised by the SFC and approved by the MPFA under section 6 of the General Regulation or (2) as a portfolio management fund investing primarily in two or more collective investment schemes authorised by the SFC and approved by the MPFA under section 6 of the General Regulation and/or approved ITCISs. Each underlying collective investment scheme is required to comply with the investment and borrowing restrictions in Schedule 1 of the General Regulation, where applicable.

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

[5.6]

The portfolio of any Constituent Fund may from time to time include cash 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.

Further details are contained in the Schedules to this Principal Brochure.

[5.5] [5.23] [5.24]

B. SERVICE PROVIDERS

Trustee

AIA Company (Trustee) Limited

2nd Floor, AIA Building, 1 Stubbs Road, Hong Kong

Administrator

AIA Pension and Trustee Co. Ltd.

Vanterpool Plaza, 2nd Floor,
Wickhams Cay 1, Road Town,
Tortola, British Virgin Islands

Hong Kong Administration Office:

1st Floor, AIA Building, 1 Stubbs Road, Hong Kong

Custodian

Until 15 November 2015, HSBC Provident Fund Trustee (Hong Kong) Limited

1 Queen's Road Central, Hong Kong

From 16 November 2015, Citibank, N.A.

50th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong

Investment Managers

PineBridge Investments Hong Kong Limited

Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

PineBridge Investments Hong Kong Limited is the Investment Manager for the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Global Bond Fund, the MPF Conservative Fund, the Manager's Choice Fund, the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity Fund, the Guaranteed Portfolio, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio.

JF Asset Management Limited

21st Floor, Chater House, 8 Connaught Road, Central, Hong Kong

JF Asset Management Limited is the Investment Manager for the Asian Bond Fund, the Asian Equity Fund, the European Equity Fund, the Japan Equity Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio.

Allianz Global Investors Asia Pacific Limited

27th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong

Allianz Global Investors Asia Pacific Limited is the Investment Manager for the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund.

Amundi Hong Kong Limited

901-908, One Pacific Place, No. 88 Queensway, Hong Kong

Amundi Hong Kong Limited is the Investment Manager for the Green Fund.

FIL Investment Management (Hong Kong) Limited

Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong

FIL Investment Management (Hong Kong) Limited is the Investment Manager for the Fidelity Growth Fund, the Fidelity Stable Growth Fund and the Fidelity Capital Stable Fund.

The Delegate of the Investment Manager

PineBridge Investments Hong Kong Limited has delegated its investment functions of the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Global Bond Fund, the MPF Conservative Fund, the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity Fund, the Guaranteed Portfolio, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio to PineBridge Investments Asia Limited and its investment functions of the Manager's Choice Fund to PineBridge Investments LLC.

Insurer (for the underlying fund in which the Guaranteed Portfolio invests only)

AIA Company Limited

AIA Building,
1 Stubbs Road,
Hong Kong

Auditor

PricewaterhouseCoopers

22nd Floor, Prince's Building,
Central,
Hong Kong

[5.3]

C. APPLICATION, WITHDRAWAL AND TRANSFER

1. Application for participating in the Scheme

Membership of the Scheme is open to the following persons:

- any employees (regardless of whether their employers are Participating Employers);
- self-employed persons; and
- persons applying to become Personal Account Members.

Employers who wish to enrol 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 Principal Brochure), together with the relevant documents stated in the application form, to:

AIA Company (Trustee) Limited
c/o AIA Pension and Trustee Co. Ltd.
1/F, AIA Building, 1 Stubbs Road, Hong Kong

Additional copies of this Principal Brochure and application form may be obtained from the above address.

[5.12]

2. 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 the following events (the "Events"):

- 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;
- with the written consent of the Participating Employer, External Relevant Employee Member or Self-employed Member, the Trustee giving 3 months' notice in writing to the Participating Employer, External Relevant Employee Member or Self-employed Member terminating its participation in the Scheme; or
- 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:

- 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;

- the Trustee will notify the MPFA of the cessation of participation of the Participating Employer, External Relevant Employee Member or Self-employed Member;
- Employee Members employed by the Participating Employer, the relevant Self-employed Member, or External Relevant Employee Member will cease to be Members of the Scheme from the Cessation Date;
- 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
- 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, an External Relevant Employee or a Self-employed Member upon the occurrence of the an Event.

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.

3. Transfers from the Scheme

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:

- a Personal Account of the Scheme of the Employee Member, or
- another MPF Account of the Employee Member within the Scheme nominated by the Employee Member, or
- an account (including a personal account) in another master trust scheme nominated by the Employee Member, or
- 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.

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:

- 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 (as defined in the MPF Ordinance) 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.

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:

- (1) the whole of his/her MPF Balance contributed by the Employee Member that are attributable to his/her current employment and held in an MPF contribution account referred to in section 78(6)(b) 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.

(2) the whole of his/her MPF Balance that are attributable to his/her former employments or former self-employments and held in an MPF contribution account referred to in section 78(6)(c) of the General Regulation to:

- another MPF 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.

Transfer of Voluntary Balance of Employee Members and Self-employed Members

For the avoidance of doubt, this section does not apply to voluntary contributions paid by a Member (other than a Personal Account 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:

- transferred to a Personal Account of the Employee Member within the Scheme, nominated by the Employee Member, or
- paid to the relevant Employee Member.

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

- any portion of his/her Voluntary Balance that is attributable to his/her current employment, and
- 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:

- transferred to a Personal Account of the Self-employed Member within the Scheme, or
- paid to the relevant 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.

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 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.

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.

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.

Time limits for completing transfer requests

It is expected that the transfer of MPF Balances and Voluntary 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) 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.

However if contributions or contribution surcharges or both in respect of any transfer requested by a Participating Employer under section 150 of the General Regulation or any transfer by a new Participating Employer under section 150A of the General Regulation are outstanding on receipt of a proper transfer request the transfer will not proceed until all of the outstanding contributions or contribution surcharges or both have been paid or the MPFA has given its written consent to proceed with the transfer. Once either of the aforementioned conditions has been met it is expected that the transfer of MPF Balances and Voluntary Balances will normally be completed within 10 Business Days but in any event not exceeding 30 days. A request from an Employee Member under section 156 of the General Regulation shall not be deferred notwithstanding any outstanding contributions or contribution surcharges or both. Similarly, a request from a Self-employed Member shall not be deferred notwithstanding any outstanding contributions or contribution surcharges or both.

Out-of-market risk during transfers

When transferring from the Scheme to another MPF scheme provided by a new trustee, 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 accrued benefits by the new 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.

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 HK\$5,000, or such other amount as the Trustee may specify to the Member.

[5.12] [5.16] [5.17(a)]

4. 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 Participating Employer requesting the Trustee to accept sums in respect of an Employee Member from another retirement benefits scheme, or
- 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 retirement benefits scheme, or
 - (ii) such other accounts from an occupational retirement scheme exempted under section 5 of the MPF Ordinance.

D. CONTRIBUTIONS, SWITCHING AND PAYMENT OF BENEFITS

1. Contributions

Contributions to the Scheme must be paid only to the Trustee in accordance with the provisions of the General Regulation. The General Regulation requires any mandatory contributions 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 ends, whichever is later.

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 Hong Kong dollars or such other currencies on such terms as the Trustee may, subject to the MPF Legislation, from time to time determine.

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 employer. Neither the Trustee nor the Sponsor will be liable for checking or validating the manner of calculation of such voluntary contributions.

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

If the indicated investment selections on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions add up to more than 100%, or if any investment selection on the form is not a multiple of 5% or if no investment selection has been made, then the Trustee may determine that 100% of contributions in respect of that Member will be invested in the Guaranteed Portfolio, or such other Constituent Fund as the Trustee may determine from time to time in good faith and in a commercially reasonable manner. If the indicated

investment selections on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions are in multiples of 5% but do not add up to 100%, then the part of the contributions in respect of that Member for which an investment selection has not been made will be invested in the Guaranteed Portfolio, or such other Constituent Fund as the Trustee may determine from time to time in good faith and in a commercially reasonable manner. 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 3 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 Section D2 of this Principal Brochure.

Treatment of Excess Payment by the Employer

- (1) 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.
- (2) Any part of any advance contributions which it subsequently transpires are in excess of the amount required to be paid by the Participating Employer to the Scheme under the MPF Legislation shall be transferred to the Reserve Account of the appropriate Participating Employer and dealt with in accordance with the provisions of the Master Trust Deed.
- (3) 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.

Mandatory contributions

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).

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.

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 30th 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 30th day of employment after the Relevant Time falls.

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 Principal Brochure where a Member’s voluntary contributions or voluntary benefits are concerned includes “Personal Account Member” and “External Relevant Employee Member”.

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 HK\$500 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 Member, 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 each Member. Members may call the MPF Hotline for details (see Section F1).

Special Contributions

The MPFA may, at any time, pay a contribution (the “**special contribution**”) into a Member’s MPF Account in accordance with the MPF Legislation.

In the situation where the MPFA reasonably believes that a special contribution should not have been paid into the MPF 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 MPF 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.

[5.13] [5.10] [5.11]

2. Switching between Constituent Funds

Future contributions invested in Constituent Funds

Each Member can reallocate their future contributions among the Constituent Funds upon 5 Business Days’ notice by submitting the Investment Mandate Form, using the Interactive Voice Response System or via the AIA Interactive Website mpf.aia.com.hk. Subject to the relevant provisions of the section entitled “Reallocation and switching conditions” below (in particular, notes (a), (b), (d) and (e) of that section), there is no limit on the number of requests for reallocation of any future contributions among the Constituent Funds.

Existing investments in Constituent Funds

Subject to the provisions of the section entitled “Reallocation and switching conditions” below, a Member can switch all or part of his or her existing investments from one Constituent Fund to another within the Scheme upon giving 5 Business Days’ notice. There are 2 methods in which a Member may switch his or her existing investments and they are:

- **Rebalancing** - This method allows a Member to switch his or 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 or 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 or 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.
- **Fund-to-Fund Switching** - This method, which is offered through our AIA Interactive Website mpf.aia.com.hk only, allows a Member to switch his or her investments by withdrawing the whole or a part of his or 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 or her previous investment instruction.

Reallocation and switching conditions

Each member 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 summarized as follows:

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

Name of constituent fund	Number of request(s) permitted ^(d)	
	Switch in	Switch out ^(c)
Guaranteed Portfolio ^(e)	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*

Submission means	Number of request(s) permitted ^(d)	
	Reallocation / Rebalancing ^(c)	Fund-to-Fund Switching
Paper Form (Investment Mandate Form) (in person, by post or by fax)	Once ^{(b)^}	N/A
Interactive Voice Response System ^(a)	No limit	
AIA Interactive Website mpf.aia.com.hk ^(a)		No limit

Notes:

- (a) Switches or reallocations via the AIA Interactive Website mpf.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) Only one switch or reallocation request either into or out of any Constituent Fund by using the paper form (Investment Mandate Form) will be permitted in each Scheme Year (unless agreed by the Trustee or if note (d) applies)^.
- (c) 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.
- (d) In the case of an Employee Member, the Sponsor may determine with the relevant Participating Employer to limit the number of reallocation or switch requests by an Employee Member. Subject to this alternate arrangement, the limit on Rebalancing request submitted by using a fund switching application form can be relaxed to more than one request in each Scheme Year^ . In any case, a Member will have at least one opportunity in each Scheme Year to make a reallocation or switch request.
- (e) 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.

^ With effect from 1 July 2014, the permitted number of reallocation or switching requests submitted via paper form (in person, by post or by fax) in each Scheme Year will be relaxed from once to unlimited, subject to any alternate arrangements agreed to by the Sponsor and the relevant Participating Employer.

Termination of Constituent Funds

With effect from 31 December, 2015, the Sponsor or the Trustee may, determine that any Constituent Fund shall terminate (the "Terminating Fund") in accordance with the provisions of the Master Trust Deed. The Members investing in the Terminating Fund (each, a "Terminating Fund Member") will be given a choice to have his or her MPF Balance, Member's voluntary balance or employer's voluntary balance invested in other Constituent Fund(s) in accordance with the terms of the Master Trust Deed. Where the Terminating Fund Member fails to provide his or her election, the Trustee may effect such redemptions of the Terminating Fund and subscriptions of other Constituent Fund(s) as it may consider appropriate.

3. Payment of benefits

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, with effect from 1 February 2016, 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 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 mpf.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 (as more particularly described in Section E). In particular, 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 2 types: MPF Benefits (derived from the mandatory 5% contributions and any special contributions), and Voluntary Benefits (derived from voluntary contributions). All benefits will be paid in Hong Kong dollars or in such other currencies on such terms as the Trustee may, subject to the MPF Legislation, from time to time determine.

MPF Benefits

This paragraph 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:

- on a Member reaching his/her 65th birthday;
- on a Member's death (in which case the benefits are paid to the Member's legal personal representatives);
- on the total incapacity of a Member;
- on the early retirement of a Member on reaching age 60;
- upon a Member's permanent departure from Hong Kong;
- on the terminal illness of a Member; or
- where the accrued benefits of a Member does not exceed HK\$5,000 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.

Voluntary Benefits

Voluntary Benefits are payable to a Member:

- upon retirement of the Member;
- on the Member's death (in which case the benefits are paid to the Member's legal personal representatives);
- on the total incapacity of the Member;

- on an Employee Member leaving the employment of his/her Participating Employer; or
- in such other circumstances as the Member, the Member's Participating Employer, the Trustee and the Sponsor, may agree.

[5.13] [5.11] [5.16] [5.17(b) & (c)]

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. 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, 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.

An 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.

For the payment of MPF Benefits or Voluntary 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 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.

4. Deferral and suspension of dealing

PineBridge Investments Hong Kong Limited ("PineBridge") (being the relevant Investment Manager of the Growth Portfolio, the Balanced Portfolio, the Capital Stable Portfolio, the Manager's Choice Fund, the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity Fund, the Guaranteed Portfolio, the Global Bond Fund, the MPF Conservative Fund, the American Fund, the Eurasia Fund, the Hong Kong and China Fund and the World Fund only), or JF Asset Management Limited ("JFAM") (being the relevant Investment Manager of the Asian Equity Fund, the European Equity Fund, the Japan Equity Fund and the Asian Bond Fund only), or Allianz Global Investors Asia Pacific Limited (being the relevant Investment Manager of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund only), or Amundi Hong Kong Limited (being the relevant Investment Manager of the Green Fund only), or FIL Investment Management (Hong Kong) Limited (being the relevant Investment Manager of the Fidelity Growth Fund, the Fidelity Stable Growth Fund and the Fidelity Capital Stable Fund only) may direct the Trustee to declare the deferral or suspension in dealing for a Constituent Fund. Requests for realisations 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:

- (1) 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;
- (2) any period when dealings on any such market are restricted or suspended;
- (3) 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, be effected normally or without seriously prejudicing the interests of beneficiaries;

- (4) during any breakdown in the means of communications normally employed in determining the net asset value of the relevant Constituent Fund or when for any other reason the net asset value of any securities or other property for the time being comprised in the relevant Constituent Fund cannot be promptly and accurately ascertained;
- (5) 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, be effected at normal prices or normal rates of exchange in good faith and in a commercially reasonable manner;
- (6) any period, in the reasonable opinion of the relevant Investment Manager 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;
- (7) 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;
- (8) (with effect from 31 December 2015) 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.

[5.18]

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.

5. Valuation of funds and benefits

Each of the unitised Constituent Funds will be valued on a Valuation Date. The Guaranteed Portfolio will be valued on the last Valuation Date of the month.

The unitised Constituent Funds are valued by means of dividing the net asset value of each fund (in accordance with the governing documentation of the Scheme) by the total number of units of that 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. An offer spread may be added to the unit price to arrive at an issue price when units are issued ("Issue Price") and a bid spread may be deducted from the unit price to arrive at a redemption price when units are realised ("Redemption Price"). Please refer to Section E 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 Trust Deed permits PineBridge (in respect of any Constituent Funds in which PineBridge is appointed as Investment Manager), otherwise the Trustee (in respect of any Constituent Funds in which PineBridge is not appointed as Investment Manager), to adjust the value of any asset or permit some other method of valuation to be used if, having regard to such considerations as PineBridge, or the Trustee, as appropriate, may deem relevant, PineBridge, or the Trustee, as appropriate, considers that such adjustment or other method of valuation is required to reflect more fairly the value of such asset.

6. 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. A 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: -

- 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 Program; and
- Non-Employment Related Investments - Voluntary contributions and investments from a Member under the Happy Retirement Savings Program.

(1) Employment Related Investments

Employment Related Investments will be invested in the World Fund, Global Bond Fund and 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%
> 60 to ≤ 62	40%	40%	20%
> 62 to ≤ 63	30%	40%	30%
> 63 to ≤ 65	20%	40%	40%

(2) Non-Employment Related Investments

Members who have participated in the Happy Retirement Savings Program, a voluntary savings plan to help Members accumulate future potential wealth and prepare for the Members' retirement, can select to contribute in the Non-Employment Related Investments. Non-Employment Related Investments will also be invested in the same three Constituent Funds 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%

(3) Procedural matters

There is no fee or charge for a Member to select LifeEasy. Such selection may be made either online (via AIA Interactive Website mpf.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 (again by using AIA Interactive Website mpf.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 section D2, 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 5 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 mpf.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 Section D6 (1) and/or Section D6 (2) above, the rebalancing date will be:

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

In the event that 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 is 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.

E. FEES AND EXPENSES

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

(A) JOINING FEE & ANNUAL FEE	
Type of fees	Current amount (HK\$)
Joining fee ^{1.(a)}	Nil
Annual fee ^{2.(b)}	Nil

(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT		
Type of fees & charges	Name of constituent fund	Current level
Contribution charge ^{3.(c)}	MPF Conservative Fund	N/A
	Other Constituent Funds	Nil
Offer spread ^{4.(d)}	Guaranteed Portfolio	N/A
	MPF Conservative Fund	
	Other Constituent Funds	Nil
Bid spread ^{5.(e)}	Guaranteed Portfolio	N/A
	MPF Conservative Fund	
	Other Constituent Funds	Nil
Withdrawal charge ⁶	All Constituent Funds	N/A

(C) & (D) FUND OPERATING CHARGES AND EXPENSES OF CONSTITUENT FUNDS & FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS

Type of charges & expenses	Name of constituent fund	Current level (% per annum of net asset value)	Deducted from	
Management fees ^{**} , ⁷ , ^(f) and Guarantee charge ⁸ , ^(g) (for Guaranteed Portfolio only)	Equity Funds - Index-Tracking Collective Investment Scheme Series[#]			
	American Fund	0.99%	Relevant constituent fund and underlying fund assets	
	Eurasia Fund			
	Hong Kong and China Fund			
	World Fund			
	Fixed Income Funds			
	Asian Bond Fund	0.99%	Relevant constituent fund and underlying fund assets	
	Global Bond Fund			
	MPF Conservative Fund			
	Dynamic Asset Allocation Fund			
	Manager's Choice Fund*	1.75% - 1.93%	Relevant constituent fund and underlying fund assets	
	Equity Funds			
	Asian Equity Fund*	1.83%	Relevant constituent fund and underlying fund assets	
	European Equity Fund*			
	Japan Equity Fund*			
	Greater China Equity Fund*	Until 8 November 2015: 1.89%		
	Hong Kong Equity Fund*	From 9 November 2015: 1.83%		
	North American Equity Fund*			
	Green Fund*	1.875% (inclusive of the trustee fee at the underlying fund level which is subjected to a minimum of HK\$125,000 p.a.)		

Type of charges & expenses	Name of constituent fund	Current level (% per annum of net asset value)	Deducted from
Management fees ^{**} , ⁷ , ^(f) and Guarantee charge ⁸ , ^(g) (for Guaranteed Portfolio only)	Guaranteed Fund		
	Guaranteed Portfolio ^(h)	1.50%	Relevant insurance policy assets
	Lifestyle Funds		
	Growth Portfolio*	Until 8 November 2015: 1.75% - 1.89% From 9 November 2015: 1.75% - 1.83%	Relevant constituent fund and underlying fund assets
	Balanced Portfolio*		
	Capital Stable Portfolio*	Up to 1.875%	
	Fidelity Growth Fund*		
	Fidelity Stable Growth Fund*		
	Fidelity Capital Stable Fund*	1.82% (inclusive of the trustee fee at the underlying fund level which is subjected to a minimum of US\$8,000 p.a.)	
	Allianz Growth Fund*		
Allianz Stable Growth Fund*			
Allianz Capital Stable Fund*			
Guarantee charge ⁸ , ^(g)	Guaranteed Portfolio	N/A	
Other expenses	All Constituent Funds	See Additional Note (i)	Relevant constituent fund and underlying fund / insurance policy assets

(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES (relating to non-standard voluntary contribution, member account maintenance⁽ⁱ⁾, administrative / legal documents, payment of accrued benefits, payroll / contribution, payroll software, and record maintenance)

These fees, if any, are to be received by the Administrator. For details, please refer to Annex at the end of this section.

* The Management fees of the relevant Constituent Funds at the constituent fund level are at 1.75% per annum of their respective net asset value. The difference in fees at the constituent fund level and in the above table is due to the inclusion of the Management fees at the underlying fund level, of which the Trustee and Custodian fees at the underlying fund level are set out in additional note (f)(i) below and in the explanatory memorandum of the relevant underlying funds.

** The Management fees stated reflect fees and charges charged by both the Constituent Fund and its relevant underlying fund(s), and such amounts charged by the underlying funds are accurate as at the date of this Principal Brochure.

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.

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)) to 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 mpf.aia.com.hk.

Definitions:

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

1. **“Joining fee”** means the one-off fee charged by the Trustee and payable by the Participating Employers and/or Members upon joining the Scheme.
2. **“Annual fee”** means the fee charged by the Trustee on an annual basis and payable by the Participating Employers and/or Members.
3. **“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.
4. **“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 necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer and are payable to a party other than the Trustee.
5. **“Bid spread”** is charged by the Trustee 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 incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Trustee (the "Necessary Transaction Costs").
6. **“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.
7. **“Management fees”** include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund.
8. **“Guarantee charge”** refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of a guaranteed fund.

Explanatory Notes:

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 of the Scheme and Participating Employers.

Additional Notes:

(a) Joining fee

The current and maximum joining fees that can be charged are nil.

(b) Annual fee

The current and maximum annual fees that can be charged are nil.

(c) Contribution charge

The current and maximum contribution charges that can be charged are nil.

(d) Offer spread

The current and maximum offer spreads that can be charged are nil.

(e) Bid spread

The current and maximum bid spreads that can be charged are nil.

(f) Management fees*(i) Dynamic Asset Allocation Fund, Equity Funds and Lifestyle Funds*

For Manager's Choice Fund, Asian Equity Fund, European Equity Fund, Japan Equity Fund, Greater China Equity Fund, Hong Kong Equity Fund, North American Equity Fund, Green Fund, Growth Portfolio, Balanced Portfolio, Capital Stable Portfolio, Fidelity Growth Fund, Fidelity Stable Growth Fund, Fidelity Capital Stable Fund, Allianz Growth Fund, Allianz Stable Growth Fund and Allianz Capital Stable Fund, trustee fee (including administration fee) at the Constituent Fund level is 0.85% per annum of net asset value at current level and 1.1% per annum of net asset value at maximum level.

For the above mentioned Constituent Funds, the underlying funds in which they invest into have current and maximum trustee fee as follows:

Constituent Fund	Current trustee fee at underlying level* (% per annum of net asset value)	Maximum trustee fee at underlying level* (% per annum of net asset value)
Dynamic Asset Allocation Fund		
Manager's Choice Fund	0% - 0.125%	0.5%
Equity Funds		
Asian Equity Fund	0.08%	0.3%
European Equity Fund		
Japan Equity Fund		
Greater China Equity Fund	0.05%	0.3%
Hong Kong Equity Fund		
North American Equity Fund		
Green Fund	0.125%, subject to a minimum fee of HK\$125,000 p.a.	0.2%, subject to a minimum fee of HK\$125,000 p.a.
Lifestyle Funds		
Growth Portfolio	0% - 0.08%	0.5%
Balanced Portfolio		
Capital Stable Portfolio		
Fidelity Growth Fund	Up to 0.125%	0.5% **
Fidelity Stable Growth Fund		
Fidelity Capital Stable Fund		
Allianz Growth Fund	0.07%, subject to a minimum annual fee of US\$8,000	0.25%, subject to a minimum annual fee of US\$8,000
Allianz Stable Growth Fund		
Allianz Capital Stable Fund		

Until 8 November 2015, for the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity Fund, the Growth Portfolio, the Balanced Portfolio, the Capital Stable Portfolio, the custodian fee that is charged at the underlying fund level is 0.09% per annum of net asset value at current level and 0.5% per annum of net asset value at maximum level.*

From 9 November 2015, for the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio, the custodian fee that is charged at the underlying fund level is 0.025% per annum of net asset value (in addition to a monthly transfer agency fee of US\$1,500) at current level and 0.5% per annum of net asset value at maximum level.*

For the Constituent Funds mentioned in the above table, investment management fee at the Constituent Fund level is 0.9% per annum of net asset value at current level and 1.2% per annum of net asset value at maximum level.

Further, in relation to the Asian Equity Fund, the European Equity Fund, the Japan Equity Fund, the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity 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% per annum of net asset value.

The Investment Manager of the Manager's Choice Fund, the Asian Equity Fund, the European Equity Fund, the Japan Equity Fund, the Greater China Equity Fund, the Hong Kong Equity Fund, the North American Equity Fund, the Green Fund, the Growth Portfolio, the Balanced Portfolio, the Capital Stable Portfolio, the Fidelity Growth Fund, the Fidelity Stable Growth Fund, the Fidelity Capital Stable Fund, the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund 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.

* This is the level of fee charged by the underlying funds of the relevant Constituent Funds as at the date of this Principal Brochure.

** For the Fidelity Growth Fund, the Fidelity Stable Growth Fund and the Fidelity Capital Stable Fund, the maximum trustee fees that can be applied to the immediate underlying funds ("Level 1 APIFs") are an aggregate fee which includes the trustee fees charged by the underlying funds which the Level 1 APIFs invest into.

All percentage rates are on a per annum basis and will be accrued daily and paid monthly in arrears.

(ii) Equity Funds - Index-Tracking Collective Investment Scheme Series[#] and Fixed Income Funds

For American Fund, Eurasia Fund, Hong Kong and China Fund, World Fund, Asian Bond Fund, Global Bond Fund and MPF Conservative Fund, the maximum total Management fees charged by both the Constituent Fund and its relevant underlying fund(s) shall be 2.6% per annum of net asset value.

In respect of the MPF Conservative Fund, an incentive fee equals to the net returns (after the "Management fees" and "Other expenses" as stated in Parts C & D of the Fee 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, but will never exceed, 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.

The Investment Manager of 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 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.

[#] 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.

All percentage rates are on a per annum basis and will be accrued daily and paid monthly in arrears.

(iii) Guaranteed Portfolio

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% per annum of the net asset value. The maximum total investment management fees charged for the Guaranteed Portfolio and its underlying insurance policy from time to time will not exceed the current level of 0.65% per annum of net asset value.

The Investment Manager of the Guaranteed Portfolio 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.

All percentage rates are on a per annum basis and will be accrued daily and paid monthly in arrears.

(g) Underlying insurance policy of Guaranteed Portfolio

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 reserving purpose. In case of net loss, the amount will be transferred to the net assets attributable to Insurer.

(h) Guaranteed Portfolios (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 insurance policy and in an amount to be determined by the said insurer, in its sole and absolute discretion but not to exceed 5% of any payment under any circumstances.

(i) Other expenses

Subject to MPF Legislation in addition to the fees described in the Fee Table above, the Constituent Funds or their corresponding approved pooled investment funds or approved ITCISs will bear all fees and expenses incurred in connection with or in relation to the relevant scheme/fund, 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.

The costs and administrative expenses incurred in establishing each of the Asian Bond Fund, the American Fund, the Eurasia Fund and the Hong Kong and China Fund are approximately HK\$42,500 in total which will be allocated to the relevant Constituent Fund when such costs and expenses are incurred and settled.

Any interest which may accrue on amounts pending investment in Constituent Funds 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.

(j) Member account maintenance fees

Additional Member Account Maintenance Fees will be charged directly to the Member and may be imposed for additional services which are not described in this Principal Brochure. If the 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 3 months' notice to Members and the revision of this Principal 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 HK\$50 per month. This charge does not apply to the MPF Conservative Fund. Any imposition of these fees are subject to 3 months' notice to Members and the revision of this Principal Brochure.

(k) 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:

(i) transferring accrued benefits:

- (A) from the Scheme to another Registered Scheme, or from another Registered Scheme to the Scheme, or
- (B) from one account to another account within the Scheme, or
- (C) in the same account within the Scheme, from a constituent fund to another constituent fund, or

(ii) paying accrued benefits: (A) in one lump sum, or (B) (with effect from 1 February 2016) in instalments.

other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer or payment* (as the case may be) and are payable to a party other than the Trustee, 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 that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer 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.

(l) Soft dollars and cash rebates

The Investment Manager and any of its Associates may effect transactions by or through the agency of another person with whom the 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 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 Investment Manager or any of its Associates in providing services to the Scheme and for which no direct payment is made but instead the 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 Manager 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 Manager 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 Manager 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 Manager and any Associate for the benefit of the Scheme.

(m) 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 the Principal 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, External Relevant Employee Member, Self-employed Member or Personal Account Member will be borne by that Participating Employer, External Relevant Employee Member, Self-employed Member or Personal Account Member. If the Participating Employer, External Relevant Employee Member, Self-employed Member or Personal Account Member 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,

- (i) in respect of any amount outstanding from the Participating Employer, the Reserve Account, and
- (ii) in respect of any amount outstanding from an External Relevant Employee Member, Self-employed Member or Personal Account Member: that External Relevant Employee Member's, Self-employed Member's or Personal Account Member's Voluntary Account (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).

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

(n) 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 the Principal 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. 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 mpf.aia.com.hk or via hotline (852) 2100 1888 for employers or (852) 2200 6288 for members.

Annex:**OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**

Types of charges and expenses	Amount	Remarks	Payable by
Fees for non-standard voluntary contribution	HK\$500 per contribution	Maximum level at HK\$500 per contribution	Employee Member
Member account maintenance fees ⁽ⁱ⁾	Currently waived	—	Employee Member / Self-employed Member / Personal Account Member / External Relevant Employee Member
Administrative / Legal Documents			
Copies of Master Trust Deed / other Constitutive Document(s)	HK\$1,000 per copy		Participating Employer / Employee Member / Self-employed Member / External Relevant Employee Member
Copies of Scheme Consolidated Report	HK\$1,000 per copy	—	Participating Employer / Employee Member / Self-employed Member / External Relevant Employee Member
Extra copies of - Employer Welcome Pack - Member's Guide	HK\$200 per copy HK\$50 per copy	— —	Participating Employer Employee Member / Self-employed Member / External Relevant Employee Member
Payment of Accrued Benefits			
Payment by Bank Draft / Telegraphic Transfer / Direct Credit	HK\$200 per request on top of bank charges		Participating Employer / Employee Member / Self-employed Member / External Relevant Employee Member / Personal Account Member
Special arrangement for cheque issuance (including cheque re-issuance)	HK\$200 per cheque	No third party cheque will be issued	Participating Employer / Employee Member / Self-employed Member / External Relevant Employee Member / Personal Account Member

Types of charges and expenses	Amount	Remarks	Payable by
Payroll / Contributions			
Change of contribution frequency	HK\$200 per request	Waived for the first request for each Scheme Year AND One-month notice is required	Participating Employer / Self-employed Member / External Relevant Employee Member / Personal Account Member
Change of information on Notice of Contribution Arrangement	HK\$200 per request	—	Self-employed Member
Change of information on Remittance Statement	HK\$200 per adjustment	Any investment gains / losses will be borne by the client	Participating Employer
Change of voluntary contribution arrangement - Re-arranging contribution method, withdrawal method, etc.	HK\$200 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	HK\$200 per request	Waived for the first request for each Scheme Year AND One-month notice is required	External Relevant Employee Member / Personal Account Member / Employee Member
Refund of excess payment by Employer / Self-employed Member	HK\$200 per request	Any investment gains / losses will be borne by the client	Participating Employer / Self-employed Member
Retrieval / Adjustment of previous data / record	HK\$200 per request	Any investment gains / losses will be borne by the client	Participating Employer / Self-employed Member / External Relevant Employee Member / Personal Account Member
Re-processing of Direct Debit Instruction rejected due to insufficient funds	HK\$100 per transaction on top of bank charges	—	Participating Employer / Self-employed Member / External Relevant Employee Member / Personal Account Member
Tracing and correction of misplaced contributions made by the client	HK\$200 per adjustment	Any investment gains / losses will be borne by the client	Participating Employer / Self-employed Member / External Relevant Employee Member / Personal Account Member
Tracing of unidentified cheque	HK\$200 per cheque	—	Participating Employer / Self-employed Member / External Relevant Employee Member / Personal Account Member

Types of charges and expenses	Amount	Remarks	Payable by
Payroll Software			
Additional Payroll Supplement modification - Defining user requirement, programming, testing and implementation of the system, etc.	HK\$600 per man hour (minimum 4 man hours)		Participating Employer
Extra copies of AIA MPF Payroll Master / AIA MPF Calculator	HK\$50 per copy	—	Participating Employer
On-site technical support for AIA MPF Payroll Master and database investigation by e-mail	HK\$1,200 for the first 2 hours (minimum) and thereafter HK\$300 per hour		Participating Employer
Record Maintenance			
Change of Date of Participation	HK\$100 per request		Self-employed Member
Copies of In-force Member List	HK\$100 per copy	—	Participating Employer
Extra copies of Statement of Account (Quarterly) / Annual Benefit Statement	HK\$100 per copy		Participating Employer/ Employee Member / Self-employed Member/ External Relevant Employee Member / Personal Account Member
Retrieval of Notice of Contribution Arrangement	HK\$100 per copy	—	Self-employed Member
Retrieval of Remittance Statement	HK\$100 per copy		Participating Employer
Re-issuance of - Monthly Statement of Payment Account	HK\$100 per copy	Waived for requesting statement(s) of the current period	Participating Employer
- Member Certificate	HK\$100 per copy	—	Employee Member / Self-employed Member / External Relevant Employee Member / Personal Account Member
- Notice of Acceptance	HK\$100 per copy	—	Participating Employer / Employee Member / Self-employed Member / External Relevant Employee Member / Personal Account Member
Withdrawal of Member Termination and Reinstatement of Membership	HK\$500 per Member	For Employer Plans only AND any investment gains / losses will be borne by the client	Participating Employer

F. GENERAL INFORMATION

1. MPF hotline and other assistance

If you require any assistance, please call: **2100 1888 for employers or 2200 6288 for members.**

[5.32]

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 his/her contributions to the Scheme, up to the limits set out in the Inland Revenue Ordinance.
- (b) Employees will be able to deduct a maximum of HK\$15,000 per annum 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.

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

[5.26] [5.27] [5.28]

3. Reports and accounts

Members will receive the following:

- an information booklet and notice of participation on joining; and
- annual statements within 3 months after the Scheme Year end.

Participating Employers will receive the following:

- employer information booklet and notice of participation upon participation in the Scheme;
- quarterly investment performance reports; and
- annual summary within 3 months after the Scheme Year end.

The financial year end of each Scheme is the Scheme Year end.

[5.29] [5.30]

4. 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 during normal working hours at the offices of the Trustee, free of charge. The offices of the Trustee are shown on page 11.

[5.31]

The constitutive documents include the following:

- Master Trust Deed
- Custodian Agreement
- Investment Management Agreements
- Delegation of the Investment Management Agreement by PineBridge Investments Hong Kong Limited

5. Scheme termination, restructure and cancellation of registration

Participating Employers and Members will be given 3 months' notice (or any shorter period as agreed with the SFC or the MPFA) of the merger, division or termination of a Constituent Fund of the Scheme, 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.

[5.2] [5.38]

SCHEDULE 1

American Fund

Statement of investment policy

(a) Objective

The American Fund is a portfolio management fund investing entirely in approved ITCISs. The investment objective of the American Fund is to seek a long term capital appreciation by investing in a combination of North and South American equity market index-tracking funds. 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 that track North and South American equity market indices.

(c) Security lending and repurchase agreements

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

(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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the American Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments into the underlying approved ITCISs are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the American Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risks.
- (iii) Interest rate risk - The underlying approved ITCISs may invest in equities and bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The American Fund and/or the underlying approved ITCISs may invest in assets quoted in currencies other than the base currency of the American Fund. The performance of the American Fund 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 American Fund.
- (v) Counterparty/Credit risk - The American Fund invests in approved ITCISs and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.
- (vii) Concentration risk - The investments of the underlying approved ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries, which may result in the American Fund indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the American Fund's returns. The American Fund does not control the investments of the underlying approved ITCISs and any indirect concentration is a result of the underlying approved ITCISs pursuing their own investment objectives.
- (viii) Tracking error risk - The 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 of the American Fund will monitor the extent of the tracking errors of the underlying approved ITCISs on an ongoing basis and, in the situation where the performance of any of the underlying approved ITCIS deviates significantly from the performance of the relevant equity market index, the Investment Manager of the American Fund may take any appropriate actions.
- (ix) 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 American Fund.

Any license granted to the service providers of the underlying approved ITCISs 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 American Fund may have to reallocate its assets to other underlying approved ITCISs.

A Member should not invest in this American Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this American Fund may suffer a significant loss to his/her investments.

(f) Selection criteria of underlying approved ITCISs

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

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.

SCHEDULE 2

Eurasia Fund

Statement of investment policy

(a) Objective

The Eurasia Fund is a portfolio management fund investing entirely in approved ITCISs. The investment objective of the Eurasia Fund is to seek a long term capital appreciation by investing in a combination of European, Australasian and Far Eastern equity market index-tracking funds. 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 that track European, Australasian and Far Eastern equity market indices.

(c) Security lending and repurchase agreements

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

(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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Eurasia Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments into the underlying approved ITCISs are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the Eurasia Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risks.
- (iii) Interest rate risk - The underlying approved ITCISs may invest in equities and bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Eurasia Fund and/or the underlying approved ITCISs may invest in assets quoted in currencies other than the base currency of the Eurasia Fund. The performance of the Eurasia Fund 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 Eurasia Fund.
- (v) Counterparty/Credit risk - The Eurasia Fund invests in approved ITCISs and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

- (vii) Concentration risk - The investments of the underlying approved ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries, which may result in the Eurasia Fund indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the Eurasia Fund's returns. The Eurasia Fund does not control the investments of the underlying approved ITCISs and any indirect concentration is a result of the underlying approved ITCISs pursuing their own investment objectives.
- (viii) Tracking error risk - The 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 ITCISs may not track exactly the performance of the respective equity market indices. The Investment Manager of the Eurasia Fund will monitor the extent of the tracking errors of the underlying approved ITCISs on an ongoing basis and, in the situation where the performance of any of the underlying approved ITCIS deviates significantly from the performance of the relevant equity market index, the Investment Manager of the Eurasia Fund may take any appropriate actions.
- (ix) 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 Eurasia Fund.
- Any license granted to the service providers of the underlying approved ITCISs 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 Eurasia Fund may have to reallocate its assets to other underlying approved ITCISs.

A Member should not invest in this Eurasia Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Eurasia Fund may suffer a significant loss to his/her investments.

(f) Selection criteria of underlying approved ITCISs

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

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.

SCHEDULE 3

Hong Kong and China Fund

Statement of investment policy

(a) Objective

The Hong Kong and China Fund is a portfolio management fund investing entirely in 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 index-tracking funds that track Hong Kong equity market indices that measure the performance of companies listed in Hong Kong (including China incorporated enterprises listed in Hong Kong in the form of H Shares). 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 that track Hong Kong equity market indices that measure the performance of companies listed in Hong Kong (including China incorporated enterprises listed in Hong Kong in the form of H Shares).

(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.

(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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Hong Kong and China Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments into the underlying approved ITCISs are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various regions in which the Hong Kong and China Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risks.
- (iii) Interest rate risk - The underlying approved ITCISs may invest in equities and bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Hong Kong and China Fund and/or the underlying approved ITCISs may invest in assets quoted in currencies other than the base currency of the Hong Kong and China Fund. The performance of the Hong Kong and China Fund 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 Hong Kong and China Fund.
- (v) Counterparty/Credit risk - The Hong Kong and China Fund invests in approved ITCISs and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.
- (vii) Concentration risk - The investments of the underlying approved ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries, which may result in the Hong Kong and China Fund indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the Hong Kong and China Fund's returns. The Hong Kong and China Fund does not control the investments of the underlying approved ITCISs and any indirect concentration is a result of the underlying approved ITCISs pursuing their own investment objectives.
- (viii) Tracking error risk - The 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 ITCISs may not track exactly the performance of the respective equity market indices. The Investment Manager of the Hong Kong and China Fund will monitor the extent of the tracking errors of the underlying approved ITCISs on an ongoing basis and, in the situation where the performance of any of the underlying approved ITCIS deviates significantly from the performance of the relevant equity market index, the Investment Manager of the Hong Kong and China Fund may take any appropriate actions.
- (ix) 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 Hong Kong and China Fund.

Any license granted to the service providers of the underlying approved ITCISs 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 Hong Kong and China Fund may have to reallocate its assets to other underlying approved ITCISs.

A Member should not invest in this Hong Kong and China Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Hong Kong and China Fund may suffer a significant loss to his/her investments.

(f) Selection criteria of underlying approved ITCISs

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 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.

SCHEDULE 4**World Fund****Statement of investment policy****(a) Objective**

The World Fund is a portfolio management fund investing entirely in 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 index-tracking funds. Please note that the World Fund is not an index-tracking fund.

(b) Balance of investments

The World Fund will invest mainly in approved ITCISs that track equity market indices that cover Large Cap companies in their respective markets around the world. A greater proportion of the assets will primarily be invested in equity market indices that track North American, European, Far Eastern and Australasian markets and a smaller proportion will be invested in Latin American markets. The remaining assets will be held in cash or cash based investments for operational and/or hedging purposes.

(c) Security lending and repurchase agreements

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

(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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the World Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments into the underlying approved ITCISs are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the World Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risks.
- (iii) Interest rate risk - The underlying approved ITCISs may invest in equities and bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk – The World Fund and/or the underlying approved ITCISs may invest in assets quoted in currencies other than the base currency of the World Fund. The performance of the World Fund 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 World Fund.
- (v) Counterparty/Credit risk - The World Fund invests in approved ITCISs and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.
- (vii) Concentration risk - The investments of the underlying approved ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries, which may result in the World Fund indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the World Fund's returns. The World Fund does not control the investments of the underlying approved ITCISs and any indirect concentration is a result of the underlying approved ITCISs pursuing their own investment objectives.
- (viii) Tracking error risk - The 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 ITCISs may not track exactly the performance of the respective equity market indices. The Investment Manager of the World Fund will monitor the extent of the tracking errors of the underlying approved ITCISs on an ongoing basis and, in the situation where the performance of any of the underlying approved ITCIS deviates significantly from the performance of the relevant equity market index, the Investment Manager of the World Fund may take any appropriate actions.

- (ix) 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 World Fund.

Any license granted to the service providers of the underlying approved ITCISs 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 World Fund may have to reallocate its assets to other underlying approved ITCISs.

A Member should not invest in this World Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this World Fund may suffer a significant loss to his/her investments.

(f) Selection criteria of underlying approved ITCISs

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

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.

SCHEDULE 5

Asian Bond Fund

Statement of investment policy

(a) Objective

The Asian Bond Fund is a feeder fund investing solely in an approved pooled investment fund. The investment objective of the Asian Bond Fund is to seek long term capital growth by primarily investing in a portfolio of bonds in the Asia-Pacific region (excluding Japan), issued by, amongst others, government, supranational organizations and corporates.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Asian Bond Fund will invest solely in an approved pooled investment fund whose proposed asset allocation policy is to invest 70% to 100% of assets in bonds within the Asia-Pacific region (excluding Japan), including but not limited to Australia, Hong Kong, Korea, Malaysia, New Zealand, Singapore and Thailand; and 0% to 30% of assets in bonds 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 investments of the underlying approved pooled investment 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.

(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 approved pooled investment fund in which the Asian Bond Fund invests 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Asian Bond Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The underlying approved pooled investment fund may invest in bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Asian Bond Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Asian Bond Fund. The performance of the Asian Bond Fund 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 Asian Bond Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and bonds and may be exposed to counterparty default and settlement risks.
- (vi) Credit rating downgrading risk - The underlying approved pooled investment fund may invest in bonds 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 underlying approved pooled investment fund could be adversely affected, and may lead to the loss of some or all of the sums invested in such bonds, and/or payments due on such bonds.
- (vii) Hedging – The investment manager of the underlying approved pooled investment fund is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.

A Member should not invest in this Asian Bond Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Asian Bond Fund may suffer a significant loss to his/her investments.

SCHEDULE 6**Global Bond Fund****Statement of investment policy****(a) Objective**

The Global Bond Fund is a feeder fund investing solely in an approved pooled investment fund. The investment objective of the Global Bond Fund 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 organizations and corporates.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Global Bond Fund will invest solely in an approved pooled investment fund that normally invests in a portfolio of debt securities in the international market, issued by governments, supranational organizations and corporates.

The investments of the underlying approved pooled investment 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.

(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 approved pooled investment fund 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Global Bond Fund may at times be adversely affected by changes in political, economic and social conditions and policies.

- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The Global Bond Fund may invest in debt securities whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Global Bond Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Global Bond Fund. The performance of the Global Bond Fund 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 Global Bond Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Credit rating downgrading risk - The underlying approved pooled 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 underlying approved pooled investment fund could be adversely affected, and 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.
- (vii) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.

A Member should not invest in this Global Bond Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Global Bond Fund may suffer a significant loss to his/her investments.

SCHEDULE 7

MPF Conservative Fund

Statement of investment policy

(a) Objective

The objective of the MPF Conservative Fund* is to preserve principal value. The MPF Conservative Fund does not guarantee the repayment of capital.

(b) Types of investments

Except for a small portion to be held in cash or cash based investments for operational purposes, the MPF Conservative Fund is a feeder fund investing solely in an approved pooled investment fund. The underlying approved pooled investment fund is a money market fund investing in deposits and debt securities subject to the restrictions set out in section 37 of the General Regulation.

The investments of the underlying approved pooled investment 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.

(c) Geographical distribution

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

(d) Security lending and repurchase agreements

The MPF Conservative Fund will not engage in security lending nor enter into repurchase agreements. The approved pooled investment fund in which the MPF Conservative Fund invests will not engage in security lending but may enter into repurchase agreements through the custodian of the fund and subject to the restrictions set out in the General Regulation.

(e) 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.

(f) Risks

The performance of the MPF Conservative Fund is subject to the following risks:

- (i) Political, economic and social risks - All financial markets and therefore the value of the MPF Conservative Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.

- (iii) Interest rate risk - The underlying approved pooled investment fund may invest in deposits and debt securities whose value will be subject to interest rate movements.
- (iv) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (v) Credit rating downgrading risk - The underlying approved pooled 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 underlying approved pooled investment fund could be adversely affected, and 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.

A Member should not invest in this MPF Conservative Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

(g) Expected return

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

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.

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

- * 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.

SCHEDULE 8

Manager's Choice Fund

Statement of investment policy

(a) Objective

The Manager's Choice Fund seeks to achieve long term capital appreciation through a professionally managed portfolio, invested in two or more approved pooled investment funds and/or approved ITCISs. The Manager's Choice Fund attempts to perform dynamic asset allocation in order to maximise long term capital appreciation. The Manager's Choice Fund would be suitable to investors 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 may allocate from 10% to 90% of its assets in 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 allocations will change based on the investment manager's view on the economic and market outlook, with higher allocation to equity 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.

(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 selected approved pooled investment funds may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and option

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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Manager's Choice Fund may at times be adversely affected by changes in political, economic and social conditions and policies.

- (ii) Market risk - The investments in the underlying approved pooled investment funds and/or the underlying approved ITCISs are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the underlying funds of the Manager's Choice Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher level of market risk.
- (iii) Interest rate risk - The Manager's Choice Fund may invest in equity and bond funds whose values may be subject to interest rate movements.
- (iv) Exchange risk - The Manager's Choice Fund and/or the underlying approved pooled investment funds/underlying approved ITCISs may invest in assets quoted in currencies other than the base currency of the Manager's Choice Fund. The performance of the Manager's Choice Fund 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 Manager's Choice Fund.
- (v) Counterparty/Credit risk - The Manager's Choice Fund may invest in approved ITCISs and the underlying approved pooled investment funds may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.
- (vii) Liquidity risk - The Manager's Choice Fund 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 Manager's Choice Fund 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.
- (viii) Concentration risk - The investments of the underlying approved ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries, which may result in the Manager's Choice Fund indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the Manager's Choice Fund's returns. The Manager's Choice Fund does not control the investments of the underlying approved ITCISs and any indirect concentration is a result of the underlying approved ITCISs pursuing their own investment objectives.
- (ix) Tracking error risk - The 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.
- (x) 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 Manager's Choice Fund.

The Manager's Choice Fund Investment Manager has full discretion to allocate the fund of the Manager's Choice Fund in the above mentioned asset classes. **The allocation in the above mentioned asset classes may change significantly based on the Investment Manager's view on the economic and market outlook.**

A Member should not invest in this Manager's Choice Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Manager's Choice Fund may suffer a significant loss to his/her investments.

(f) Selection criteria of underlying approved pooled investment funds and underlying approved ITCISs

Approved pooled investment funds 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 objectives.

SCHEDULE 9

Asian Equity Fund

Statement of investment policy

(a) Objective

The Asian Equity Fund is a feeder fund investing entirely in an approved pooled investment fund. The investment objective of the Asian Equity Fund is to provide investors with long term capital growth in US dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in the Asia-Pacific region, excluding Japan and Hong Kong.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Asian Equity Fund will invest solely in an approved pooled investment fund whose asset allocation policy is normally to have a maximum equity content of 100% with the remainder in cash or bonds.

(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 approved pooled investment fund 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Asian Equity Fund may at times be adversely affected by changes in political, economic and social conditions.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities i.e. the value of holdings may fall as well as rise. Various countries in which the Asian Equity Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of markets risks.
- (iii) Liquidity - The securities markets of some of the emerging countries in which the Asian Equity Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. Further, the Asian Equity Fund 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 Asian Equity Fund 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.
- (iv) Accounting Standards and Disclosure - Accounting, auditing and financial reporting standards in some of the emerging markets in which the Asian Equity Fund's assets may be invested may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies.
- (v) Exchange risk - The Asian Equity Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Asian Equity Fund. The performance of the Asian Equity Fund 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 Asian Equity Fund.
Since the Asian Equity Fund aims to maximise return in US dollar terms, investors whose base currency is not the US dollar (or a currency linked to it) may be exposed to additional currency risk.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

A Member should not invest in this Asian Equity Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Asian Equity Fund may suffer a significant loss to his/her investments.

SCHEDULE 10

European Equity Fund

Statement of investment policy

(a) Objective

The European Equity Fund is a feeder fund investing solely in an approved pooled investment fund. The investment objective of the European Equity Fund is to provide investors with long term capital growth through the underlying approved pooled investment fund which consists primarily of securities of companies based or operating principally in countries in Western Europe.

A portion of the underlying investment fund may be invested in companies which are based or operate in other countries in Eastern Europe.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the European Equity Fund will invest solely in an approved pooled investment fund whose asset allocation policy is normally to have the greater proportion of assets invested in equities and convertibles, primarily in the European market, with the remainder in cash and bonds.

(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 approved pooled investment fund 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the European Equity Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments into the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The European Equity Fund invests in equity and bond funds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The European Equity Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the European Equity Fund. The performance of the European Equity Fund 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 European Equity Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

A Member should not invest in this European Equity Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this European Equity Fund may suffer a significant loss to his/her investments.

SCHEDULE 11

Japan Equity Fund

Statement of investment policy

(a) Objective

The Japan Equity Fund is a feeder fund investing solely in an approved pooled investment fund. The investment objective of the Japan Equity Fund is to provide investors with long term capital growth through the underlying approved pooled investment fund which consists primarily of securities of companies based or operating principally in Japan.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Japan Equity Fund will invest solely in an approved pooled investment fund whose asset allocation policy is normally to have the greater proportion of assets invested in equities and convertibles, primarily in the Japan market, with the remainder in cash and bonds.

(c) Security lending and repurchase agreements

The Japan Equity Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

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

(e) Risks

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

- (i) Political, economic and social risks - All financial markets and therefore the value of the Japan Equity Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The Japan Equity Fund may invest in equity and bond fund whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Japan Equity Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Japan Equity Fund. The performance of the Japan Equity Fund 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 Japan Equity Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

A Member should not invest in this Japan Equity Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Japan Equity Fund may suffer a significant loss to his/her investments.

SCHEDULE 12

Greater China Equity Fund

Statement of investment policy

(a) Objective

The Greater China Equity Fund is a feeder fund investing entirely in an approved pooled investment fund. The Greater China Equity Fund seeks to provide long term capital appreciation by investing in the equity securities of companies with exposure to the economies of countries within the Greater China Region i.e. China, Hong Kong and Taiwan. 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 cash or cash based investments for operational purposes, the Greater China Equity Fund is a feeder fund investing solely in an approved pooled investment fund whose asset allocation policy is to have at least 70% of assets (other than assets held in cash or near-cash securities) invested in equity securities, securities convertible into equity securities and other investments giving exposure to equity securities, in each case where the equity securities are listed or to be listed on the stock exchanges of Hong Kong and Taiwan. The manager of the underlying approved pooled investment fund may, in its discretion, reduce this percentage should, in its opinion, market or other conditions warrant such reduction.

(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 approved pooled investment fund 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Greater China Equity Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various regions in which the Greater China Equity Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risks.
- (iii) Interest rate risk - The underlying approved pooled investment fund may invest in equities and bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Greater China Equity Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Greater China Equity Fund. The performance of the Greater China Equity Fund 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 Greater China Equity Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

A Member should not invest in this Greater China Equity Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Greater China Equity Fund may suffer a significant loss to his/her investments.

SCHEDULE 13

Hong Kong Equity Fund

Statement of investment policy

(a) Objective

The Hong Kong Equity Fund is a feeder fund investing entirely in an approved pooled investment fund. The Hong Kong Equity Fund seeks to provide long term capital appreciation through the underlying approved pooled investment fund which consists primarily of shares in companies quoted on the Stock Exchange of Hong Kong. Hong Kong is well placed to prosper directly from economic activity in the Asian region and the economic emergence of the People's Republic of China. 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 cash or cash based investments for operational purposes, the Hong Kong Equity Fund is a feeder fund investing solely in an approved pooled investment fund whose asset allocation policy is normally to have the greater proportion of assets invested in equities and convertibles, primarily in the Hong Kong market, with the remainder in cash and bonds.

(c) Security lending and repurchase agreements

The Hong Kong Equity Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund 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 Equity Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Hong Kong Equity Fund will deal in currency forward contracts for hedging purpose only.

(e) Risks

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

- (i) Political, economic and social risks - All financial markets and therefore the value of the Hong Kong Equity Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments into the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The underlying approved pooled investment fund may invest in equities and bonds whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Hong Kong Equity Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Hong Kong Equity Fund. The performance of the Hong Kong Equity Fund 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 Hong Kong Equity Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

A Member should not invest in this Hong Kong Equity Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Hong Kong Equity Fund may suffer a significant loss to his/her investments.

SCHEDULE 14

North American Equity Fund

Statement of investment policy

(a) Objective

The North American Equity Fund is a feeder fund investing entirely in an approved pooled investment fund. The North American Equity Fund seeks to provide long term capital appreciation through the underlying approved pooled investment fund which consists primarily of shares in US companies.

(b) Balance of investments

Except for a small portion to be held in cash or cash based investments for operational purposes, the North American Equity Fund is a feeder fund investing solely in an approved pooled investment fund whose asset allocation policy is normally to have the greater proportion of assets invested in equities and convertibles, primarily in the US market, with the remainder in cash and bonds.

(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 approved pooled investment fund 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the North American Equity Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The North American Equity Fund may invest in equity and bond fund whose values will be subject to interest rate movements.
- (iv) Exchange risk - The North American Equity Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the North American Equity Fund. The performance of the North American Equity Fund 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 North American Equity Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

A Member should not invest in this North American Equity Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this North American Equity Fund may suffer a significant loss to his/her investments.

SCHEDULE 15

Green Fund

Statement of investment policy

(a) Objective

The Green Fund is a feeder fund investing entirely in an approved pooled investment fund. The objective of the Green Fund is to provide investors with long term capital appreciation through well diversified investments in global equities principally by investing in companies according to (1) their environmental ratings and (2) 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 entirely in an approved pooled investment fund. With an exception of a small portion that may be held in cash or cash based investments or other short-term bonds permitted by the General Regulation for operational and cash management purposes, most of the assets of this approved pooled investment fund are invested in equity securities. Subject to the limitations required by the General Regulation, this approved pooled investment fund may also invest in exchange traded funds and in convertible bonds or authorized unit trust or authorized mutual fund permitted by the General Regulation for performance management purposes.

The geographical distribution of investments will be driven purely by bottom-up stock selection processes based on the securities comprised in the MSCI World Index which covers all the major world stock markets including but not limited to North America, Europe, Asia and Japan. The Green Fund will not invest in emerging market equities.

(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 those set out below:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Green Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Exchange risk - The Green Fund and/or the underlying approved pooled investment fund may invest in financial instruments and enter into transactions denominated in currencies other than the base currency of the Green Fund. The performance of the Green Fund will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Green Fund.
- (iii) Interest rate risk - Interest rates may be subject to fluctuation. Any such fluctuation may have a direct effect on the income received by the Green Fund and its capital value.
- (iv) Market risk - The Green Fund investments are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (v) Counterparty/Credit risk - The Green Fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency and market risks. There is no guarantee that hedging techniques will achieve their desired result.
- (vii) Liquidity risk - The Green Fund 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 Green Fund may not be able to liquidate in a timely manner some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.
- (viii) Derivatives - As the Green Fund may be investing in derivatives for hedging purposes and otherwise permitted by the MPF Ordinance, the General Regulation, the Code on MPF Investment Funds and the SFC's Code on Unit Trusts and Mutual Funds, it will be subject to risks associated with such investments. 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 Green Fund's investment may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely.

- (ix) 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.
- (x) 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, hence increasing its intrinsic market price risk.
- (xi) Concentration risk - The Green Fund investments are concentrated in the securities of companies with certain environment ratings. This lack of diversification may subject the Green Fund investments 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 the Green Fund may be adversely affected by the unfavourable performance of that single section the Green Fund invests in.

A Member should not invest in this Green Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Green Fund may suffer a significant loss to his/her investments.

SCHEDULE 16

Guaranteed Portfolio

Statement of investment policy

(a) Objective

The primary objective of the Guaranteed Portfolio is to minimise capital risk in Hong Kong 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 (h) below), it is possible that there may be a dilution in performance of the Guaranteed Portfolio.

(b) Types of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Guaranteed Portfolio is a feeder fund investing solely in an approved pooled investment fund. The underlying approved pooled investment fund is a guaranteed insurance policy investing entirely in a pooled investment fund approved by the Mandatory Provident Fund Schemes Authority in the form of a unit trust which invests at least 70% of its non-cash assets in bonds and other fixed income instruments either denominated in Hong Kong dollars or, if they are not denominated in Hong Kong dollars, the effective currency exposure shall be hedged back into Hong Kong dollars in order to ensure that the approved pooled investment fund in the form of a unit trust has an effective currency exposure of at least 70% to the Hong Kong dollar. The remaining assets of the approved pooled investment fund will be held in cash and/or deposits. When investing in a pooled investment fund in the form of a unit trust approved by the Mandatory Provident Fund Schemes Authority, the underlying investments of such pooled investment fund shall be used to determine whether the relevant percentage limits stated in this section are adhered to. For the avoidance of doubt, units or shares of such pooled investment fund shall not be treated as equity investments for purposes of this section.

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

(c) Geographical distribution

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

(d) Security lending and repurchase agreements

The Guaranteed Portfolio will not engage in security lending nor enter into repurchase agreements. The approved pooled investment fund in which the Guaranteed Portfolio invests may engage in security lending and/or enter into repurchase agreements through the custodian of the fund and subject to the restrictions set out in the General Regulation.

(e) 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.

(f) Risks

The performance of the Guaranteed Portfolio is subject to the following risks:

- (i) Political, economic and social risks - The guarantee feature of the Guaranteed Portfolio will not be affected by political, economic and social risks. However, the insurer and the value of the assets in the underlying approved pooled investment fund may be affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - Interest rate movements may affect the Annual Rate declared. The underlying approved pooled investment fund may invest in securities whose values will be subject to interest rate movements.
- (iv) Exchange risk - The Guaranteed Portfolio and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Guaranteed Portfolio. The performance of the Guaranteed Portfolio 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 Guaranteed Portfolio.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund invests in deposits, equities and bonds, and may be exposed to counterparty default and settlement risks.
- (vi) Credit rating downgrading risk - The underlying approved pooled investment fund may invest in bonds 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 underlying approved pooled investment fund could be adversely affected, and may lead to the loss of some or all of the sums invested in such bonds, and/or payments due on such bonds.
- (vii) Insurer risk - The value of the underlying approved pooled investment fund 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 this Guaranteed Portfolio may suffer a significant loss to his/her investments due to this risk.
- (viii) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.

A Member should not invest in this Guaranteed Portfolio unless it is suitable to the Member and is consistent with the Member's investment objectives.

The Guaranteed Portfolio in the Scheme invests in an insurance policy which includes a guarantee. The insurance policy is issued by the insurer, AIA Company Limited.

Investments in the insurance policy are held as assets of AIA Company Limited. In the event 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 (referred to as "credit risk") under the circumstances set out above and, if necessary, seek additional information or advice.

(g) Expected return

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

(h) Features of the Guarantee

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.

The insurer (as guarantor) of the insurance policy for the underlying fund in which the Guaranteed Portfolio is invested is AIA Company Limited (the "**Insurer**").

The Insurer will declare an interim rate (which will not be less than 0% per annum) 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% per annum. The Annual Rate and interim rate declared for the past 12 years can be found in the attached Appendix 2.

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, should the Member decide to transfer his/her investments in the Guaranteed Portfolio at any time during a financial year to other Constituent Funds in the Scheme or to a contribution account or a personal account of the Member within another Registered Scheme, such transfer would constitute a cessation of the holding in the Guaranteed Portfolio and 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 or External Relevant Employee Member) 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 or External Relevant Employee Member) 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 or External Relevant Employee Member) sets up another Registered Scheme with another Registered Scheme provider and funds are then withdrawn from the Guaranteed Portfolio.

(i) Illustrative examples

(i) The following example shows how interest is credited to the Individual Account (in HK\$):

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		1,000.0	1000		1,000.0			
12/31/x	3%		50	1,052.5		50	1,052.5			
1/31/x+1	3%		50	1,105.1		50	1,105.1			
2/28/x+1	3%		50	1,157.8		50	1,157.8			
3/31/x+1	3%		50	1,210.7		50	1,210.7			
4/30/x+1	2%		50	1,262.7		50	1,262.7			
5/31/x+1	2%		50	1,314.8		50	1,314.8			
6/30/x+1	2%		50	1,366.9		50	1,366.9			
7/31/x+1	2%		50	1,419.2		50	1,419.2	1000		1,000.0
8/31/x+1	1%		50	1,470.4					50	1,050.8
9/30/x+1	1%		50	1,521.6					50	1,101.7
10/31/x+1	1%		50	1,572.8					50	1,152.6
11/30/x+1	1%		50	1,624.1					50	1,203.6

All three members A, B, and C have an initial investment of HK\$1,000 in the Guaranteed Portfolio and a monthly investment of HK\$ 50. Member A has participated in the Guaranteed Portfolio for the entire financial year, Member B has ceased to invest in the Guaranteed Portfolio during the financial year (i.e. end of July) and Member C has only commenced investing in the Guaranteed Portfolio during the financial year (i.e. beginning of August).

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: HK\$1,624.1 (since HK\$1,624.1 is greater than HK\$1,600 i.e. the sum of the beginning of year balance and contributions during the financial year, the guarantee is satisfied),
- Member B: HK\$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: HK\$1,203.6 (since HK\$1,203.6 is greater than HK\$1,200 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 or External Relevant Employee Member) in the Scheme - please see (h) for further details).

- (ii) The example in Appendix A to this Schedule shows a Member's investment in the Guaranteed Portfolio (in HK\$) where the Member claims for payment of benefits on the ground of terminal illness:

Appendix A - Illustrative Example: Member's investment in Guaranteed Fund [all in HKD]

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: 1. The above illustration assumes that the member files claims on the ground of terminal illness at every month end.

2. 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 insurance policy.

SCHEDULE 17

Growth Portfolio

Statement of investment policy

(a) Objective

The primary objective of the Growth Portfolio is to maximise its long term capital appreciation in Hong Kong dollar terms. The secondary objective is to outperform Hong Kong salary inflation over the long term. The Growth Portfolio seeks to achieve these investment objectives through a professionally managed portfolio, invested in two or more approved pooled investment funds (and to the extent permitted, any other permissible investment as approved by the MPFA and SFC).

(b) Balance of investments

The Growth Portfolio asset allocation policy is normally to have an equity content of 90%, with the balance invested in bonds and cash. Investments may be made in any market in any country where permitted by the General Regulation.

(c) Security lending and repurchase agreements

The Growth Portfolio will not engage in security lending and will not enter into repurchase agreements. The selected approved pooled investment funds may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures & 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Growth Portfolio may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment funds are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the underlying approved pooled investment funds of the Growth Portfolio will invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher level of market risk.
- (iii) Interest rate risk - The Growth Portfolio invests in equity and bond funds whose values may be subject to interest rate movements.
- (iv) Exchange risk - The Growth Portfolio and/or the underlying approved pooled investment funds may invest in assets quoted in currencies other than the base currency of the Growth Portfolio. The performance of the Growth Portfolio 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 Growth Portfolio.
- (v) Counterparty/Credit risk - The underlying approved pooled investment funds may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Managers are permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.

A Member should not invest in this Growth Portfolio unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Growth Portfolio may suffer a significant loss to his/her investments.

(f) Returns expected from the Growth Portfolio

The Growth Portfolio aims to provide an expected return in the long term that will exceed Hong Kong salary inflation.

(g) Selection criteria of underlying approved pooled investment funds

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

SCHEDULE 18

Balanced Portfolio

Statement of investment policy

(a) Objective

The primary objective of the Balanced Portfolio is to maximise its long term capital appreciation in Hong Kong dollar terms within moderate risk parameters. The secondary objective is to outperform Hong Kong price inflation over the long term. The Balanced Portfolio seeks to achieve these investment objectives through a professionally managed portfolio, invested in two or more approved pooled investment funds (and to the extent permitted, any other permissible investment as approved by the MPFA and SFC).

(b) Balance of investments

The Balanced Portfolio asset allocation policy is normally to have an equity content of 50% with the remainder in cash and bonds. Investments may be made in any market in any country where permitted by the General Regulation.

(c) Security lending and repurchase agreements

The Balanced Portfolio will not engage in security lending and will not enter into repurchase agreements. The selected approved pooled investment funds may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures & 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Balanced Portfolio may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment funds are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the underlying approved pooled investment funds of the Balanced Portfolio may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher level of market risk.
- (iii) Interest rate risk - The Balanced Portfolio invests in equity and bond funds whose values may be subject to interest rate movements.
- (iv) Exchange risk - The Balanced Portfolio and/or the underlying approved pooled investment funds may invest in assets quoted in currencies other than the base currency of the Balanced Portfolio. The performance of the Balanced Portfolio 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 Balanced Portfolio.
- (v) Counterparty/Credit risk - The underlying approved pooled investment funds may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Managers are permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.

A Member should not invest in this Balanced Portfolio unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Balanced Portfolio may suffer a significant loss to his/her investments.

(f) Returns expected from the Balanced Portfolio

The Balanced Portfolio aims to provide an expected return in the long term that will exceed Hong Kong price inflation.

(g) Selection criteria of underlying approved pooled investment funds

Approved pooled investment funds will be selected from those available in the market that will allow the Balanced Portfolio to achieve the stated investment objectives.

SCHEDULE 19

Capital Stable Portfolio

Statement of investment policy

(a) Objective

The primary objective of the Capital Stable Portfolio is to minimise its short term capital risk in Hong Kong dollar terms. The secondary objective is to enhance returns over the long term through limited exposure to global equities. The Capital Stable Portfolio seeks to achieve these investment objectives through a professionally managed portfolio, invested in two or more approved pooled investment funds (and to the extent permitted, any other permissible investment as approved by the MPFA and SFC). The Capital Stable Portfolio does not guarantee the repayment of capital.

(b) Balance of investments

The Capital Stable Portfolio asset allocation policy is normally to have the greater proportion of assets invested in bonds and cash, with the balance invested in equities. Investments may be made in any market in any country where permitted by the General Regulation.

(c) Security lending and repurchase agreements

The Capital Stable Portfolio will not engage in security lending and will not enter into repurchase agreements. The selected approved pooled investment funds may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures & 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:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Capital Stable Portfolio may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment funds are subject to the risks inherent in all securities; the value of holdings may rise as well as fall. Various countries in which the underlying approved pooled investment funds of the Capital Stable Portfolio may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher level of market risk.
- (iii) Interest rate risk - The Capital Stable Portfolio invests in equity and bond funds whose values may be subject to interest rate movements.
- (iv) Exchange risk - The Capital Stable Portfolio and/or the underlying approved pooled investment funds may invest in assets quoted in currencies other than the base currency of the Capital Stable Portfolio. The performance of the Capital Stable Portfolio 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 Capital Stable Portfolio.
- (v) Counterparty/Credit risk - The underlying approved pooled investment funds may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Managers are permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.

A Member should not invest in this Capital Stable Portfolio unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Capital Stable Portfolio may suffer a significant loss to his/her investments.

(f) Returns expected from the Capital Stable Portfolio

The Capital Stable Portfolio aims to provide returns in the long term that will exceed Hong Kong dollar deposit rates.

(g) Selection criteria of underlying approved pooled investment funds

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

SCHEDULE 20

Fidelity Growth Fund

Statement of investment policy

(a) Objective

The Fidelity Growth Fund is a feeder fund investing entirely in an approved pooled investment fund. The Fidelity Growth Fund aims to build real wealth over the long term, to focus investment into the global equity markets and to have the flexibility to invest in global bonds. It also aims to maintain a broad geographic diversification with a bias towards Hong Kong and to manage the volatility of returns in the short term.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Fidelity Growth Fund invests entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 90% of its assets in equities and 10% in bonds and cash. The fund will be invested primarily in Hong Kong, Japan, Asia Pacific ex Japan ex Hong Kong, Americas and European markets.

(c) Security lending and repurchase agreements

The Fidelity Growth Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Fidelity Growth Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Fidelity Growth Fund or its underlying approved pooled investment fund may deal in currency forward contracts for hedging purpose only.

(e) Risks

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

- (i) Political, economic and social risks - All financial markets and therefore the value of the Fidelity Growth Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest risk - 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 Fidelity Growth Fund and its capital value.
- (iv) Exchange risk - The Fidelity Growth Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Fidelity Growth Fund. The performance of the Fidelity Growth Fund 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 Fidelity Growth Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired result.
- (vii) Emerging market risk - The investments of the underlying approved pooled investment fund may have exposure to emerging markets. The history of financial markets shows that emerging markets have been volatile while producing high 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. 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.
- (viii) Instrument risk - The underlying approved pooled investment fund may have exposure to individual instruments. Individual instruments have historically demonstrated a greater range of outcomes at both the return and volatility levels than the asset classes in which they fall. The Investment Manager expects this relative interrelationship will be maintained in the long term. For the instruments that may at various times form the assets of the Fidelity Growth Fund the assessment of their risk characteristics is part of the overall investment process.
- (ix) Concentration risk - There is a risk with respect to aggregation of holdings of underlying funds holdings, which may result in the Fidelity Growth Fund indirectly concentrating assets in a

particular industry or group of industries or in a single issuer. Such indirect concentration may have the effect of increasing the volatility of the Fidelity Growth Fund's returns. The Fidelity Growth Fund does not control the investments of the underlying funds and any indirect concentration is a result of the underlying funds pursuing their own investment objectives.

- (x) Liquidity risk - The underlying approved pooled investment fund 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 underlying funds may not be able to liquidate in a timely manner some of its exposure to these instruments at an amount close to their fair value in order to meet its liquidity requirements.

A Member should not invest in this Fidelity Growth Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Fidelity Growth Fund may suffer a significant loss to his/her investments.

SCHEDULE 21

Fidelity Stable Growth Fund

Statement of investment policy

(a) Objective

The Fidelity Stable Growth Fund is a feeder fund investing entirely in an approved pooled investment fund. The Fidelity Stable Growth Fund aims to generate a positive return over the long term and to broadly diversify the portfolio as to asset type as between equities and bonds. It also aims to maintain a broad geographic diversification with a bias towards Hong Kong, and to limit the volatility of returns in the short term.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Fidelity Stable Growth Fund invests entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 50% of its assets in equities and 50% in bonds and cash. The fund will be invested primarily in Hong Kong, Japan, Asia Pacific ex Japan ex Hong Kong, Americas and European markets.

(c) Security lending and repurchase agreements

The Fidelity Stable Growth Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Fidelity Stable Growth Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Fidelity Stable Growth Fund or its underlying approved pooled investment fund may deal in currency forward contracts for hedging purpose only.

(e) Risks

The performance of the Fidelity Stable Growth Fund is subject to a number of risks, including the following:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Fidelity Stable Growth Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest risk - 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 Fidelity Stable Growth Fund and its capital value.
- (iv) Exchange risk - The Fidelity Stable Growth Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Fidelity Stable Growth Fund. The performance of the Fidelity Stable Growth Fund 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 Fidelity Stable Growth Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired result.

- (vii) Emerging market risk - The investments of the underlying approved pooled investment fund may have exposure to emerging markets. The history of financial markets shows that emerging markets have been volatile while producing high 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. 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.
- (viii) Instrument risk - The underlying approved pooled investment fund may have exposure to individual instruments. Individual instruments have historically demonstrated a greater range of outcomes at both the return and volatility levels than the asset classes in which they fall. The Investment Manager expects this relative interrelationship will be maintained in the long term. For the instruments that may at various times form the assets of the Fidelity Stable Growth Fund the assessment of their risk characteristics is part of the overall investment process.
- (ix) Concentration risk - There is a risk with respect to aggregation of holdings of underlying funds holdings, which may result in the Fidelity Stable Growth Fund indirectly concentrating assets in a particular industry or group of industries or in a single issuer. Such indirect concentration may have the effect of increasing the volatility of the Fidelity Stable Growth Fund's returns. The Fidelity Stable Growth Fund does not control the investments of the underlying funds and any indirect concentration is a result of the underlying funds pursuing their own investment objectives.
- (x) Liquidity risk - The underlying approved pooled investment fund 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 underlying funds may not be able to liquidate in a timely manner some of its exposure to these instruments at an amount close to their fair value in order to meet its liquidity requirements.

A Member should not invest in this Fidelity Stable Growth Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Fidelity Stable Growth Fund may suffer a significant loss to his/her investments.

SCHEDULE 22

Fidelity Capital Stable Fund

Statement of investment policy

(a) Objective

The Fidelity Capital Stable Fund is a feeder fund investing entirely in an approved pooled investment fund. The Fidelity Capital Stable Fund aims to produce a positive return over the long term and to focus investment towards less volatile assets of bonds and cash whilst retaining some equity exposure. It also aims to maintain a broad geographic diversification with a bias towards Hong Kong, and to ensure that the risk to the capital base is limited in the short term. The Fidelity Capital Stable Fund does not guarantee the repayment of capital.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Fidelity Capital Stable Fund invests entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 30% of its assets in equities and 70% in bonds and cash. The fund will be invested primarily in Hong Kong, Japan, Asia Pacific ex Japan ex Hong Kong, Americas and European markets.

(c) Security lending and repurchase agreements

The Fidelity Capital Stable Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

The Fidelity Capital Stable Fund will not deal in financial futures and option contracts (with the exception of currency forward contracts) for whatever reason. The Fidelity Capital Stable Fund or its underlying approved pooled investment fund may deal in currency forward contracts for hedging purpose only.

(e) Risks

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

- (i) Political, economic and social risks - All financial markets and therefore the value of the Fidelity Capital Stable Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest risk - 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 Fidelity Capital Stable Fund and its capital value.
- (iv) Exchange risk - The Fidelity Capital Stable Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Fidelity Capital Stable Fund. The performance of the Fidelity Capital Stable Fund 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 Fidelity Capital Stable Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired result.
- (vii) Emerging market risk - The investments of the underlying approved pooled investment fund may have exposure to emerging markets. The history of financial markets shows that emerging markets have been volatile while producing high 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. 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.
- (viii) Instrument risk - The underlying approved pooled investment fund may have exposure to individual instruments. Individual instruments have historically demonstrated a greater range of outcomes at both the return and volatility levels than the asset classes in which they fall. The Investment Manager expects this relative interrelationship will be maintained in the long term. For the instruments that may at various times form the assets of the Fidelity Capital Stable Fund the assessment of their risk characteristics is part of the overall investment process.
- (ix) Concentration risk - There is a risk with respect to aggregation of holdings of underlying funds holdings, which may result in the Fidelity Capital Stable Fund indirectly concentrating assets in a particular industry or group of industries or in a single issuer. Such indirect concentration may have the effect of increasing the volatility of the Fidelity Capital Stable Fund's returns. The Fidelity Capital Stable Fund does not control the investments of the underlying funds and any indirect concentration is a result of the underlying funds pursuing their own investment objectives.
- (x) Liquidity risk - The underlying approved pooled investment fund 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 underlying funds may not be able to liquidate in a timely manner some of its exposure to these instruments at an amount close to their fair value in order to meet its liquidity requirements.

A Member should not invest in this Fidelity Capital Stable Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Fidelity Capital Stable Fund may suffer a significant loss to his/her investments.

SCHEDULE 23

Allianz Growth Fund

Statement of investment policy

(a) Objective

The Allianz Growth Fund is a feeder fund investing entirely in an approved pooled investment fund. The objective of the Allianz Growth Fund is to maximise long term overall returns by investing primarily in global equities through the underlying approved pooled investment fund. This Allianz Growth Fund is designed for Members who are willing to assume a relatively higher level of risk to achieve potentially higher long-term returns.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Allianz Growth Fund is intended to invest entirely in an approved pooled investment fund. This approved pooled investment fund may invest in the countries comprised in the MSCI World Index which covers all the major world stock markets including those in Japan, North America, Asia and Europe.

(c) Security lending and repurchase agreements

The Allianz Growth Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

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

(e) Risks

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

- (i) Political, economic and social risks - All financial markets and therefore the value of the Allianz Growth Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The fixed-interest securities of the underlying approved pooled investment fund will be subject to interest rate movements.
- (iv) Exchange risk - The Allianz Growth Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Allianz Growth Fund. The performance of the Allianz Growth Fund may therefore be affected by movements in the exchange rate between the currencies in which the underlying assets are held and the base currency of the Allianz Growth Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.
- (vii) Liquidity risk - The underlying approved pooled investment fund 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 Allianz Growth Fund may not be able to liquidate in a timely manner some of its underlying investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

A Member should not invest in this Allianz Growth Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Allianz Growth Fund may suffer a significant loss to his/her investments.

SCHEDULE 24

Allianz Stable Growth Fund

Statement of investment policy

(a) Objective

The Allianz Stable Growth Fund is a feeder fund investing entirely in an approved pooled investment fund. The objective of the Allianz Stable Growth Fund is to achieve a stable overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities through the underlying approved pooled investment fund. This Allianz Stable Growth Fund is designed for Members who are willing to assume a medium level of risk.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Allianz Stable Growth Fund is intended to invest entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 50% of its assets in equities and 50% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the approved pooled investment fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion being invested, at the discretion of the Manager, in other Asian countries and emerging markets.

(c) Security lending and repurchase agreements

The Allianz Stable Growth Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

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

(e) Risks

The performance of the Allianz Stable Growth Fund is subject to a number of risks, including the following:

- (i) Political, economic and social risks - All financial markets and therefore the value of the Allianz Stable Growth Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The fixed-interest securities of the underlying approved pooled investment fund will be subject to interest rate movements.
- (iv) Exchange risk - The Allianz Stable Growth Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Allianz Stable Growth Fund. The performance of the Allianz Stable Growth Fund may therefore be affected by movements in the exchange rate between the currencies in which the underlying assets are held and the base currency of the Allianz Stable Growth Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.
- (vii) Liquidity risk - The underlying approved pooled investment fund 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 Allianz Stable Growth Fund may not be able to liquidate in a timely manner some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

A Member should not invest in this Allianz Stable Growth Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Allianz Stable Growth Fund may suffer a significant loss to his/her investments.

SCHEDULE 25

Allianz Capital Stable Fund

Statement of investment policy

(a) Objective

The Allianz Capital Stable Fund is a feeder fund investing entirely in an approved pooled investment fund. The objective of the Allianz Capital Stable Fund is to provide investors with capital preservation combined with steady capital appreciation over the long term by investing in a diversified portfolio of global equities and fixed-interest securities through the underlying approved pooled investment fund. This Allianz Capital Stable Fund is designed for Members who are willing to assume a relatively low level of risk. The Allianz Capital Stable Fund does not guarantee the repayment of capital.

(b) Balance of investments

Except for a small portion that may be held in cash or cash based investments for operational purposes, the Allianz Capital Stable Fund is intended to invest entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 30% of its assets in equities and 70% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the approved pooled investment fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the Manager, in other Asian countries and emerging markets.

(c) Security lending and repurchase agreements

The Allianz Capital Stable Fund will not engage in security lending and will not enter into repurchase agreements. The underlying approved pooled investment fund may engage in security lending and repurchase agreements, subject to the restrictions set out in the General Regulation.

(d) Futures and options

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

(e) Risks

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

- (i) Political, economic and social risks - All financial markets and therefore the value of the Allianz Capital Stable Fund may at times be adversely affected by changes in political, economic and social conditions and policies.
- (ii) Market risk - The investments in the underlying approved pooled investment fund are subject to the risks inherent in all securities; the value of holdings may rise as well as fall.
- (iii) Interest rate risk - The fixed-interest securities of the underlying approved pooled investment fund will be subject to interest rate movements.
- (iv) Exchange risk - The Allianz Capital Stable Fund and/or the underlying approved pooled investment fund may invest in assets quoted in currencies other than the base currency of the Allianz Capital Stable Fund. The performance of the Allianz Capital Stable Fund may therefore be affected by movements in the exchange rate between the currencies in which the underlying assets are held and the base currency of the Allianz Capital Stable Fund.
- (v) Counterparty/Credit risk - The underlying approved pooled investment fund may invest in deposits and debt securities and may be exposed to counterparty default and settlement risks.
- (vi) Hedging - The Investment Manager is permitted, but not obliged, to use hedging techniques to attempt to offset currency risks. There is no guarantee that hedging techniques will achieve their desired results.
- (vii) Liquidity risk - The underlying approved pooled investment fund 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 Allianz Capital Stable Fund may not be able to liquidate in a timely manner some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

A Member should not invest in this Allianz Capital Stable Fund unless it is suitable to the Member and is consistent with the Member's investment objectives.

In the worst case scenario, a Member who invests into this Allianz Capital Stable Fund may suffer a significant loss to his/her investments.

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 **AIA MPF – Prime Value Choice** ("this Scheme") with those under other registered schemes.

This example assumes that:

Your MPF Account Activities

- (a) your monthly relevant income is HK\$8,000
- (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
- (c) you have not transferred any accrued benefits into or out of this Scheme during the financial period

Your Company Profile

- (d) 5 employees (including yourself) of your employer participating in this Scheme
- (e) the monthly relevant income of each employee is HK\$8,000
- (f) no voluntary contribution is made
- (g) each of the other 4 employees has the same MPF account activities as yours

Investment Return and Savings Rate

- (h) the monthly rate of investment return is 0.5% on total assets
- (i) the prescribed savings rate is 3.25% per annum 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 approved pooled investment fund) in one financial period would be: **HK\$48.00**

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

Financial Year	Annual Rate (% p.a.)	Interim Rate (% p.a.)											
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
2001-2002	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
2002-2003	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
2003-2004	1.54	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00
2004-2005	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
2005-2006	2.42	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
2006-2007	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
2007-2008	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
2008-2009	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
2009-2010	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
2010-2011	1.75	2.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75
2011-2012	1.00	1.50	1.50	1.50	1.25	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00
2012-2013	0.54	1.00	1.00	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.72	0.54	0.54
2013-2014	0.50	0.60	0.60	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
2014-2015	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Please refer to Schedule 16 for the features of the guarantee under the Guaranteed Portfolio. Investment involves risks. Past performance is not indicative of future performance.

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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • another MPF 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 (Unlimited)	May transfer to: <ul style="list-style-type: none"> • 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 (as defined in the MPF Ordinance) nominated by that Self-employed Member (Unlimited)	May transfer to: <ul style="list-style-type: none"> • 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)
Voluntary Contributions	Cannot be transferred other than on cessation of current employment			Cannot be transferred other than on cessation of current self-employment / membership	(Unlimited)