

Appendix B

Major Articles of Provident Fund Scheme Agreement

Article 1: Eligibility

For Joint Provident Fund Scheme:

- a) All residents of the Macao SAR are eligible to participate in joint provident fund scheme upon scheme effective date;
- b) The Macao SAR residents participating in joint provident fund scheme referred to persons who have attained 18 years of age; or persons under 18 years of age but have enrolled in the social security system according to Article 10(1)(a) of Law No. 4/2010 (Social Security System);
- c) He or she provides work for an employer under Law No. 7/2008 (Labour Relations Law) even if the place of work is located outside the Macao SAR and belongs to a branch or agency of a company registered in Macao.

For Individual Provident Fund Scheme:

- d) All residents of the Macao SAR are eligible to participate in individual provident fund scheme upon scheme effective date;
- e) The Macao SAR residents participating in individual provident fund scheme referred to persons who have attained 18 years of age; or persons under 18 years of age but have enrolled in the social security system according to Article 10(1)(a) of Law No. 4/2010 (Social Security System).

Article 2: The establishment and amendments to the joint provident fund schemes and the individual provident fund scheme shall come into effect on the first day of the following month after the authorisation is obtained from the Social Security Fund.

The scheme year for Retirement Fund, Capital Stable Fund, Balanced Fund, Growth Fund and Manager's Choice Fund is from 1st January to 31th December each year.

Article 3 : Interpretation

The interpretation in this document has the same meaning as per Management Regulation of the Fund Management Entity or the Macao SAR Decree Law No. 7/2017 'Non-Mandatory Central Provident Fund System'.

Article 4 : Amendments of rules

- a) The establishment and amendments to the provident fund schemes must be subject to the approval of the Social Security Fund.
- b) The establishment and amendments to the provident fund schemes shall come into effect on the first day of the following month after the authorisation is obtained.
- c) The amendments to the joint provident fund schemes shall have effect only on employees who participate in the scheme after the related authorisation is obtained, except in cases where the employer pays higher contribution amount or sets more favourable conditions for the employee to obtain the employer's contribution benefits.
- d) Amendments, changes and addition of rules may be made according to the Management Regulation of the Fund Management Entity.

Article 5 : Commencement of contributions

- a) In the case of joint provident fund schemes, the contributions shall commence in the month immediately following the month of the employee's written consent to participate in the scheme and shall end in the month immediately following the month of termination of a labour relationship.
- b) In the case of individual provident fund schemes, the contributions shall commence in the month when the related scheme comes into effect.

Article 6 : Payment of contributions

- a) The contributions of the preceding month must be paid to the fund management entity on or before the last day of each month.
- b) The contributions must be paid in the following ways -
 - (i) In the case of joint provident fund schemes, the employer shall pay the full amount of contributions for the account owner with whom he or she has a labour relationship, and the employer may deduct for that purpose the amount of the employee's contributions from his or her remuneration;
 - (ii) In the case of individual provident fund schemes, the contributions shall be paid by the account owner himself or herself.
- c) The fund management entity shall record the contributions in the contribution sub-account of the account owner within five working days of its receipt of contributions.

Article 7 : Calculation of contributions

For Joint Provident Fund Scheme:

- a) The contributions towards the joint provident fund schemes are calculated on a monthly basis, with the employee's basic wage for the month as the calculation base.
- b) The contributions of both employees and employers are 5% of the calculation base.
- c) If the calculation base, after the deduction of contributions referred to in above Article 7b), is less than the amount referred to in Article 3(1)(c) of Law No. 7/2015 (Minimum Wage for Cleaning and Security Employees in the Property Management Services), then -
 - (i) the employee shall be exempted from payment of contributions;
 - (ii) the employer shall remain bound by the obligation to pay the respective contributions in accordance with the above Article (7b).
- d) If the calculation base is more than five times the amount referred to in Article 3(1)(c) of Law No. 7/2015, both the employee and employer shall be exempted from payment of the contributions in respect of the excess amount.
- e) Without prejudice to the application of the above Articles (7a) to 7d)), the employee and employer may make contributions in the following circumstances upon notification to the fund management entity -
 - (i) where other periodic remunerations provided for in Article 59(1) of Law No. 7/2008 are added to the calculation base according to the employer's decision;

- (ii) where the contribution rate is set higher than 5%;
 - (iii) where the contributions are exempted from payment in accordance with the Articles 7c) and 7d).
- f) Contributions calculated in accordance with the above Article 7e)
 - (i) shall be paid by both the employer and employee if in the case referred to (i);
 - (ii) shall be paid jointly or separately by the employer and employee if in the case referred to (ii) & (iii).
- g) If the amount of contributions calculated is not a multiple of a pataca, it shall be rounded to the higher multiple of a pataca.

For Individual Provident Fund Scheme:

- h) Without prejudice to the application of the provisions of the below Article 7i),, the amount of monthly contributions towards the individual provident fund scheme is 500 patacas and the account owner can pay a higher amount which must be an integral multiple of 100 patacas.
- i) The maximum amount of monthly contributions towards the individual provident fund scheme is 10% of the amount calculated according to the above Article 7d), and if the calculated amount is not an integral multiple of 100 patacas, it must be rounded down to the nearest integral multiple of 100 patacas.

Article 8 : Fund Switching

- a) Upon receipt of instructions from Employee and/or Employer, the Fund Management Entity may accept partial or full switch in/out from any one of the above mentioned funds from time to time.

Article 9: Suspension of payment of contributions

- a) The payment of contributions towards the joint provident fund scheme can only be suspended in the following circumstances and are subject to permission from the FSS -
 - (i) if the employer has strong economic grounds and the suspension of contributions is applicable to all of his or her employees under the same conditions;
 - (ii) if the employee gives the reason that the payment of contributions has been suspended by his or her employer according to the above Article 9(a)(i).
- b) The period of suspension of payment of contributions shall not exceed one year but can be renewed for the same length of time. To this end, an application must be filed at least 60 days prior to the expiration of the respective time limit.
- c) The employer's suspension of payment of contributions without getting permission shall result in -
 - (i) the execution of compulsory collection;
 - (ii) the removal of temporary tax incentives granted under Article 54 of Decree Law No. 7/2017.

Article 10 : Allocation of contributions

- a) In the case of joint provident fund schemes, the employee and employer must make a choice in an express manner for the investment of their respective contributions and without prejudice to the employer's transferring the right to invest the contributions to the related employee, but the transfer must be applicable under the same conditions to all of his or her employees.
- b) The employee shall have the right to invest the contributions of his or her employer when satisfying the requirement for obtaining the full amount of the employer's contribution benefits.
- c) The fund management entities must notify the employee of exercising the right referred to in the preceding paragraph, at least 60 days before the employee gains the related right.
- d) In the case of individual provident fund schemes, the account owner shall invest the contributions in his or her selected investment instruments by distributing their contributions by percentage.

Article 11 : Calculation of contribution time

- a) The contribution time refers to the period during which contributions are made towards the joint provident fund scheme, including the time when only the employer is paying the contributions or the time when either side suspends the payment of contributions.
- b) If both parties sign a new labour contract within three months after the termination of the last contract, the contribution time under the two contracts shall be accumulated, but the period from the end of one contract until the signing of a new one shall not be included.
- c) The contribution time is calculated in days and should be converted into years and days, and one year is 365 days.
- d) upon termination of a labour relationship, the employee shall have the right to obtain the accrued benefit. The portion of accrued benefit which shall comprise the total of the employee's own contributions and employer's contribution balance according to the contribution time and vesting percentages referred to in the table below:.

Contribution Time	Vesting percentage(%)
Less than 3 years	0
3 but less than 4 years	30
4 but less than 5 years	40
5 but less than 6 years	50
6 but less than 7 years	60
7 but less than 8 years	70
8 but less than 9 years	80
9 but less than 10 years	90
10 years or more	100

Article 12 : The right to obtain the employer's contributions

- a) In the case of joint provident fund schemes, upon termination of a labour relationship, the employee shall have the right to obtain the employer's contribution balance according to the contribution time and vesting percentages referred to the above article. The employer's contribution balance which the employee is not entitled to get under the preceding paragraph shall belong to the employer, who can

apply to the FSS for the withdrawal of funds or use such funds to pay the contributions for other employees.

Article 13 : Withdrawal of funds

- a) An account owner may apply to withdraw all or part of the balance in his or her individual account when he or she has attained 65 years of age.
- b) For any of the following reasons, an account owner who has not attained 65 years of age may apply to the FSS for an early withdrawal of all or part of the balance in his or her individual account-
 - (i) there is a need to bear huge medical expenses due to serious injury or illness of his or her own;
 - (ii) he or she has attained 60 years of age and is not engaged in any paid activities;
 - (iii) he or she has humanitarian or other properly explained reasons.
- c) If, in any of the following cases, an account owner under 65 years of age may apply to the FSS for an early withdrawal of all or part of the funds that are distributed by the government and recorded in his or her individual account according to Article 9(1)-
 - (i) there is a need to bear huge medical expenses due to serious injury or illness of his or her spouse, any degree of lineal consanguinity or affinity;
 - (ii) he or she has been receiving disability pension paid under Law No. 4/2010 for more than one year;
 - (iii) he or she is currently receiving special disability subsidy paid under Law No. 9/2011 (Disability Allowance and Free Healthcare Services System).
- d) The account owner may withdraw all or part of the funds only once a year and the reasons given for the early withdrawal must be supported by documents.
- e) Those whose early withdrawal of funds has been granted on grounds referred to in above Article 13(b)(ii) cannot apply for making an early withdrawal on the same grounds later.
- f) The withdrawal of all or part of the balance in the account owner's individual account does not affect its subsequent recording of additional funds or contributions.
- g) The amount for early withdrawal shall be determined by the FSS according to the specific circumstances of the account owner and the documents submitted by him or her.
- h) The fund management entities must obtain permission from the FSS before they can pay the account owners the balances recorded in their contribution sub-accounts and preserved sub-accounts.
- i) If an account owner dies, his or her heir(s) may withdraw the balance from the related individual account in accordance with the provisions of Article 15 of Decree Law No. 7/2017.

Article 14 : Transfer of funds

The funds in the three types of sub-accounts can be transferred to one another in accordance with the provisions of the supplemental regulations (By Administrative Regulation No. 33/2017).

Article 15 : Cancellation of individual account

- a) The individual account shall be cancelled only when its owner dies and its account balance has been fully withdrawn by the related heir(s).
- b) In the event of the account owner's death, the final balance of his or her individual account shall be included in his or her estate.
- c) After the FSS becomes aware of the account owner's death for more than five years, if the heir does not claim the final balance of the related individual account, the FSS must inform the fund management entity to cancel the contribution sub-account and the preserved sub-account of the related account owner, and the monies shall be transferred to the respective government-managed sub-account.
- d) A preserved sub-account is intended to record the balance carried forward due to cancellation of contribution sub-account.
- e) A preserved sub-account shall be opened by the fund management entity when the contribution sub-account is cancelled.
- f) Each fund management entity can only open one preserved subaccount for each account owner.
- g) The fund management entity must cancel the preserved sub-account if there is no balance in the sub-account.

Article 16 : Interface

- a) Where a joint provident fund scheme is established in accordance with the provisions of the Decree Law No. 7/2017 'Non-Mandatory Central Provident Fund System', if a defined contribution plan has been established under Decree-Law No. 6/99/M of 8th February and financed through pension funds registered with the AMCM, the said joint provident fund scheme can be interfaced with the private pension plan.
- b) The interface shall result in -
 - (i) the private pension plan and the joint provident fund scheme coming into effect at the same time;
 - (ii) the termination of payment of contributions towards the private pension plan and the payment of contributions towards the joint provident fund scheme;
 - (iii) the retaining of benefits obtained under the rules of the private pension plan and the processing of such benefits in accordance with the said rules.
- c) The interface does not affect the cancellation of the original private pension plan according to the provisions of the existing legislations.
- d) For the purpose of calculating the employee's benefits, the employee's contribution time under the joint provident fund scheme should be included in the contribution time under the private pension plan but without prejudice to the provisions of this Article 16 b(iii).
- e) The benefits obtained from the private pension plan can be transferred to the non-mandatory central provident fund system through the application of the account owner.

Article 17 : The fund management entity shall cancel the contribution sub-account in the following cases-

- a) In the case of a joint provident fund scheme, when it is notified by the employer of termination of the related labour relationship;

- b) In the case of an individual provident fund scheme, when it is notified by the account owner of termination of contributions.

Article 18 : Receipt

The proof of receipt for any sum payable where payment has been made by the Fund Management Entity as provided herein shall be a good discharge to the Fund Management Entity and shall be final and conclusive evidence that such sum has been duly paid to and received by the person or persons lawfully entitled to the same and that all claims and demands whatsoever against the Fund Management Entity in respect thereto have been fully satisfied.

Article 19 : Fees and Charges

- a) All fees and charges as stated in the Management Regulation of the Fund Management Entity shall be subject to modification as per above Article 4d). The Fund Management Entity shall provide the Applicant or account owner (if applicable) with one month's advance notice or any shorter period of any such modifications.
- b) The funds shall bear all administrative fees and expenses incurred in connection with or in relation to the Participating Scheme including but not limited to (if and where applicable), collection fees, legal, communication with clients, auditors, insurance, custodian or sub-custodian expenses and stamp duties, costs of establishing the Participating Scheme to the extent related to the operation and administration of the same, any application/authorisation or other fees payable to any regulatory authority, taxes, governmental charges, brokerages, commissions, exchange costs, bank charges, transfer fees, insurance and security costs
- c) Any interest which may accrue on amounts pending investment will form part of the assets of the AIA Macau CPF and will be applied solely in payment of such expenses of the Participating Scheme or Existing Participant Personal Account or Individual Personal Account (as the case may be) as the Fund Management Entity may from time to time determine
- d) Additional costs and expenses may be imposed for additional services which are not described in this Article 19, which the Fund Management Entity determines to be wholly attributable to the Applicant and/or Associate or account owner (as the case may be), shall be borne by them as appropriate.
- e) The Fund Management Entity has the discretion to waive part or all of the above fees

Article 20 : Ownership

Save and except to the extent of any fees or charges due and payable hereunder to the Fund Management Entity no part of the funds shall constitute or become assets of the Fund Management Entity and nor shall any part of the funds be subject to any assignment or encumbrance by any Participant or his nominees or Existing Participant or Individual Participant (as the case may be). The funds shall be free from all or any claims of creditors to the fullest extent permitted by Law.

Article 21 : Right to information

- a) The account owner has the right to obtain information about his or her individual account, in particular, about the respective balance.
- b) Employers have the right to obtain information in respect of their own contributions that is recorded in the contribution sub-accounts of their employees.
- c) The right to information shall also include information relating to the allocation of contributions among investment instruments, in particular, about -
 - (i) the choice of pension funds;

- (ii) the switching and settlement conditions of the related pension funds;
- (iii) the asset description, investment policy, price of each fund unit, degree of risk, investment performance and the management and administration fees charged.

d) Upon receipt of a request made under the above paragraphs a) to c), the Fund Management Entity must provide the relevant information within 10 working days at the latest.

Article 22 : Annual Statement

The Fund Management Entity must provide the account owners, during the first quarter of each calendar year, with information recorded in their contribution sub-accounts and preserved sub-accounts as at the end of the preceding calendar year.

Article 23 : Termination of Investment Fund Management

For Joint Provident Fund Scheme:

Participation in the AIA Macau CPF shall be terminated with not less than 30 days prior notice to either party of Associate or Fund Management Entity, provided that such termination and termination effective date shall be approved and provided by Social Security Fund respectively.

Article 24 : Redemption Fee

Upon the Termination Date or the period specified in Article 23, as applicable, the following provisions shall apply in sequential order:

- a) There shall be immediately payable from the Associate's Account to the Fund Management Entity a Redemption Fee in accordance with the Management Regulation of the Fund Management Entity.
- b) The remaining balance of the Associate's Account after the Redemption Fee (where applicable) shall if the Associate so directs the Fund Management Entity in writing, be transferred to another pension fund subject to any necessary approval of any governmental authority (if applicable).
- c) If the Fund Management Entity determines that payment of the balance of the Associate's Account as determined above involves the sale of investments for which there is at that time no adequate available market, the Fund Management Entity shall consult account owner/ Associate on their intention for cancellation of account, switching of investment allocation/ request for withdrawal. The Fund Management Entity shall then inform Social Security Fund (if government-managed sub-account is involved) or other fund management entities (if transfer of contribution sub-account or preserved sub-account is involved)

Article 25 : Asset Allocation

The funds offered under AIA Macau CPF are managed by the Fund Management Entity in accordance with the Management Regulation. The underlying investment of each fund will be invested in the manner as set out in the Investment Fund Features of the Fund Management Entity.