

Principal Brochure

BOC-Prudential Easy-Choice

Mandatory Provident Fund Scheme



BOCI-Prudential Trustee Limited

BOCI-Prudential Asset Management Limited

**BOC-PRUDENTIAL EASY-CHOICE
MANDATORY PROVIDENT FUND SCHEME
中銀保誠簡易強積金計劃 (the “SCHEME”)
FIRST ADDENDUM**

The amendments to the Principal Brochure (English version) are hereby shown in italics and underlined for your ease of reference.

This First Addendum should be read in conjunction with and forms part of the Principal Brochure dated 12th December, 2016 (the “**Principal Brochure**”). All capitalised terms in this First Addendum shall have the same meaning as in the Principal Brochure, unless otherwise stated.

You may visit our website at www.bocpt.com for the Principal Brochure of the Scheme or obtain a copy of the Principal Brochure at our Customer Service Centre at Unit 2403, 24/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

The following changes to the Principal Brochure shall take effect from 1 April 2017:

1. The following paragraphs shall replace the second bullet point in the section "Important Information - General" on page 1:

- "• *You should consider your own risk tolerance level and financial circumstances before investing in the MPF Default Investment Strategy (as defined in section 3.1A headed "MPF Default Investment Strategy"). You should note that the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the MPF Default Investment Strategy is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.*
- *You should note that the implementation of the MPF Default Investment Strategy may have an impact on your MPF investments and benefits. We recommend that you consult with the Trustee if you have doubts on how you are being affected.*

2. The following paragraphs shall be inserted as section 3.1A “MPF Default Investment Strategy” immediately after section 3.1.2 “Investment Policies of Umbrella Unit Trust” on page 15:

“3.1A MPF Default Investment Strategy

The following definitions shall apply to this Principal Brochure:

"DIS Funds" means the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund.

"higher risk assets" has the meaning given to it in the MPFS Ordinance.

"lower risk assets" means those assets not being higher risk assets, including without limitation global bonds or fixed income securities and money market instruments.

"MPF Default Investment Strategy" or "DIS" means the default investment strategy that complies with part 2 of Schedule 10 to the MPFS Ordinance.

"Reference Portfolio" means, in respect of each of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund, the MPF industry developed reference portfolio published by Hong Kong Investment Fund Association adopted for the purpose of DIS to provide a

common reference point for the performance and asset allocation of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund (as the case may be).

"Specific Investment Instruction" means:

- (i) an instruction by a member to invest contributions and/or accrued benefits (including accrued benefits transferred from another scheme) (as the case may be), in such manner as prescribed by the Trustee, and meeting the following requirements:
 - the total percentage for all the selected constituent funds (including DIS as an investment choice) (or, in the case of a switching instruction, the switch-in total) should add up to 100%, and
 - the allocated percentage for each selected constituent fund and/or DIS must be an integer and should be not less than 5%, or
- (ii) a confirmation (whether in the form of hard copy or online submission of the relevant administration forms prescribed by the Trustee or through mobile apps) by a member with regard to any investment arrangement of the existing accrued benefits and/or future contributions and accrued benefits transferred from another scheme.

Any investment mandate and switching instruction must meet the requirements for a "Specific Investment Instruction" in order to be valid. A "Specific Investment Instruction" of a member shall apply to the mandatory contributions (regardless of whether they are made by the member's employer or the member), voluntary contributions (if any) (regardless of whether they are made by the member's employer or the member) and special voluntary contributions (if any) of the member separately.

The MPF Default Investment Strategy is a ready-made investment arrangement mainly designed for those scheme members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those scheme members who do not make an investment choice, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

Asset Allocation of the DIS

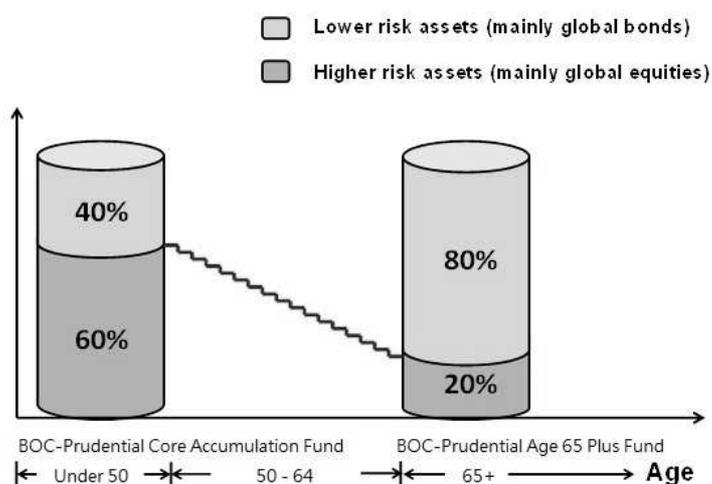
The DIS aims to balance the long term effects of risk and return through investing in two specified DIS Funds according to the pre-set allocation percentages at different ages. The BOC-Prudential Core Accumulation Fund will invest around 60% in higher risk assets (as defined in the MPFS Ordinance) (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the BOC-Prudential Age 65 Plus Fund will invest around 20% in higher risk assets and 80% in lower risk assets. Both of the aforementioned constituent funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPFS Ordinance. For further details of the investment policies of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund, please refer to paragraphs (xiv) and (xv) of section 3.1.1 headed "Investment Policy of the Constituent Funds" above.

De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the BOC-Prudential Core Accumulation Fund and increasing the holding in the BOC-Prudential Age 65 Plus

Fund throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

Diagram 1: Asset Allocation between Constituent Funds in the DIS



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

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the BOC-Prudential Core Accumulation Fund to the BOC-Prudential Age 65 Plus Fund under the DIS. Switching of the existing accrued benefits among the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund will be automatically carried out each year on or after a member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below.

Members should be aware that the above de-risking will not apply where a member chooses BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund as individual fund choices (rather than as part of the DIS).

In summary, under the DIS:

- (a) when a member is below the age of 50, all existing accrued benefits as well as contributions and accrued benefits transferred from another scheme will be invested in the BOC-Prudential Core Accumulation Fund;
- (b) when a member is between the ages of 50 and 64, all existing accrued benefits as well as contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above;
- (c) when a member reaches the age of 64, all existing accrued benefits as well as contributions and accrued benefits transferred from another scheme will be invested in BOC-Prudential Age 65 Plus Fund;
- (d) For a deceased member, de-risking will cease once the Trustee has received proof of the death of the member to the Trustee's satisfaction. If de-risking has already been taken place between the death of the member and the time at which the Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased member.

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

If the Trustee does not have the full information on the date of birth of the relevant member:

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a dealing day, the next available dealing day.
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a dealing day, the next available dealing day.
- If no information at all on the date of birth, the member's accrued benefits will be fully invested in the BOC-Prudential Age 65 Plus Fund without applying de-risking.

Diagram 2: DIS De-risking Table

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

Note: The above allocation between the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund is made at the point of annual de-risking and the proportion of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund in the DIS portfolio may vary during the year due to market fluctuations.

The Trustee will, to the extent practicable, issue a notice to the relevant member at least 60 days prior to his 50th birthday informing him of the commencement of the de-risking process. Also, a confirmation statement will be sent to the relevant member no later than 5 dealing days after the de-risking process has been completed.

Please refer to section 6A headed "Operational and Administrative Arrangements relating to DIS" for the specific operational arrangements of the constituent funds which are under the DIS."

3. The following paragraphs shall be inserted as Section 6A. "OPERATIONAL AND ADMINISTRATIVE ARRANGEMENTS RELATING TO DIS" immediately after section 6. "DEALING IN CONSTITUENT FUNDS" on page 35.

"6A. OPERATIONAL AND ADMINISTRATIVE ARRANGEMENTS RELATING TO DIS

6A.1 Detailed arrangement relating to DIS De-risking

De-risking will take place on a member's birthday.

If the member's birthday is not on a dealing day, then the investments will be moved on the next available dealing day.

If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available dealing day.

If the member's birthday falls on the 29th of February and in the year which is not a leap year, then the investments will be moved on 1st of March or the next available dealing day.

If the relevant member notifies the Trustee of any information relating to his updated date of birth, then the Trustee will, adjust the allocation between the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund according to such updated information, and going forward effect the de-risking according to the DIS de-risking table in Diagram 2 shown in section 3.1A headed "MPF Default Investment Strategy" above and the updated information of his date of birth.

Subject to the following circumstances, the de-risking mechanism will not be subject to any over-riding discretion on the part of the Trustee, the relevant member or the relevant participating employer:

- (i) In general, when one or more of the specified instructions (including but not limited to redemption or switching instructions) are being processed on the annual date of de-risking for a relevant member, the annual de-risking will be deferred and will only take place after completion of these specified instructions where necessary. In particular, if, the Trustee receives an instruction which results in a redemption of units from a member on the date of de-risking for such member, the commencement of the de-risking process may be affected in the following ways:
 - (a) If part of the member's accrued benefits remains invested in the DIS Funds after redemption, the de-risking will only take place after the redemption is completed and hence may be deferred;
 - (b) If none of the member's accrued benefits remains invested in the DIS Funds after redemption, no de-risking will take place.
- (ii) However, for switching instructions that rebalance the existing portfolio which result in investing all or part of accrued benefits being invested into the DIS Funds, the de-risking process will take place at the time of rebalancing and hence the commencement of the de-risking process will not be affected.

The number of units of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund that can be issued in the annual de-risking under the DIS shall be rounded down to 4 decimal places.

Please refer to section 6 for details regarding the handling procedures for subscription, redemption and switching respectively.

6A.2 Switching in and out of DIS

Members can switch into or out of the DIS Funds under the DIS at any time, subject to the rules of the Scheme. Should a member wish to transfer his accrued benefits from the DIS Funds to other constituent funds, such accrued benefits will be transferred without applying de-risking. On the contrary, should a member wish to transfer his accrued benefits from the other constituent funds to the DIS Funds under the DIS, such accrued benefits will be transferred to the DIS Funds according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 above. Partial

switching in / out of the DIS is allowed. Members' switching instruction to switch in or out of the DIS will apply to their mandatory contributions, voluntary contributions (if any) and special voluntary contributions (if any) separately. In other words, if a member only gives a switching instruction to switch his mandatory contributions in the DIS, his voluntary contributions and special voluntary contributions will not be switched in the DIS unless there are switching instructions given in respect of these types of contributions to this effect. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. Also, members may change their investment mandate to invest in the DIS at any time.

Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the investment mandate for future contributions.

6A.3 Circumstances for Accrued Benefits to be Invested in the DIS

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

(a) When members join the Scheme or set up a new account in the Scheme, they have the opportunity to give an investment mandate for their future contributions and accrued benefits transferred from another scheme. They may choose to invest their future contributions and accrued benefits transferred from another scheme into:

(I) the DIS Funds (i.e. the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund as part of DIS); and/or

(II) one or more constituent funds of their own choice (each as a standalone fund choice rather than as part of DIS) from the list under Section 1 of this Principal Brochure above (including the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

(b) Each investment mandate must meet the requirements for a Specific Investment Instruction in order to be valid. The following table sets out the consequences where the investment mandates are considered invalid:

| | <u>Consequences</u> |
|--|---|
| A. <u>An invalid investment mandate (i.e. an investment mandate not meeting the requirements for a Specific Investment Instruction) or no investment mandate is given in respect of the mandatory contributions (while a Specific Investment Instructions are given in respect of the voluntary contributions and special voluntary contributions respectively).</u> | <u>The entire mandatory contributions will be invested in the DIS. The voluntary contributions and special voluntary contributions will not be affected.</u> |
| B. <u>An invalid investment mandate (i.e. an investment mandate not meeting the requirements for a Specific Investment Instruction) or no investment mandate is given in respect of the voluntary and/or special voluntary contributions(while a Specific Investment Instruction is given in respect of the mandatory contributions).</u> | <u>The entire voluntary contributions and/or special voluntary contributions will be invested in the DIS. The mandatory contributions will not be affected.</u> |

| | |
|---|--|
| C. <u>Invalid change of investment mandate (i.e. not meeting the requirements for a "Specific Investment Instruction").</u> | <u>The invalid change of investment mandate will be rejected and the existing investment allocation in respect of future contributions and accrued benefits transferred from another scheme will remain unchanged.</u> |
| D. <u>Invalid switching instruction (i.e. not meeting the requirements for a "Specific Investment Instruction").</u> | <u>The invalid switching instruction will be rejected and the existing investment in respect of the existing accrued benefits will remain unchanged.</u> |

- (c) Members should note that, if investments/benefits in the BOC-Prudential Core Accumulation Fund or the BOC-Prudential Age 65 Plus Fund are made under the member's Specific Investment Instructions for investment in such fund (as a standalone fund choice rather than as part of the DIS offered as a choice under (a)(I) above) ("standalone investments"), those investments/benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) BOC-Prudential Core Accumulation Fund and/or BOC-Prudential Age 65 Plus Fund as standalone investments and (ii) the DIS (no matter by default or by Specific Investment Instruction), accrued benefits invested under (i) will not be subject to the de-risking mechanism whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates.
- (d) If a member opts for (a)(II) or (a)(I) and (II) above, the investment mandate must meet the requirements for a Specific Investment Instruction. If the investment mandate given upon enrolment does not meet these requirements, then the entire contributions, accrued benefits and transferred monies will be invested into DIS Funds under the DIS.
- (e) Where a member has multiple capacities under the Scheme (e.g. a member being an employee member and a personal account member), the investment arrangement applies to the accounts of the member in each capacity individually; for instance, if a member is an employee member and a personal account member and wishes to switch his accrued benefits and contributions under the accounts related to his employee member status into the DIS, such switching will only impact the account related to his employee member status and not the account related to his personal account member status.

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

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

- (a) For a member's Pre-existing Account with all accrued benefits invested according to the original default investment arrangement which was generally resulted from no Specific Investment Instruction being given on the existing accrued benefits:

If, as of 1 April 2017, the accrued benefits in a member's Pre-existing Account are only invested in the BOC-Prudential MPF Conservative Fund (i.e. the default investment arrangement of the Scheme prior to 4 July 2005) or the BOC-Prudential Stable Fund (i.e. the default investment arrangement of the Scheme between 4 July 2005 and 31 March 2017, both dates inclusive), special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in the DIS. If the member's Pre-existing Account is the one described above, a notice called the **DIS Re-investment Notice** (the "DRN") may be sent to

the member within 6 months from 1 April 2017 explaining the impact on such account and giving the member an opportunity to give a Specific Investment Instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. Members should note that the risk inherent in the original default investment arrangement (that is BOC-Prudential MPF Conservative Fund prior to 4 July 2005 and the BOC-Prudential Stable Fund between 4 July 2005 and 31 March 2017, both dates inclusive) may be different from that of the DIS. They will also be subject to market risks during the redemption and reinvestment process. The following table summarises the risk levels (Note 1) of each of the original default investment arrangement, the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund:

| Name of the constituent fund | Risk level |
|--|-------------------|
| Original default investment arrangement | |
| BOC-Prudential MPF Conservative Fund (prior to 4 July 2005) | Low |
| BOC-Prudential Stable Fund (between 4 July 2005 and 31 March 2017) | Medium |
| Constituent Funds under the DIS | |
| BOC-Prudential Core Accumulation Fund | Medium to high |
| BOC-Prudential Age 65 Plus Fund | Medium |

Note 1: The risk levels are categorized into low, low to medium, medium, medium to high and high. The risk levels are determined by BOCI-Prudential Asset Management Limited based on the investment mix of each constituent fund and/or their underlying investments, and represent only the views of BOCI-Prudential Asset Management Limited. The risk levels are for reference only and will be reviewed and (if appropriate) updated at least annually taking into account the prevailing market circumstances.

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

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

- (i) has part of the accrued benefits in it invested in the original default investment arrangement (as a result of no valid investment mandate being given in respect of that part of the accrued benefits) unless the Trustee has received any Specific Investment Instructions, or
- (ii) has all of the accrued benefits in it invested in constituent funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Scheme being transferred to the Pre-existing Account) and no investment mandate has ever been given for the Pre-existing Account in respect of future contributions and accrued benefits transferred from another scheme,

the member's accrued benefits paid to the member's Pre-existing Account on or before 31 March 2017 will be invested in the same manner as at 31 March 2017, while future contribution and accrued benefits transferred from another scheme will be invested in the DIS, in the absence of a Specific Investment Instruction.

(c) For a member's Pre-existing Account which as at 31 March 2017 has all or part of the accrued benefits in it invested in constituent funds other than the original default investment arrangement after scheme restructuring whereby all or any of the accrued benefits in the Pre-existing Account were transferred to the Pre-existing Account from an account in another scheme in a restructuring to which the Authority consented under section 34B(5) of the MPFS Ordinance, unless the Trustee has received any Specific Investment Instructions, the member's accrued benefits as well as future contributions and accrued benefits transferred from another scheme paid to the member's Pre-existing Account on or after 1 April 2017 will be invested in the same manner as at 31 March 2017. However, where a member falling under this paragraph (c) wishes to pay a new type of contributions on or after 1 April 2017 (e.g. where the member had only been paying mandatory contributions and not voluntary contributions before 1 April 2017 but wishes to pay voluntary contributions after 1 April 2017), in the absence of a Specific Investment Instruction, such new type of contributions will be invested in the DIS.

(iii) Treatment of benefits transferred from a contribution account to a personal account

Where a member ceases employment with a participating employer and

- (a) in the absence of his election to transfer such benefits as described in Section 4.10 of this Principal Brochure, and his accrued benefits in respect of such employment are automatically transferred to a personal account upon the expiry of the three months' period after the Trustee has been notified of the termination of his employment, or
- (b) the member has given instruction to transfer the accrued benefits from such employment to a personal account and his accrued benefits are therefore transferred to the personal account.

the accrued benefits transferred from the member's contribution account to the member's personal account will be invested in the same manner immediately before the transfer, and, unless the Trustee receives a Specific Investment Instruction from the member with regard to the member's personal account, any new contributions and accrued benefits transferred from another MPF Scheme may be invested in the DIS."

4. The following paragraphs shall be inserted after the sub-section headed "De-risking of the DIS" under section 3.1A "MPF Default Investment Strategy":

Fees and Out-Of-Pocket Expenses of DIS

In accordance with section 34DD(4) and Schedule 11 to the MPFS Ordinance, the aggregate of the payments for services specified in section 34DD(2) of the MPFS Ordinance of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund must not, in a single day, exceed a daily rate (being 0.75% per annum of the net asset value of each of these DIS Funds divided by the number of days in the year). The above aggregate payments for services include, but are not limited to, the fees paid or payable for the services provided by the Trustee, the administrator, the investment manager and the sponsor and/or the promoter of the Scheme and the underlying investment fund(s) of the respective DIS Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

In addition, in accordance with section 34DD(4) and Schedule 11 to the MPFS Ordinance, the total amount of all payments that are charged to or imposed on the DIS Fund or members who invest in the DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as

issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying funds), fund price publication expenses, bank charges, governmental fees and charges (including but not limited to stamp duty and licence fee), annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund, other charges and expenses properly incurred and permitted under the MPFS Ordinance, the regulations and governing rules of the Scheme.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

For further details, please refer to Section 7.1 “Fee Tables”.

Information on Performance of DIS Funds

The fund performance (including the definition and actual figures of the fund expense ratio) and Reference Portfolio of the DIS Funds will be published in the fund factsheets (and one of which will be attached to the annual benefit statement). Members can visit www.boci-pru.com.hk or call the MPF Application and Product Hotline at 2280 8686 for information. Members may also obtain the fund performance information at the website of the MPFA (www.mpfa.org.hk).

The Reference Portfolio is adopted to provide a common reference point for performance and asset allocation of the DIS Funds. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association. Please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio.

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

5. The following paragraphs shall be inserted as paragraphs (n)(i), (n)(ii), (n)(iii), (n)(iv) and (n)(v) respectively immediately after paragraph (m)(vi) under original section 3.2 “Risk Factors” on page 19:

“(n) Key risks relating to the DIS

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

Limitations on the strategy

(i) Age as the sole factor in determining the asset allocation under the DIS

As set out in more detail in Section 3.1A headed “MPF Default Investment Strategy”, members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a member’s age. The DIS does not take into account factors other than age, such as market and economic conditions nor member’s personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the Scheme.

(ii) Pre-set asset allocation

Members should note that the DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance

level of + or - 5%. The prescribed exposure between higher risk assets and lower risk assets of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund will limit the ability of the Investment Manager of the DIS Funds to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the Investment Manager thought it appropriate to do so.

(iii) Annual de-risking between the DIS Funds

Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions.

It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.

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

(iv) Potential rebalancing within each of the DIS Funds

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund, the investments of each of the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the BOC-Prudential Core Accumulation Fund's or BOC-Prudential Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, each of the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the Investment Manager of the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund is of the view that the higher risk assets might continue to perform poorly.

(v) Additional transaction costs

Due to (a) the potential rebalancing of higher risk assets and lower risk assets in the process of maintaining the prescribed allocation within each of the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive

investment returns (in particular for those members with only a short investment horizon before retirement). The two designated constituent funds for DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these constituent funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to Section 3.2 headed "Risk Factors".

Risk on early withdrawal and switching

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

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

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/on-going contributions, if any, will be invested in the BOC-Prudential Age 65 Plus Fund which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.”

6. The following paragraphs shall be inserted as sub-section (xiv) “BOC-Prudential Core Accumulation Fund” immediately after sub-section (xiii) “BOC-Prudential MPF RMB & HKD Money Market Fund” on page 13 under section 3.1.1 “Investment Policy of the Constituent Funds”:

“(xiv) BOC-Prudential Core Accumulation Fund

Investment Objective

The investment objective of the BOC-Prudential Core Accumulation Fund is to seek to provide capital growth to scheme members by investing in a globally diversified manner.

Investment Strategy

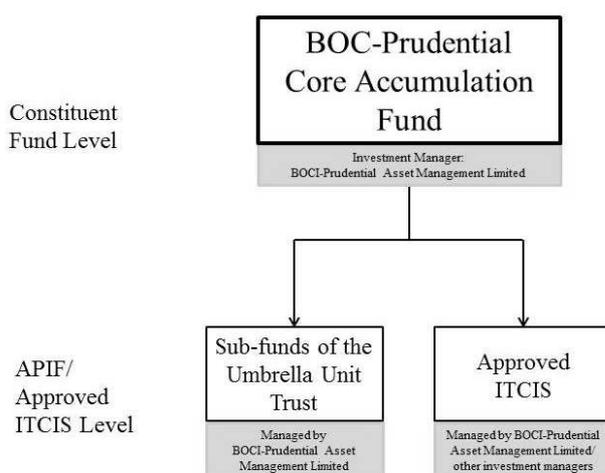
The BOC-Prudential Core Accumulation Fund targets to hold 60% of its underlying assets in higher risk assets (as referred to in section 3.1A headed “MPF Default Investment Strategy” below) (such as global equities, warrants, interests in an ITCIS that tracks an index comprised of equities or equities-like securities and/or other investments as identified in the relevant guidelines issued by the Authority from time to time), through investing in a combination of equity sub-funds of the Umbrella Unit Trust and/or approved ITCIS, with the remainder investing in lower risk assets (as referred to in section 3.1A headed “MPF Default Investment Strategy” below) (such as global bonds, or fixed income securities and money market instrument), through investing in a combination of bond sub-funds of the Umbrella Unit Trust and/or approved ITCIS. The asset allocation of higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

The BOC-Prudential Core Accumulation Fund adopts the following investment strategy: it utilizes index tracking approved ITCIS and/or actively managed sub-funds of the Umbrella Unit Trust to provide exposure to equity and bond markets. The Investment Manager may, subject to the DIS-related MPF legislation and requirements, have the flexibility to allocate the assets among sub-funds of the Umbrella Unit Trust and/or approved ITCIS(s) in such proportions as it shall, at its discretion, determine. The BOC-Prudential Core Accumulation Fund adopts such investment strategy aiming to achieve a performance that is referenced against the Reference Portfolio. However, it should be noted that the performance of the BOC-Prudential Core Accumulation Fund and the performance of the Reference Portfolio may diverge. Potential divergence may be caused by factors such as composition of the underlying assets, liquidity of the market and timing difference for changes to the underlying investment portfolio.

Investment Structure

In order to achieve the investment objective, the BOC-Prudential Core Accumulation Fund will be structured as a portfolio management fund investing in two or more sub-funds of the Umbrella Unit Trust and/or approved ITCIS which may be the approved ITCIS managed by the Investment Manager or the approved ITCIS selected from those available in the markets that allow the BOC-Prudential Core Accumulation Fund to achieve the stated investment objective. The Investment Manager may allocate the assets among sub-funds of the Umbrella Unit Trust and/or approved ITCIS(s) in such proportions as it shall, at its discretion, determine. The sub-funds of the Umbrella Unit Trust may invest in approved ITCIS and Other Permitted Securities (which include up to 10% of its total net asset value in Other Authorized Unit Trusts or Authorized Mutual Funds).

Where appropriate, cash, time deposits or money market securities may be considered.



Asset Allocation

The normal asset allocation of the BOC-Prudential Core Accumulation Fund is expected to be:

Equities, warrants, interests in an ITCIS that tracks an index comprised of equities or equities-like securities and/or other investments as identified in the relevant guidelines issued by the Authority from time to time : 55 – 65%

Bonds or fixed income instruments: 35 – 45%

Cash, time deposits or money market securities: 0 – 10%

Geographical Allocation (if any)

There is no prescribed allocation for investments in any specific countries or currencies.

Hong Kong Dollar Currency Exposure

The BOC-Prudential Core Accumulation Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30% through currency hedging operations by entering into currency forward contracts.

Policies regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts and securities lending

The BOC-Prudential Core Accumulation Fund will not enter into financial futures contracts and financial options contracts for non-hedging purposes. The BOC-Prudential Core Accumulation Fund will not engage in security lending.

Risk inherent & Expected Return

The BOC-Prudential Core Accumulation Fund aims to achieve a performance that is referenced against the Reference Portfolio. The risk level of the BOC-Prudential Core Accumulation Fund is **medium to high**.

Please refer to Section 6A.3(II)(a) for details on how the risk level is determined.”

7. The following paragraphs shall be inserted as sub-section (xv) “BOC-Prudential Age 65 Plus Fund” immediately after sub-section (xiv) “BOC-Prudential Core Accumulation Fund” referred to in item 6 above:

“(xv) BOC-Prudential Age 65 Plus Fund

Investment Objective

The investment objective of the BOC-Prudential Age 65 Plus Fund is to seek to provide stable growth for the retirement savings to scheme members by investing in a globally diversified manner.

Investment Strategy

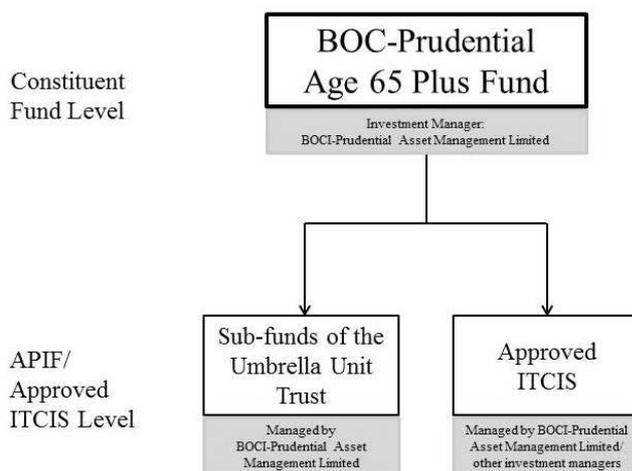
The BOC-Prudential Age 65 Plus Fund targets to hold 20% of its assets in higher risk assets (such as global equities, warrants, interests in an ITCIS that tracks an index comprised of equities or equities-like securities and/or other investments as identified in the relevant guidelines issued by the Authority from time to time) through investing in a combination of equity sub-funds of the Umbrella Unit Trust and/or approved ITCIS, with the remainder investing in lower risk assets (such as global bonds or fixed income securities and money market instruments) through investing in a combination of bond sub-funds of the Umbrella Unit Trust and/or approved ITCIS. The asset allocation of higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.

The BOC-Prudential Age 65 Plus Fund adopts the following investment strategy: it utilizes index tracking approved ITCIS and/or actively managed sub-funds of the Umbrella Unit Trust to provide exposure to equity and bond markets. The Investment Manager may, subject to the DIS-related MPF legislation and requirements, have the flexibility to allocate the assets among sub-funds of the Umbrella Unit Trust and/or approved ITCIS(s) in such proportions as it shall, at its discretion, determine. The BOC-Prudential Age 65 Plus Fund adopts such investment strategy aiming to achieve a performance that is referenced against the Reference Portfolio. However, it should be noted that the performance of the BOC-Prudential Age 65 Plus Fund and the performance of the Reference Portfolio may diverge. Potential divergence may be caused by factors such as composition of the underlying assets, liquidity of the market and timing differences for changes to the underlying investment portfolio.

Investment Structure

In order to achieve the investment objective, the BOC-Prudential Age 65 Plus Fund will be structured as a portfolio management fund investing in two or more sub-funds of the Umbrella Unit Trust and/or approved ITCIS which may be the approved ITCIS managed by the Investment Manager or the approved ITCIS selected from those available in the markets that allow the BOC-Prudential Age 65 Plus Fund to achieve the stated investment objective. The Investment Manager may allocate the assets among sub-funds of the Umbrella Unit Trust and/or approved ITCIS(s) in such proportions as it shall, at its discretion, determine. The sub-funds of the Umbrella Unit Trust may invest in approved ITCIS and Other Permitted Securities (which include up to 10% of its total net asset value in Other Authorized Unit Trusts or Authorized Mutual Funds).

Where appropriate, cash, time deposits or money market securities may be considered.



Asset Allocation

The normal asset allocation of the BOC-Prudential Age 65 Plus Fund is expected to be:

| | |
|--|-----------------|
| <u>Bonds or fixed income instruments:</u> | <u>75 – 85%</u> |
| <u>Equities, warrants, interests in an ITCIS that tracks an index comprised of equities or equities-like securities and/or other investments as identified in the relevant guidelines issued by the Authority from time to time:</u> | <u>15 – 25%</u> |
| <u>Cash, time deposits or money market securities:</u> | <u>0 – 10%</u> |

Geographical Allocation (if any)

There is no prescribed allocation for investments in any specific countries or currencies.

Hong Kong Dollar Currency Exposure

The BOC-Prudential Age 65 Plus Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30% through currency hedging operations by entering into currency forward contracts.

Policies regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts and securities lending

The BOC-Prudential Age 65 Plus Fund will not enter into financial futures contracts and financial options contracts for non-hedging purposes. The BOC-Prudential Age 65 Plus Fund will not engage in security lending.

Risk inherent & Expected Return

The BOC-Prudential Age 65 Plus Fund aims to achieve a performance that is referenced against the Reference Portfolio. The risk level of the BOC-Prudential Age 65 Plus Fund is **medium**.

Please refer to Section 6A.3(II)(a) for details on how the risk level is determined.”

8. Table (C) “Fund operating charges & expense of constituent funds” under the section 7.1 “Fee Tables” on pages 36 shall be amended and restated as follows:

| (C) Fund operating charges & expenses of constituent funds | | | |
|--|---|---|----------------------------------|
| Type of charges & expenses | Name of constituent fund | Current level (% of NAV per annum) | Deducted from |
| Management fees ⁷ & (c) | BOC-Prudential MPF Conservative Fund | 0.80% | Relevant constituent fund assets |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | 0.80% | |
| | BOC-Prudential Bond Fund | 1.40% | |
| | BOC-Prudential CSI HK 100 Tracker Fund | 0.8125% | |
| | BOC-Prudential North America Index Tracking Fund | 0.9025% | |
| | BOC-Prudential European Index Tracking Fund | | |
| | <u>BOC-Prudential Core Accumulation Fund</u> | <u>0.75%</u> | |
| | <u>BOC-Prudential Age 65 Plus Fund</u> | <u>0.75%</u> | |
| | Other constituent funds | 1.55% | |
| Other expenses ^(h) <u>and out-of-pocket expenses</u> ⁽ⁱ⁾ | <ul style="list-style-type: none"> ▪ Fees and expenses of the custodians or sub-custodians of the assets of the Scheme (<i>to the extent permitted by the MPFS Ordinance</i>) ▪ Charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges) ▪ Investment handling fee (an amount charged per transaction) ▪ Investment costs such as brokerage commission, transaction levy, trading fee, stamp duty in acquiring units of approved ITCIS ▪ Audit and legal fees ▪ Any other fees and charges incurred in respect of the establishment, management and administration of the constituent funds <ul style="list-style-type: none"> - The establishment cost of BOC-Prudential CSI HK 100 Tracker Fund, BOC-Prudential North America Index Tracking Fund and BOC-Prudential European Index Tracking Fund is estimated to be HK\$5,000 each. The establishment cost of BOC-Prudential MPF RMB & HKD Money Market Fund is estimated to be HK\$12,500. Such cost was borne by the relevant constituent fund and amortised over the first year following their launch. - <u>The establishment cost of each of the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund is estimated to be HK\$10,000 which will be borne by each of these two constituent funds and amortised over the first three accounting periods following their launch.</u> ▪ Costs and expenses in effecting and maintaining adequate insurance as required by the MPFS Ordinance and the Regulation ▪ Compensation fund levy (if any) | | |

9. Table (D) “Fees and charges payable out of the underlying funds” under the section 7.1 “Fee Tables” on pages 37 shall be amended and restated as follows:

| (D) Fees and charges payable out of the underlying funds | | | |
|---|---|---|--|
| 1. Umbrella Unit Trust | | | |
| Type of charges & expenses | Name of constituent fund | Current level (% of NAV per annum) | Deducted from |
| Contribution charge ³ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets (charged per transaction) |
| Offer spread ⁴ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets |
| Bid spread ⁵ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |

| | | | |
|--|--|--|--|
| | Other constituent funds | Nil | Relevant underlying fund assets |
| Withdrawal charge ⁶ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets (charged per transaction) |
| Management fees ^{7 & (c)} | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | <u>BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund</u> | <u>Nil(after fee rebate⁷)</u> | <u>Relevant underlying fund assets</u> |
| | Other constituent funds | 0.0875% | Relevant underlying fund assets |
| Other expenses ^(h) | <ul style="list-style-type: none"> ▪ Sub-custodians fees ▪ Charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges) ▪ Investment handling fee (charged per transaction) ▪ Audit and legal fees ▪ Any other fees and charges incurred in respect of the establishment, management and administration of the sub-funds | | Relevant underlying fund assets |
| 2. Approved ITCIS managed by IM | | | |
| Management fees ^{7, 8 & (c)} | <u>BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund</u> | <u>Nil (after fee rebate⁷ & ⁸)</u> | Relevant approved ITCIS |
| | <u>Other constituent funds</u> | <u>0.0875%</u> | <u>Relevant approved ITCIS</u> |
| Other possible expenses charged by the respective approved ITCIS | <ul style="list-style-type: none"> ▪ Registrar's fee ▪ Conversion agent's fee ▪ Index licensing fees ▪ Transaction and processing fees ▪ Audit and legal fees ▪ Any other fees and charges incurred in respect of the establishment, management and administration of the relevant approved ITCIS | | Relevant approved ITCIS |

10. Table (E) "Other fees and charges for providing additional services" under section 7.1 "Fee Tables" on page 38 shall be amended and restated as follows:

| (E) Other fees and charges for providing additional services | |
|--|--|
| Type of charges & expenses | Current amount (HK\$) |
| Handling fee for withdrawal of accrued benefits by instalments ⁽¹⁾ | HK\$100 per withdrawal* [^] * Not applicable to payment of the first four (4) instalments in each calendar year and payment of the final instalment as mentioned under Section 4.7 above. [^] The fee specified above does not include any necessary transaction costs that are incurred, or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the payment. |
| Copy of Trust Deed and constitutive documents | HK\$300 per copy |
| Copy of consolidated reports of the Scheme | HK\$300 per copy |
| Re-issuance of annual benefit statement: Per employer Per employee member, self-employed person and personal account member | HK\$200 per statement HK\$100 per statement |
| Additional copy or re-issuance of statements and reports: Per employer Per employee member, self-employed person and personal account member | HK\$200 per statement / report HK\$100 per statement / report |
| Handling returned cheque due to insufficient funds or other reasons ⁽¹⁾ | HK\$100 per transaction |

| | |
|--|-----|
| Making special voluntary contribution | Nil |
| Withdrawal of special voluntary contribution | Nil |

11. The definition “7. Management fees” under Section 7.1 “Fees Tables” on page 39 shall be amended and restated as follows:

“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. In the case of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund, Management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPFS Ordinance) be charged as a percentage of the net asset value of the fund. These Management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the fund which applies across both the fund and underlying funds. For the avoidance of doubt, Management fees of the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund shall not include custodian fees which are not calculated by reference to the net asset value of these constituent funds. Any amount of Management fees exceeding the relevant specified rate will be rebated to the relevant constituent funds daily by the Trustee and Investment Manager respectively.”

12. The table under Explanatory Note (c) “Breakdown of Management Fees (Current Level)” under section 7.1 “Fee Tables” on page 39 shall be amended and restated as follows:

| Name of fund | Trustee fee | Investment management fee | Management fees (in total) |
|--|----------------------|---------------------------|----------------------------|
| | (% of NAV per annum) | | |
| Constituent funds: | | | |
| BOC-Prudential MPF Conservative Fund | 0.55% | 0.25% | 0.80% |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.55% | 0.25% | 0.80% |
| BOC-Prudential Bond Fund | 0.55% | 0.85% | 1.40% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.55% | 0.2625% | 0.8125% |
| BOC-Prudential North America Index Tracking Fund | 0.55% | 0.3525% | 0.9025% |
| BOC-Prudential European Index Tracking Fund | 0.55% | 0.3525% | 0.9025% |
| Other constituent funds | 0.55% | 1.00% | 1.55% |
| Underlying funds: | | | |
| Umbrella Unit Trust | 0.0875% | Nil | 0.0875% |
| Approved ITCIS ^(e) | 0.0875% | Nil | 0.0875% |

| <u>Name of fund</u> | <u>Trustee fee</u> | <u>Investment management fee</u> | <u>Management fees (in total)</u> |
|--|----------------------|----------------------------------|-----------------------------------|
| | (% of NAV per annum) | | |
| <u>Constituent funds:</u> | | | |
| <u>BOC-Prudential Core Accumulation Fund</u> | <u>0.45%</u> | <u>0.30%</u> | <u>0.75%</u> |
| <u>BOC-Prudential Age 65 Plus Fund</u> | <u>0.45%</u> | <u>0.30%</u> | <u>0.75%</u> |
| <u>Underlying funds:</u> | | | |
| <u>Umbrella Unit Trust^(k)</u> | <u>Nil</u> | <u>Nil</u> | <u>Nil</u> |
| <u>Approved ITCIS^(k)</u> | <u>Nil</u> | <u>Nil</u> | <u>Nil</u> |

13. The table under “(iii) Management fees” of Explanatory Note (d) “Maximum Levels of Fees, Charges and Expenses” under section 7.1 “Fee Tables” on page 40 shall be amended and restated as follows:

| Name of fund (<i>excluding the BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund</i>) | Trustee fee | Investment management fee | Management fees (in total) |
|---|----------------------|---------------------------|----------------------------|
| | (% of NAV per annum) | | |
| Constituent funds: | | | |
| BOC-Prudential MPF Conservative Fund | 0.95% | 0.60% | 1.55% |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.95% | 0.60% | 1.55% |
| BOC-Prudential Bond Fund | 0.95% | 1.25% | 2.20% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.95% | 1.25% | 2.20% |
| BOC-Prudential North America Index Tracking Fund | 0.95% | 1.25% | 2.20% |
| BOC-Prudential European Index Tracking Fund | 0.95% | 1.25% | 2.20% |
| Other constituent funds | 0.95% | 1.25% | 2.20% |
| Underlying funds: | | | |
| Umbrella Unit Trust | 0.0875% | Nil | 0.0875% |
| Approved ITCIS ^(e) | 0.0875% | Nil | 0.0875% |

| <u>Name of fund</u> | <u>Trustee fee</u> | <u>Investment management fee</u> | <u>Management fees (in total)</u> |
|--|-----------------------------|----------------------------------|-----------------------------------|
| | <u>(% of NAV per annum)</u> | | |
| <u>Constituent funds:</u> | | | |
| <u>BOC-Prudential Core Accumulation Fund</u> | <u>0.45%</u> | <u>0.30%</u> | <u>0.75%</u> |
| <u>BOC-Prudential Age 65 Plus Fund</u> | <u>0.45%</u> | <u>0.30%</u> | <u>0.75%</u> |
| <u>Underlying funds:</u> | | | |
| <u>Umbrella Unit Trust^(k)</u> | <u>Nil</u> | <u>Nil</u> | <u>Nil</u> |
| <u>Approved ITCIS^(k)</u> | <u>Nil</u> | <u>Nil</u> | <u>Nil</u> |

14. The following shall be inserted as Explanatory Note (i) “Out-of-pocket expenses” after Explanatory Note (h) “Other Expenses” under section 7.1 “Fee Tables” on page 40:

“(i) Out-of-pocket expenses

Out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying funds), fund price publication expenses, bank charges, governmental fees and charges (including but not limited to stamp duty and licence fee), annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund, other charges and expenses properly incurred and permitted under the MPFS Ordinance, the regulations and governing rules of the Scheme.”

15. The following shall be inserted as Explanatory Note (j) and (k) after Explanatory Note (i) “Out-of-pocket Expenses” under section 7.1 “Fee Tables”:

“(j) The fees and charges are not applicable to a member who has all or part of his accrued benefits invested in any one or both of the DIS Funds as at the time when the Trustee receives the relevant request / instruction from the member.

“(k) The Investment Manager and the Trustee will rebate the investment management fees and the trustee fees charged by the Umbrella Unit Trust and Approved ITCIS at underlying fund level to the respective DIS Funds.”

**BOC-PRUDENTIAL EASY-CHOICE
MANDATORY PROVIDENT FUND SCHEME
中銀保誠簡易強積金計劃 (the "SCHEME")
SECOND ADDENDUM**

The amendments to the Principal Brochure (English version) are hereby shown in italics and underlined for your ease of reference.

This Second Addendum should be read in conjunction with and forms part of the Principal Brochure dated 12th December, 2016 including its First Addendum dated 12th December, 2016 (the "**Principal Brochure**"). All capitalised terms in this Second Addendum shall have the same meaning as in the Principal Brochure, unless otherwise stated.

You may visit our website at www.bocpt.com for the Principal Brochure of the Scheme or obtain a copy of the Principal Brochure at our Customer Service Centre at Unit 2403, 24/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

The following changes to the Principal Brochure shall take effect from 1 April 2017:

1. Section 1. "SUMMARY" on page 3 shall be amended and restated as follows:

"The BOC-PRUDENTIAL EASY-CHOICE MANDATORY PROVIDENT FUND SCHEME (the "**Scheme**") is a mandatory provident fund scheme governed by a master trust deed dated 27 January 2000 and its subsequent deeds of amendment (collectively referred to as the "**Trust Deed**") and subject to the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Scheme is designed to provide retirement benefits to the members under the Scheme. In addition, subject to the Trustee's and the Investment Manager's approval, any person who is or had been a member of a registered scheme under the Mandatory Provident Fund Schemes Ordinance (the "**MPFS Ordinance**") or of an occupational retirement scheme may participate in the Scheme as an SVC member (as described in more detail in section 4.1) by completing an application form and executing a participation agreement. More information regarding the types of membership is set out in section 4.1. The Scheme has been approved as a registered scheme by the Mandatory Provident Fund Schemes Authority (the "**Authority**") under the MPFS Ordinance and authorised by the Securities and Futures Commission (the "**SFC**").

Although the Scheme and the constituent funds under the Scheme have been authorised and approved by the Authority and the SFC, such authorisation or approval does not constitute official recommendation of the Scheme by the Authority or the SFC.

The Scheme is a master trust scheme which currently consists of *sixteen* constituent funds. They are:

- (i) BOC-Prudential Growth Fund
- (ii) BOC-Prudential Balanced Fund
- (iii) BOC-Prudential Stable Fund
- (iv) BOC-Prudential MPF Conservative Fund
- (v) BOC-Prudential Global Equity Fund
- (vi) BOC-Prudential Hong Kong Equity Fund
- (vii) BOC-Prudential Bond Fund
- (viii) BOC-Prudential Asia Equity Fund
- (ix) BOC-Prudential Japan Equity Fund
- (x) BOC-Prudential China Equity Fund
- (xi) BOC-Prudential CSI HK 100 Tracker Fund
- (xii) BOC-Prudential North America Index Tracking Fund

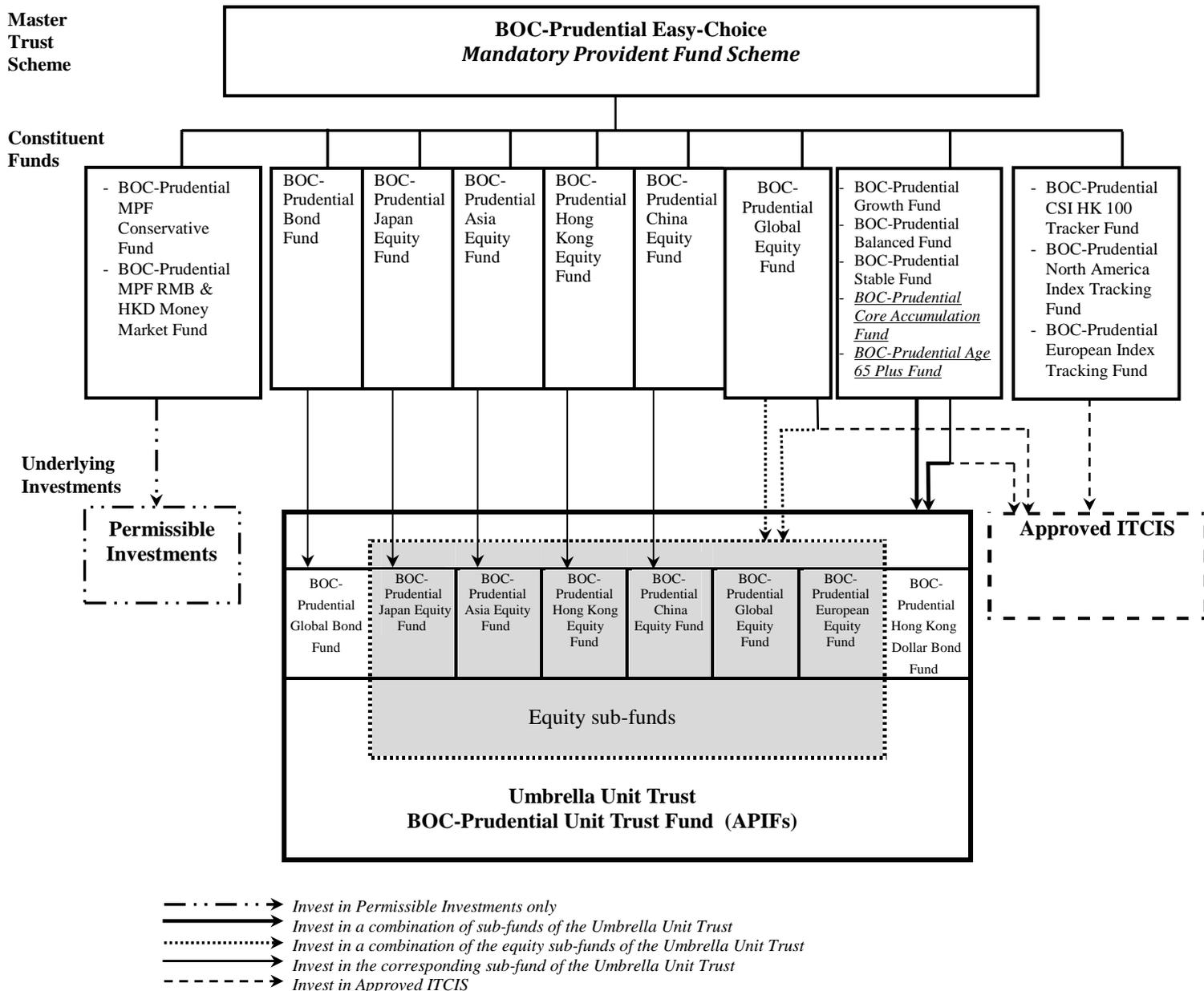
- (xiii) BOC-Prudential European Index Tracking Fund
- (xiv) BOC-Prudential MPF RMB & HKD Money Market Fund
- (xv) BOC-Prudential Core Accumulation Fund
- (xvi) BOC-Prudential Age 65 Plus Fund

Amongst the above sixteen constituent funds, only BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund will directly invest in permissible investments. BOC-Prudential Japan Equity Fund, BOC-Prudential Bond Fund, BOC-Prudential Asia Equity Fund, BOC-Prudential China equity Fund and BOC-Prudential Hong Kong Equity Fund will invest in the corresponding sub-funds of the BOC-Prudential Unit Trust Fund, which is an umbrella unit trust (the “Umbrella Unit Trust”) consisting of eight sub-funds. BOC-Prudential North America Index Tracking Fund, BOC-Prudential European Index Tracking Fund and BOC-Prudential CSI HK 100 Tracker Fund will each invest in an index-tracking collective investment scheme approved by the Authority (“approved ITCIS”). The remaining six constituent funds will invest in (1) a combination of sub-funds of the Umbrella Unit Trust or (2) a combination of sub-funds of the Umbrella Unit Trust and the approved ITCIS. The assets of each sub-fund of the Umbrella Unit Trust will in turn be invested in direct investments permissible under the Mandatory Provident Fund Schemes (General) Regulation (the "**Regulation**").

Each sub-fund of the Umbrella Unit Trust is a pooled investment fund and has been approved by the Authority and the SFC as an approved pooled investment fund ("APIF") in accordance with section 6 of the Regulation and section 104 of the Securities and Futures Ordinance.”

2. The figure below the sub-heading “Structure of the Scheme” on page 4 shall be amended and restated as follows:

Structure of the Scheme



Note: Please refer to section 3.1 "Investment Policy" for elaboration of the investment allocation of each of the constituent funds.

The eight sub-funds of the Umbrella Unit Trust will invest, respectively, in global equities, Hong Kong equities, Asian equities, China-related equities, Japan-related equities, Europe-related equities, global bonds and Hong Kong Dollar denominated bonds. The Umbrella Unit Trust is also available to retail investors.

The commencement date of the Scheme was 1 December 2000.

The trustee of the Scheme is BOCI-Prudential Trustee Limited (the "Trustee"). The investment manager of the Scheme is BOCI-Prudential Asset Management Limited (the "Investment Manager" or "IM").

The constituent funds and the sub-funds in the Umbrella Unit Trust are unitised funds and are denominated in Hong Kong dollars. Amounts payable on the subscription and redemption of units under the Scheme will be in Hong Kong dollars. Units in the constituent funds and sub-funds will be valued on each dealing day. For details, please refer to section 5.1.1 below.

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

In respect of all of the fees and charges payable under the Scheme, please refer to section 7 for more details.”

3. Sub-section (xiv) “BOC-Prudential MPF Conservative Fund*” under section 3.1.1 “Investment Policy of the Constituent Funds” on page 13 shall be re-numbered as sub-section (xvi).
4. The entire section 4.4 “Investment Mandate” on page 23 shall be amended and restated as follows:

“4.4 Investment Mandate

The relevant member (i.e. the employee member, the self-employed person, the personal account member or the SVC member, as the case may be) must forward to the Trustee an investment mandate meeting the requirements for a Specific Investment Instruction as to how his contributions and accrued benefits should be invested, before:

- (i) the first contribution is made by or the first transfer of accrued benefits from other scheme to the Scheme by an employee member or a self-employed person;
- (ii) the first transfer of accrued benefits from another scheme to the Scheme by a personal account member; or
- (iii) the first contribution is made by the SVC member.

A member may select his own investment combination in the investment mandate and shall be entitled to apply all the contributions to acquire units of any constituent fund.

If any member fails to submit to the Trustee his investment mandate or his investment mandate fails to meet the requirements for a Specific Investment Instruction, all his accrued benefit deriving from the relevant contributions made by or in respect of the member and any accrued benefits transferred from another scheme will be invested in the DIS, unless and until the member submits a switching instruction form and/or new investment mandate (each meeting the requirements for a Specific Investment Instruction) to the Trustee. In respect of any remaining portion of accrued benefits after switching where no Specific Investment Instruction is given, such portion of accrued benefits will remain invested in the DIS Funds under the DIS.

For details of different circumstances for accrued benefits to be invested in the DIS Funds, please refer to Section 6A headed "Operational and Administrative Arrangements relating to DIS" below.

As soon as the Trustee receives the contribution monies in cleared funds, the Trustee will invest the monies in the respective constituent funds in accordance with the latest investment mandate submitted by the member. Units in the constituent funds will be acquired at their issue prices in accordance with section 6.1.”

5. The penultimate paragraph under section 6.1 “Subscription and Subscription Price” on page 33 shall be amended and restated as follows:

“For the BOC-Prudential Growth Fund, BOC-Prudential Balanced Fund, BOC-Prudential Stable Fund and BOC-Prudential MPF Conservative Fund, the first issue of units was made on 1 December 2000 at a price of HK\$10.00 per unit. For the BOC-Prudential Global Equity Fund, BOC-Prudential Hong Kong Equity Fund and BOC-Prudential Bond Fund, the first issue of units was made on 1 April 2003 at a price of HK\$10.00 per unit. As for the BOC-Prudential Asia Equity Fund and BOC-Prudential Japan Equity Fund, the first issue of units was made on 3 October 2006 at a price of HK\$10.00 per unit. As for the BOC-Prudential China Equity Fund, the first issue of units was made on 15 October 2007 at a price of HK\$10.00 per unit. For the BOC-Prudential CSI HK 100 Tracker Fund, the BOC-Prudential North America Index Tracking Fund and the BOC-

Prudential European Index Tracking Fund, the first issue of units was made on 3 September 2012 at a price of HK\$10.00 per unit. For the BOC-Prudential MPF RMB & HKD Money Market Fund, the first issue of units was made on 2 April 2013 at a price of HK\$10.00 per unit. For the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund, the first issue of units will be made on 1 April 2017 at a price of HK\$10.00 per unit.”

6. The entire sub-section “(A) Procedure for Switching” under section 6.3 “Switching between Constituent Funds” on page 34 shall be amended and restated as follows:

“Subject to any limitation which may be imposed by the Trustee, an employee member, self-employed person, personal account member or SVC member may submit a new investment mandate meeting the requirements for a Specific Investment Instruction and request the Trustee to apply any future contributions which are paid to his account to invest or subscribe for units in one or more constituent funds in accordance with the new investment mandate. If the investment mandate does not comply with the requirements for a Specific Investment Instruction, such investment mandate will be rejected and the Trustee shall be under no obligation to process such new investment mandate and the existing investment allocation will continue to apply. The Trustee will, under normal circumstances, process new investment mandates meeting the requirements for a Specific Investment Instruction within a reasonable time after the Trustee receives and accepts the investment mandate and any other necessary and duly completed documentation. Notwithstanding any limitation which may be imposed by the Trustee, each member will be entitled to apply his entire future contribution to invest or subscribe for units in any one constituent fund.

Subject to any condition and limitation which may be imposed by the Trustee, an employee member, self-employed person, a personal account member or SVC member may also submit a switching instruction form meeting the requirements for a Specific Investment Instruction to the Trustee to withdraw any investment or redeem any units in a constituent fund and to apply such redemption proceeds to invest or acquire units in other constituent funds in accordance with the switching instruction. If the switching instruction does not comply with the requirements for a Specific Investment Instruction, such switching instruction will be rejected and the Trustee shall be under no obligation to process such switching instruction form and the investment arrangement of accrued benefits will remain unchanged. The Trustee will, under normal circumstances, process such switching instruction within a reasonable time after the Trustee receives and accepts the switching instruction and any other necessary and duly completed documentation. However, switching instruction forms only apply to the existing accrued benefits and should not affect the way in which any future contributions should be invested which should be made in accordance with the latest valid investment mandate submitted by the relevant member. Notwithstanding any limitation which may be imposed by the Trustee, each member will be entitled to transfer his entire benefits under the Scheme into any one constituent fund.”

12th December, 2016

INTRODUCTION

BOCI-Prudential Trustee Limited is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited (“Prudential”). BOC Group Trustee Company Limited is owned by BOC International Holdings Limited (“BOCI”) and Bank of China (Hong Kong) Limited (“BOC(HK)”), which are subsidiaries of Bank of China Limited (formerly known as Bank of China).

With BOCI and BOC(HK)’s solid reputation and Prudential’s 150 years of superb experience in pension fund management, we are able to provide our MPF customers with unprecedented peace of mind. Through the extensive sales networks of BOC(HK) and Prudential, we provide comprehensive MPF services with personal and professional customer care.

Important - if you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice.

BOCI-Prudential Trustee Limited accepts responsibility for the accuracy of the information contained in this Principal Brochure as at the date of publication.

Important Information– General

- 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, please be reminded that your contributions made and/or benefits transferred into BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme will be invested into BOC-Prudential Stable Fund in accordance with the default fund arrangement as stated in member enrolment form and principal brochure section 4.4, and such fund may not necessarily be suitable for you.
- Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members’ account by way of unit deduction. The BOC-Prudential MPF Conservative Fund uses method (i) and, therefore, unit prices/ NAV/ fund performance quoted have incorporated the impact of fees and charges.

Important Information– Withdrawal of Accrued Benefits by Instalments

- If you have attained (i) the normal retirement age of 65 or (ii) the early retirement age of 60 and certify to the Trustee by statutory declaration that you have permanently ceased your employment or self-employment, you may choose to withdraw accrued benefits by way of instalments by specifying the exact instalment amount from 1st February 2016. In respect of your application for withdrawal of accrued benefits by instalments, the Trustee will not charge any fee for payment of the first four (4) instalments in each calendar year and payment of the final instalment for all remaining and payable accrued benefits under the Scheme. Other than such circumstances, the Trustee will charge a handling fee of HK\$100 per withdrawal of accrued benefits by instalments as specified in Table (E) of section 7.1, and such fee will be deducted from your withdrawal amount. You may download the relevant forms for withdrawal of accrued benefits by instalments from the Trustee’s website www.bocpt.com. You may also obtain the relevant forms from our Customer Service Centre at Unit 2403, 24/F., Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong or call our Customer Services Representative at 2929 3030 for further information.

Date of Publication: 12th December 2016

CONTENTS

| | PAGE |
|--|------|
| 1. SUMMARY | 3 |
| 2. MANAGEMENT AND ADMINISTRATION | 5 |
| 3. INVESTMENT AND BORROWING | 6 |
| 3.1 Investment Policy | 6 |
| 3.2 Risk Factors | 15 |
| 3.3 Investment Restrictions and Guidelines | 19 |
| 3.4 Investment Management of the Scheme | 20 |
| 3.5 Borrowing Policy | 20 |
| 4. CONTRIBUTIONS AND WITHDRAWAL | 21 |
| 4.1 Application for Membership | 21 |
| 4.2 Mandatory Contributions | 21 |
| 4.3 Voluntary Contributions | 22 |
| 4.4 Investment Mandate | 23 |
| 4.5 Transfer into the Scheme | 23 |
| 4.5A Member's Choice – Transferring benefits into the Scheme | 24 |
| 4.6 Vesting of Benefits | 24 |
| 4.7 Withdrawal of Benefits | 25 |
| 4.8 Withdrawal of Voluntary Contributions | 26 |
| 4.9 Payment of Accrued Benefits | 27 |
| 4.10 Portability of Benefits | 28 |
| 4.11 Termination of Participating Scheme | 29 |
| 4.12 No Assignment of Benefits | 30 |
| 5. VALUATION AND PRICING | 31 |
| 5.1 The Scheme | 31 |
| 5.2 The Umbrella Unit Trust | 32 |
| 6. DEALING IN CONSTITUENT FUNDS | 33 |
| 6.1 Subscription and Subscription Price | 33 |
| 6.2 Redemption of Units and Redemption Price | 33 |
| 6.3 Switching between Constituent Funds | 34 |
| 7. FEES AND CHARGES | 36 |
| 7.1 Fee Tables | 36 |
| 7.2 Deductions from the BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | 40 |
| 7.3 Cash Rebates and Soft Commission | 41 |
| 8. GENERAL INFORMATION | 42 |
| 8.1 Reports and Accounts | 42 |
| 8.2 Publication of Net Asset Value and Prices | 42 |
| 8.3 On-going Cost Illustrations and Illustrative Example for BOC-Prudential MPF Conservative Fund | 42 |
| 8.4 Documents for Inspection | 42 |
| 8.5 Duration | 42 |
| 8.6 Hong Kong Taxation | 43 |
| 9. INDEX DISCLAIMER | 47 |

1. SUMMARY

The BOC-PRUDENTIAL EASY-CHOICE MANDATORY PROVIDENT FUND SCHEME (the "**Scheme**") is a mandatory provident fund scheme governed by a master trust deed dated 27 January 2000 and its subsequent deeds of amendment (collectively referred to as the "**Trust Deed**") and subject to the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Scheme is designed to provide retirement benefits to the members under the Scheme. In addition, subject to the Trustee's and the Investment Manager's approval, any person who is or had been a member of a registered scheme under the Mandatory Provident Fund Schemes Ordinance (the "**MPFS Ordinance**") or of an occupational retirement scheme may participate in the Scheme as an SVC member (as described in more detail in section 4.1) by completing an application form and executing a participation agreement. More information regarding the types of membership is set out in section 4.1. The Scheme has been approved as a registered scheme by the Mandatory Provident Fund Schemes Authority (the "**Authority**") under the MPFS Ordinance and authorised by the Securities and Futures Commission (the "**SFC**").

Although the Scheme and the constituent funds under the Scheme have been authorised and approved by the Authority and the SFC, such authorisation or approval does not constitute official recommendation of the Scheme by the Authority or the SFC.

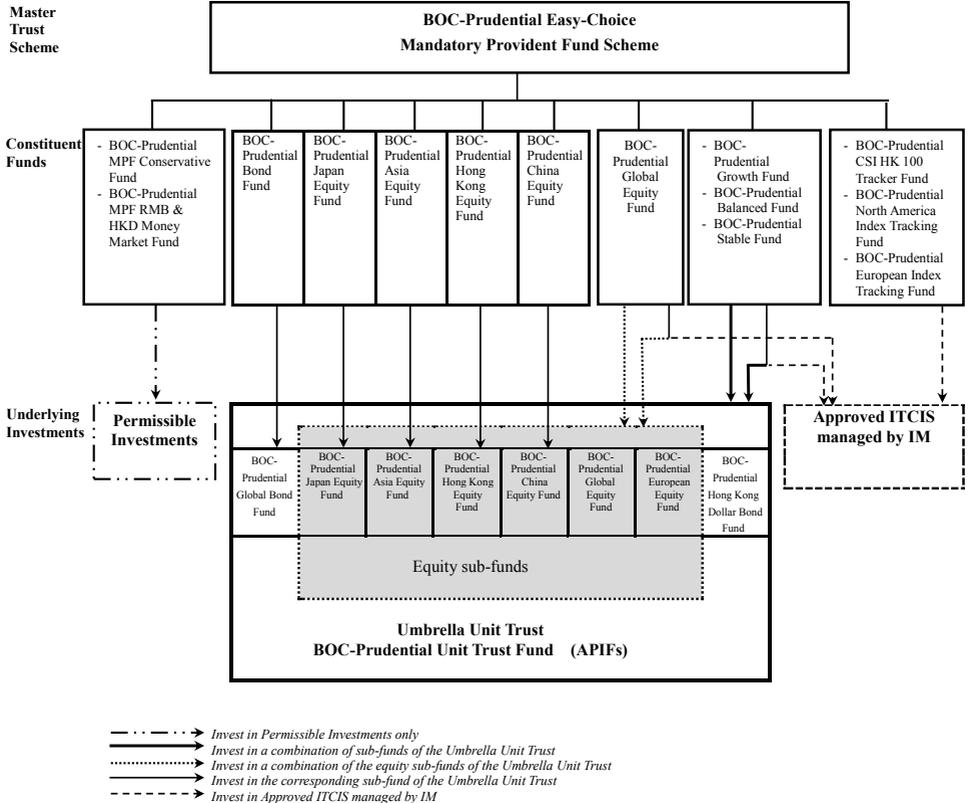
The Scheme is a master trust scheme which currently consists of fourteen constituent funds. They are:

- (i) BOC-Prudential Growth Fund
- (ii) BOC-Prudential Balanced Fund
- (iii) BOC-Prudential Stable Fund
- (iv) BOC-Prudential MPF Conservative Fund
- (v) BOC-Prudential Global Equity Fund
- (vi) BOC-Prudential Hong Kong Equity Fund
- (vii) BOC-Prudential Bond Fund
- (viii) BOC-Prudential Asia Equity Fund
- (ix) BOC-Prudential Japan Equity Fund
- (x) BOC-Prudential China Equity Fund
- (xi) BOC-Prudential CSI HK 100 Tracker Fund
- (xii) BOC-Prudential North America Index Tracking Fund
- (xiii) BOC-Prudential European Index Tracking Fund
- (xiv) BOC-Prudential MPF RMB & HKD Money Market Fund

Amongst the above fourteen constituent funds, only BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund will directly invest in permissible investments. BOC-Prudential Japan Equity Fund, BOC-Prudential Bond Fund, BOC-Prudential Asia Equity Fund, BOC-Prudential China Equity Fund and BOC-Prudential Hong Kong Equity Fund will invest in the corresponding sub-funds of the BOC-Prudential Unit Trust Fund, which is an umbrella unit trust (the "Umbrella Unit Trust") consisting of eight sub-funds. BOC-Prudential North America Index Tracking Fund, BOC-Prudential European Index Tracking Fund and BOC-Prudential CSI HK 100 Tracker Fund will each invest in an index-tracking collective investment scheme approved by the Authority ("approved ITCIS"). The remaining four constituent funds will invest in (1) a combination of sub-funds of the Umbrella Unit Trust or (2) a combination of sub-funds of the Umbrella Unit Trust and the approved ITCIS managed by the investment manager of the Scheme. The assets of each sub-fund of the Umbrella Unit Trust will in turn be invested in direct investments permissible under the Mandatory Provident Fund Schemes (General) Regulation (the "**Regulation**").

Each sub-fund of the Umbrella Unit Trust is a pooled investment fund and has been approved by the Authority and the SFC as an approved pooled investment fund ("APIF") in accordance with section 6 of the Regulation and section 104 of the Securities and Futures Ordinance.

Structure of the Scheme



Note: Please refer to section 3.1 "Investment Policy" for elaboration of the investment allocation of each of the constituent funds.

The eight sub-funds of the Umbrella Unit Trust will invest, respectively, in global equities, Hong Kong equities, Asian equities, China-related equities, Japan-related equities, Europe-related equities, global bonds and Hong Kong Dollar denominated bonds. The Umbrella Unit Trust is also available to retail investors.

The commencement date of the Scheme was 1 December 2000.

The trustee of the Scheme is BOCI-Prudential Trustee Limited (the "Trustee"). The investment manager of the Scheme is BOCI-Prudential Asset Management Limited (the "Investment Manager" or "IM").

The constituent funds and the sub-funds in the Umbrella Unit Trust are unithold funds and are denominated in Hong Kong dollars. Amounts payable on the subscription and redemption of units under the Scheme will be in Hong Kong dollars. Units in the constituent funds and sub-funds will be valued on each dealing day. For details, please refer to section 5.1.1 below.

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

In respect of all of the fees and charges payable under the Scheme, please refer to section 7 for more details.

2. MANAGEMENT AND ADMINISTRATION

The Scheme and The Umbrella Unit Trust:

Trustee and Custodian: BOCI-Prudential Trustee Limited

Registered Address:
12/F & 25/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Customer Service Centre:
Unit 2403, 24/F., Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Investment Manager: BOCI-Prudential Asset Management Limited
27/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

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

For further enquiries, please call the following customer service hotlines or contact us by facsimile at 2151-0999.

MPF Application and Product Hotline: 2280 8686

MPF Administration Hotline: 2929 3030

3. INVESTMENT AND BORROWING

3.1 Investment Policy

3.1.1 Investment Policy of the Constituent Funds

(i) BOC-Prudential Growth Fund

The BOC-Prudential Growth Fund is a managed fund where majority of the assets of the fund will be invested in equities. The BOC-Prudential Growth Fund will seek to achieve a return higher than the average capital appreciation by investing in (1) a combination of sub-funds of the Umbrella Unit Trust or (2) a combination of sub-funds of the Umbrella Unit Trust and approved ITCIS managed by the Investment Manager.

The BOC-Prudential Growth Fund will be primarily invested in the equity sub-funds to form a global equity portfolio. The balance of the BOC-Prudential Growth Fund will be invested in the bond sub-funds. Under normal circumstances, the sub-funds will invest a substantial portion of assets in global equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time, including but not limited to the United States, Europe, China, Japan, Hong Kong and other major Asian markets. The balance will be invested in global bonds with currency exposure in the United States, Europe and others. The sub-funds may also invest in approved ITCIS and other securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time (including but not limited to other permissible investments as set out in Section 8(2) of Schedule 1 to the Regulation (up to 10% of the total net asset value of each sub-fund) (“Other Permitted Securities”). The BOC-Prudential Growth Fund will be actively managed to take advantage of both short-term market opportunities and the long-term growth potential that exist around the world.

The normal asset allocation of the BOC-Prudential Growth Fund is expected to be:

| | |
|---|-----------|
| Equities: | 70 – 100% |
| Bonds: | 0 – 30% |
| Cash, time deposits, money market or fixed income securities: | 0 – 20% |

(ii) BOC-Prudential Balanced Fund

The BOC-Prudential Balanced Fund is a balanced fund which seeks to achieve a long term capital growth by investing in (1) a combination of sub-funds of the Umbrella Unit Trust or (2) a combination of sub-funds of the Umbrella Unit Trust and approved ITCIS managed by the Investment Manager.

The BOC-Prudential Balanced Fund will be invested in a mix of equity and bond sub-funds. Under normal circumstances, the sub-funds will invest a big portion of assets in global equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time, including but not limited to the United States, Europe, China, Japan, Hong Kong and other major Asian markets. The balance will be invested in global bonds with currency exposure in the United States, Europe and others. The sub-funds may also invest in approved ITCIS and Other Permitted Securities. The BOC-Prudential Balanced Fund will be actively managed to take advantage of both short-term market opportunities and the long-term growth potential that exist around the world.

The normal asset allocation of the BOC-Prudential Balanced Fund is expected to be:

| | |
|---|----------|
| Equities: | 40 – 80% |
| Bonds: | 20 – 60% |
| Cash, time deposits, money market or fixed income securities: | 0 – 20% |

(iii) BOC-Prudential Stable Fund

The BOC-Prudential Stable Fund is a balanced fund which will be invested in a conservative manner to reduce the risk of capital losses while attempting to achieve a reasonable level of capital gains. The BOC-Prudential Stable Fund will invest in (1) a combination of sub-funds of the Umbrella Unit Trust or (2) a combination of sub-funds of the Umbrella Unit Trust and approved ITCIS managed by the Investment Manager.

The BOC-Prudential Stable Fund will be invested in a mix of equity and bond sub-funds. Under normal circumstances, the sub-funds will invest in global equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time, including but not limited to the United States, Europe, China, Japan, Hong Kong and other major Asian markets, and global bonds with currency exposure in the United States, Europe and others. The sub-funds may also invest in approved ITCIS and Other Permitted Securities. The BOC-Prudential Stable Fund will be actively managed to take advantage of both short-term market opportunities and the long-term growth potential that exist around the world.

The normal asset allocation of the BOC-Prudential Stable Fund is expected to be:

| | |
|---|----------|
| Equities: | 10 – 50% |
| Bonds: | 40 – 90% |
| Cash, time deposits, money market or fixed income securities: | 0 – 20% |

(iv) BOC-Prudential Global Equity Fund

The BOC-Prudential Global Equity Fund is an equity fund which seeks to achieve long term capital growth by investing at least 70% of the Fund's non-cash assets in (1) a combination of the global equity, Asia equity, China equity, Hong Kong equity, Japan equity and European equity sub-funds of the Umbrella Unit Trust (collectively, the "equity sub-funds") or (2) a combination of the equity sub-funds and equity-related approved ITCIS managed by the Investment Manager. Under normal circumstances, the equity sub-funds will invest a substantial portion of assets in global equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time, including but not limited to the United States, Europe, China, Japan, Hong Kong and other major Asian markets. The equity sub-funds may also invest in approved ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

The normal asset allocation of the BOC-Prudential Global Equity Fund is expected to be:

| | |
|----------------------------|-----------|
| Umbrella Unit Trust: | 40 – 100% |
| Global equity sub-fund: | 20 – 80% |
| Asia equity sub-fund: | 0 – 40% |
| China equity sub-fund: | 0 – 30% |
| Hong Kong equity sub-fund: | 0 – 30% |
| Japan equity sub-fund: | 0 – 30% |
| European equity sub-fund: | 0 – 50% |
| Approved ITCIS: | 0 – 60% |
| Cash and time deposits: | 0 – 30% |

(v) BOC-Prudential Asia Equity Fund

The BOC-Prudential Asia Equity Fund is an equity fund which aims to achieve long term capital growth by investing at least 70% of the Fund's non-cash assets in the Asia equity sub-fund of the Umbrella Unit Trust. Under normal circumstances, the sub-fund will invest mainly in equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time in the various stock markets in Asia including but not limited to those in Australia, New Zealand, China, Hong Kong, India, South Korea, Singapore, Malaysia, Taiwan and Thailand. Access to individual markets may be made by investing in companies based in non-Asian jurisdictions but which invest or operate in Asia. It is intended that the sub-fund will not invest in equities in Japan. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

The normal asset allocation of the BOC-Prudential Asia Equity Fund is expected to be:

| | |
|-------------------------|---------|
| Umbrella Unit Trust: | |
| Asia equity sub-fund: | 70-100% |
| Cash and time deposits: | 0 – 30% |

(vi) BOC-Prudential China Equity Fund

The BOC-Prudential China Equity Fund is an equity fund which aims to provide investors with long term capital growth by investing at least 70% of the Fund's non-cash assets in the China equity sub-fund of the Umbrella Unit Trust. It is the current intention of the Investment Manager that the sub-fund will, under normal circumstances, invest primarily in Hong Kong listed equities and equity related securities (including warrants and convertible securities) as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies whose activities and business are closely related to the economic development of the People's Republic of China. The sub-fund may seek to gain exposure to the stock markets of the People's Republic of China. The sub-fund may also invest in other China related securities listed or quoted outside mainland China and Hong Kong if such securities are issued by companies whose activities and business are closely related to the economy development of the People's Republic of China. These securities may be listed on the stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts). The Investment Manager may adjust the geographic allocation of the investment as it deems appropriate from time to time. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

The normal asset allocation of the BOC-Prudential China Equity Fund is expected to be:

| | |
|-------------------------|---------|
| Umbrella Unit Trust: | |
| China equity sub-fund: | 70-100% |
| Cash and time deposits: | 0 – 30% |

(vii) BOC-Prudential Hong Kong Equity Fund

The BOC-Prudential Hong Kong Equity Fund is an equity fund which aims to provide investors with long term capital growth by investing at least 70% of the Fund's non-cash assets in the Hong Kong equity sub-fund of the Umbrella Unit Trust. Under normal circumstances, the sub-fund will invest mainly in the listed equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies operating in Hong Kong, or linked either directly or indirectly to the Hong Kong economy. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

The normal asset allocation of the BOC-Prudential Hong Kong Equity Fund is expected to be:

| | |
|----------------------------|---------|
| Umbrella Unit Trust: | |
| Hong Kong equity sub-fund: | 70-100% |
| Cash and time deposits: | 0 – 30% |

(viii) BOC-Prudential Japan Equity Fund

The BOC-Prudential Japan Equity Fund is an equity fund which aims to achieve long term capital growth by investing primarily in the Japan equity sub-fund of the Umbrella Unit Trust. Under normal circumstances, the sub-fund will invest primarily in listed equities and equity related securities (including warrants, convertible securities, ADRs (American depository receipts) and GDRs (global depository receipts)) as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies whose activities are closely related to the economic development and growth of the Japan economy. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

The normal asset allocation of the BOC-Prudential Japan Equity Fund is expected to be:

| | |
|-------------------------|-----------|
| Umbrella Unit Trust: | |
| Japan equity sub-fund: | 70 – 100% |
| Cash and time deposits: | 0 – 30% |

(ix) BOC-Prudential Bond Fund

The BOC-Prudential Bond Fund is a bond fund which seeks to provide a stable income stream and long term capital appreciation by investing primarily in the global bond sub-fund of the Umbrella Unit Trust. Under

normal circumstances, the sub-fund will invest in a portfolio of investment grade (rated Baa2 or better by Moody's or other approved credit rating agency as stated in MPF Guidelines III.1) bonds. Overall, bonds will be denominated in various major world currencies. Major world currencies include but not limit to HK Dollar, US Dollar, British Sterling, Euro and Japanese Yen. The sub-fund may also invest in approved ITCIS and other authorized unit trusts or authorized mutual funds as permitted under section 8(2)(c) of Schedule 1 to the Regulation (up to 10% of its total net asset value) ("Other Authorized Unit Trusts or Authorized Mutual Funds"). Where appropriate, cash, time deposits or money market securities may be considered.

The normal asset allocation of the BOC-Prudential Bond Fund is expected to be:

| | |
|-------------------------|-----------|
| Umbrella Unit Trust: | |
| Global bond sub-fund: | 70 – 100% |
| Cash and time deposits: | 0 – 30% |

(x) BOC-Prudential CSI HK 100 Tracker Fund

The BOC-Prudential CSI HK 100 Tracker Fund is an equity fund which aims to achieve long term capital growth by investing primarily in an approved ITCIS selected by the Investment Manager. Currently, this fund invests exclusively in the approved ITCIS – W.I.S.E. - CSI HK 100 Tracker™, an index-tracking exchange traded fund which seeks to track the performance of the CSI Hong Kong 100 Index by adopting a representative sampling strategy. The CSI Hong Kong 100 Index is a diversified index consisting of 100 constituent securities listed on the Stock Exchange of Hong Kong Limited ("SEHK") and its base currency is Hong Kong dollars. It is a category-weighted index compiled and managed by a well-respected index provider, China Securities Index Co., Ltd. ("CSI"), jointly established by the Shenzhen Stock Exchange and Shanghai Stock Exchange to provide services relating to securities indices. CSI selects 100 constituent securities from the universe of listed securities in Hong Kong securities market. The index universe contains common stocks and real estate investment trusts listed on the SEHK. As at 30 October 2015, the constituent securities of the CSI Hong Kong 100 Index represent approximately 67% of the total market capitalisation of the SEHK, and such information is subject to change from time to time. Details of the index methodology, latest index information and other important news can be found in the website of CSI (www.csindex.com.cn). CSI is independent of the Investment Manager (or its connected persons). The CSI Hong Kong 100 Index was launched on 7 May 2008.

As at 13 November 2015, the respective weightings of the top 10 largest constituent securities of CSI Hong Kong 100 Index are:

| Code | Stock Name | Weighting |
|----------|--|-----------|
| 00005 HK | HSBC Holdings PLC | 10.24% |
| 00700 HK | Tencent Holdings Limited | 9.09% |
| 01299 HK | AIA Group Limited | 6.09% |
| 00941 HK | China Mobile Limited | 5.97 % |
| 00939 HK | China Construction Bank Corporation-H Shares | 5.62% |
| 01398 HK | Industrial and Commercial Bank of China Limited–H Shares | 3.53% |
| 03988 HK | Bank of China Limited–H Shares | 3.08% |
| 00001 HK | CK Hutchison Holdings Limited | 2.93% |
| 00388 HK | Hong Kong Exchanges and Clearing Limited | 2.66% |
| 02318 HK | Ping An Insurance Group Company of China Limited | 2.47% |

The performance of the BOC-Prudential CSI HK 100 Tracker Fund may not be identical to that of the relevant benchmark index. Investment in the BOC-Prudential CSI HK 100 Tracker Fund is essentially subject to the same risks of the underlying index fund. Please refer to the risk factors in section 3.2 for more details.

Members may also obtain further information relating to the index and W.I.S.E. - CSI HK 100 Tracker™ through CSI's webpage (www.csindex.com.cn) and the Investment Manager's webpage (www.boci-pru.com.hk) respectively.

The normal asset allocation of the BOC-Prudential CSI HK 100 Tracker Fund is expected to be:

| | |
|---------------------------------|-----------|
| Approved ITCIS- | |
| W.I.S.E. - CSI HK 100 Tracker™: | 90 – 100% |
| Cash and time deposits: | 0 – 10% |

The BOC-Prudential CSI HK 100 Tracker Fund may increase its cash or cash equivalent holdings (including time deposits) for operational and liquidity management purposes.

(xi) BOC-Prudential North America Index Tracking Fund

The BOC-Prudential North America Index Tracking Fund is an equity fund which aims to achieve long term capital growth by investing primarily in an approved ITCIS selected by the Investment Manager. Currently, this fund invests exclusively in the approved ITCIS – the BOC-Prudential North America Index Fund, a sub-fund of the BOC-Prudential Index Fund Series, which invests in a portfolio of securities traded on the stock exchanges in North America. The approved ITCIS seeks to provide investment performance (before fees and expenses) that tracks the performance of the FTSE MPF North America Index (unhedged) primarily by adopting a representative sampling strategy. Under such strategy, assets of the BOC-Prudential North America Index Fund will be invested in a representative sample of constituent securities of the FTSE MPF North America Index (unhedged) selected by the manager of the approved ITCIS using quantitative analytical models, under which each stock is considered for inclusion in the index fund based on its capitalisation, industry and fundamental investment characteristics.

The FTSE MPF North America Index (unhedged) is a diversified index consisting of constituent securities listed on the North America stock markets and is compiled and managed by FTSE International Limited (“FTSE”). The base currency of the FTSE MPF North America Index (unhedged) is Hong Kong dollars. It is an unhedged index and it will not hedge its non-Hong Kong dollar currency exposure in the index back into Hong Kong dollars. The index forms part of the FTSE MPF Index Series which is developed by the FTSE Group. According to the ground rules for the management of the FTSE MPF Index Series (the “Ground Rules”), exchanges that are not approved by the Authority will be excluded by FTSE from the calculation of the FTSE MPF Index Series. Copies of the Ground Rules, further information of the index methodology, the latest index information and other important news relating to the index can be obtained from the website of the index provider at www.ftse.com. FTSE Group and the Investment Manager (or its connected persons) are independent of each other.

As at 13 November 2015, the respective weightings of the top 10 largest constituent securities of FTSE MPF North America Index (unhedged) are:

| FTSE Code | Stock Name | Weighting |
|------------------|-------------------------|------------------|
| C01921 | Apple Inc. | 3.27% |
| C02194 | Microsoft Corp | 1.98% |
| C02057 | Exxon Mobil Corporation | 1.70% |
| C02082 | General Electric | 1.58% |
| C02793 | Wells Fargo & Company | 1.47% |
| C02139 | Johnson & Johnson | 1.43% |
| C01982 | JP Morgan Chase & Co | 1.27% |
| C34535 | Amazon.com | 1.26% |
| C139447 | Facebook Class A | 1.16% |
| C88461 | Alphabet Class A | 1.11% |

Currently, the approved ITCIS will not invest in listed futures, structured products or financial derivative instruments (“FDIs”) (dealt in over-the-counter (“OTC”) or listed/quoted on a stock exchange) or other OTC derivatives. Approval of the SFC and consent from the Authority will be obtained and prior notice of at least one (1) month will be given to the members of the Scheme in case the approved ITCIS invests in any listed futures, structured products or FDIs.

The performance of the BOC-Prudential North America Index Tracking Fund may not be identical to that of the relevant benchmark index, particularly on the day-to-day basis. In particular, in order to comply with the minimum 30 per cent Hong Kong dollar currency exposure requirement under section 16 of Schedule 1 of the Regulation, the BOC-Prudential North America Index Tracking Fund may need to hedge its non-Hong Kong dollar currency exposure as required by entering into currency forward contracts, and this may affect the ability of the BOC-Prudential North America Index Tracking Fund to track the performance of the relevant benchmark index.

Further, investment in the BOC-Prudential North America Index Tracking Fund is essentially subject to the same risks of the underlying index fund. Please refer to the risk factors in section 3.2 for more details.

Members may also obtain further information relating to the index and BOC-Prudential North America Index Fund through FTSE's webpage (www.ftse.com) and the Investment Manager's webpage (www.boci-pru.com.hk) respectively.

The normal asset allocation of the BOC-Prudential North America Index Tracking Fund is expected to be:

| | |
|--|-----------|
| Approved ITCIS - | |
| BOC-Prudential Index Fund Series: | |
| BOC-Prudential North America Index Fund: | 90 – 100% |
| Cash and time deposits: | 0 – 10% |

The BOC-Prudential North America Index Tracking Fund may increase its cash or cash equivalent holdings (including time deposits) for operational and liquidity management purposes.

(xii) BOC-Prudential European Index Tracking Fund

The BOC-Prudential European Index Tracking Fund is an equity fund which aims to achieve long term capital growth by investing primarily in an approved ITCIS selected by the Investment Manager. Currently, this fund exclusively invests in the approved ITCIS – the BOC-Prudential European Index Fund, a sub-fund of the BOC-Prudential Index Fund Series, which invests in a portfolio of securities traded on the stock exchanges in the United Kingdom and in other continental European countries. The approved ITCIS seeks to provide investment performance (before fees and expenses) that tracks the performance of the FTSE MPF Europe Index (unhedged) primarily by adopting a representative sampling strategy. Under such strategy, assets of the BOC-Prudential European Index Fund will be invested in a representative sample of constituent securities of the FTSE MPF Europe Index (unhedged) selected by the manager of the approved ITCIS using quantitative analytical models, under which each stock is considered for inclusion in the index fund based on its capitalisation, industry and fundamental investment characteristics.

The FTSE MPF Europe Index (unhedged) is a diversified index consisting of constituent securities listed on the European stock markets and is compiled and managed by FTSE. The base currency of the FTSE MPF Europe Index (unhedged) is Hong Kong dollars. It is an unhedged index and it will not hedge its non-Hong Kong dollar currency exposure in the index back into Hong Kong dollars. The index forms part of the FTSE MPF Index Series which is developed by the FTSE Group. According to the Ground Rules, exchanges that are not approved by the Authority will be excluded by FTSE from the calculation of the FTSE MPF Index Series. Copies of the Ground Rules, further information of the index methodology, the latest index information and other important news relating to the index can be obtained from the website of the index provider at www.ftse.com. FTSE Group and the Investment Manager (or its connected persons) are independent of each other.

As at 13 November 2015, the respective weightings of the top 10 largest constituent securities of FTSE MPF Europe Index (unhedged) are:

| FTSE Code | Stock Name | Weighting |
|-----------|--------------------------|-----------|
| C20168 | Nestle | 2.88% |
| C20167 | Roche Hldgs. (GENUS) | 2.35% |
| C20353 | Novartis (REGD) | 2.33% |
| C20377 | HSBC Hldgs. | 1.92% |
| C02396 | Bayer AG | 1.34% |
| C01586 | British American Tobacco | 1.33% |
| C01571 | BP | 1.28% |
| C00334 | Novo-Nordisk B | 1.24% |
| C00486 | Total | 1.24% |
| C00467 | Sanofi | 1.24% |

Currently, the approved ITCIS will not invest in listed futures, structured products or FDIs (dealt in OTC) or listed/quoted on a stock exchange) or other OTC derivatives. Approval of the SFC and consent from the Authority will be obtained and prior notice of at least one (1) month will be given to the members of the Scheme in case the approved ITCIS invests in any listed futures, structured products or FDIs.

The performance of the BOC-Prudential European Index Tracking Fund may not be identical to that of the relevant benchmark index, particularly on the day-to-day basis. In particular, in order to comply with the

minimum 30 per cent Hong Kong dollar currency exposure requirement under section 16 of Schedule 1 of the Regulation, the BOC-Prudential European Index Tracking Fund may need to hedge its non-Hong Kong dollar currency exposure as required by entering into currency forwards contract and this may affect the ability of the BOC-Prudential European Index Tracking Fund to track the performance of the relevant benchmark index.

Further, investment in the BOC-Prudential European Index Tracking Fund is essentially subject to the same risks of the underlying index fund. Please refer to the risk factors in section 3.2 for more details.

Members may also obtain further information relating to the index and BOC-Prudential European Index Fund through FTSE's webpage (www.ftse.com) and the Investment Manager's webpage (www.boci-pru.com.hk) respectively.

The normal asset allocation of the BOC-Prudential European Index Tracking Fund is expected to be:

Approved ITCIS-

BOC-Prudential Index Fund Series:

| | |
|-------------------------------------|-----------|
| BOC-Prudential European Index Fund: | 90 – 100% |
| Cash and time deposits: | 0 – 10% |

The BOC-Prudential European Index Tracking Fund may increase its cash or cash equivalent holdings (including time deposits) for operational and liquidity management purposes.

(xiii) BOC-Prudential MPF RMB & HKD Money Market Fund

The BOC-Prudential MPF RMB & HKD Money Market Fund is a money market fund which seeks to achieve long term total returns by primarily investing in a portfolio of money market and debt instruments denominated in Renminbi ("RMB") and Hong Kong dollar ("HKD"). The return of this fund over the long term is expected to follow the price movement of the RMB and HKD denominated money market and debt instruments.

The BOC-Prudential MPF RMB & HKD Money Market Fund is expected to hold at least 50 per cent of its net asset value in assets denominated and settled in RMB and up to 50 per cent of its net asset value in assets denominated and settled in HKD under normal circumstances. Further, the Investment Manager may, at its own absolute discretion, vary the exposure percentage should the Investment Manager determine in its opinion that, having regard to the interest of members of the Scheme, there is any market uncertainty or any change of condition such as change in policies of exchange controls, currency control or a significant downturn in the economy which necessitates such variation.

This fund will maintain a minimum 30 per cent Hong Kong dollar currency exposure as required under section 16 of Schedule 1 of the Regulation by investing in HKD denominated instruments and/or through entering into currency forward contracts.

This fund will invest in HKD and RMB denominated instruments, namely short-term deposits placed with authorized financial institutions in Hong Kong, money market instruments (such as certificates of deposits and commercial paper) and debt securities including bonds, fixed and floating rate securities, convertible bonds and notes with a remaining maturity of 2 years or less. The average maturity of securities held by this fund as a whole does not exceed 90 days. RMB denominated money market instruments and debt securities invested by this fund include securities issued or distributed outside Mainland China by government, quasi-government entities, financial institutions or other corporations which may be non-Hong Kong or non-China entities. This fund will only invest in debt instruments that meet the credit rating requirements under the guidelines established by the Authority and will not invest in securities issued within Mainland China through any qualified foreign institutional investor ("QFII") quota.

The normal asset allocation of the BOC-Prudential MPF RMB & HKD Money Market Fund is expected to be:

| | |
|--|---------|
| Short-term deposit and money market instruments: | 70-100% |
| Debt securities: | 0-30% |

The BOC-Prudential MPF RMB & HKD Money Market Fund will not enter into financial futures, options contracts and repurchase agreements for any purpose and will not engage in securities lending.

Members of the Scheme should note that the investment in the BOC-Prudential MPF RMB & HKD Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company and that there is no obligation to redeem the investment at the subscription value and that this fund is not subject to the supervision of the Hong Kong Monetary Authority.

(xiv) BOC-Prudential MPF Conservative Fund*

The BOC-Prudential MPF Conservative Fund will be invested in deposits and debt securities with an average portfolio maturity of not exceeding 90 days and will have a total value of Hong Kong dollar currency investments equal to the total market value of the constituent fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 of the Regulation. The BOC-Prudential MPF Conservative Fund aims at achieving a return higher than the interest rate in Hong Kong dollar savings account.

Members in the Scheme should be informed that investment in the BOC-Prudential MPF Conservative Fund is not the same as placing funds on deposit with a bank or deposit taking company and that there is no obligation to redeem the investment at the subscription value and that the BOC-Prudential MPF Conservative Fund is not subject to the supervision of the Hong Kong Monetary Authority.

- * Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The BOC-Prudential MPF Conservative Fund uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.

3.1.2 Investment Policies of Umbrella Unit Trust

(i) BOC-Prudential Global Equity Fund

The sub-fund aims to achieve long term capital growth by investing mainly in equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time in major global stock markets, including but not limited to the United States, the United Kingdom, Germany, France and Japan. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Cash, time deposits, money market or fixed income securities may be considered when appropriate.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Permitted Securities):
70 – 100% global equities
0 – 30% cash, time deposits, money market or fixed income securities

(ii) BOC-Prudential European Equity Fund

The sub-fund aims to provide investors with long term capital growth through investment mainly in the listed equities and equity related securities (including warrants and convertible securities) as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies covering different sectors of the economy in Europe. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Cash, time deposits, money market or fixed income securities may be considered when appropriate.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Permitted Securities):
70 – 100% Europe-related equities
0 – 30% cash, time deposits, money market or fixed income securities

(iii) BOC-Prudential Asia Equity Fund

The sub-fund aims to achieve long-term capital growth by investing in equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time in the various stock markets in Asia including but not limited to those in Australia, New Zealand, China, Hong Kong, India, South Korea, Singapore, Malaysia, Taiwan and Thailand. Access to individual markets may be made by investing in companies based in non-Asian jurisdictions but which invest or operate in Asia. It is intended that this sub-fund will not invest in equities in Japan. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Cash, time deposits, money market or fixed income securities may be considered when appropriate.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Permitted Securities):
70 – 100% Asia equities
0 – 30% cash, time deposits, money market or fixed income securities

(iv) BOC-Prudential China Equity Fund

The sub-fund aims to provide investors with long term capital growth through investment mainly in the listed equities and equity related securities (including warrants and convertible securities) as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies whose activities are closely related to the economic development and growth of the economy of the People's Republic of China. It is the current intention of the Investment Manager that the sub-fund will, under normal circumstances, invest primarily in Hong Kong listed equities and equity related securities (including warrants and convertible securities) of companies whose activities and business are closely related to the economic development of the People's Republic of China. The sub-fund may seek to gain exposure to the stock markets of the People's Republic of China. The sub-fund may also invest in other China related securities listed or quoted outside mainland China and Hong Kong if such securities are issued by companies whose activities and business are closely related to the economy development of the People's Republic of China. These securities may be listed on the stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts). The Investment Manager may adjust the geographic allocation of the investment as it deems appropriate from time to time. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Cash, time deposits, money market or fixed income securities may be considered when appropriate.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Permitted Securities):
70 – 100% China-related equities
0 – 30% cash, time deposits, money market or fixed income securities

(v) BOC-Prudential Hong Kong Equity Fund

The sub-fund aims to provide investors with long term capital growth through investment mainly in the listed equities and equity related securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies operating principally in Hong Kong, or linked either directly or indirectly to the Hong Kong economy. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Cash, time deposits, money market or fixed income securities may be considered when appropriate. The sub-fund will maintain 30% HK dollar effective currency exposure.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Permitted Securities):
70 – 100% Hong Kong equities
0 – 30% cash, time deposits, money market or fixed income securities

(vi) BOC-Prudential Japan Equity Fund

The sub-fund aims to achieve long term capital growth through investing primarily in listed equities and equity related securities (including warrants, convertible securities, ADRs (American depository receipts) and GDRs (global depository receipts)) as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time of companies whose activities are closely related to the economic development and growth of the Japan economy. The sub-fund may also invest in approved ITCIS and Other Permitted Securities. Cash, time deposits, money market or fixed income securities may be considered when appropriate.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Permitted Securities):
70 – 100% Japan-related equities
0 – 30% cash, time deposits, money market or fixed income securities

(vii) BOC-Prudential Global Bond Fund

The investment objective of the sub-fund is to provide a stable income stream and long term capital appreciation through a portfolio of international investment grade (rated Baa2 or better by Moody's or other approved credit rating agency as stated in MPF Guidelines III.1) bonds. The sub-fund is invested in bonds denominated in various major world currencies, including but not limited to US Dollar, British Sterling, Euro and Japanese Yen. The sub-fund may also invest in approved ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds. Cash, time deposits or money market securities may be considered when appropriate.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds):

| | |
|-----------|--|
| 70 – 100% | global bonds |
| 0 – 30% | cash, time deposits or money market securities |

(viii) BOC-Prudential Hong Kong Dollar Bond Fund

The investment objective of the sub-fund is to provide a stable income stream and long term capital appreciation through a portfolio of Hong Kong dollar denominated investment grade (rated Baa2 or better by Moody's or other approved credit rating agency as stated in MPF Guidelines III.1) bonds. The sub-fund may also invest in approved ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds. Cash, time deposits or money market securities may be considered when appropriate. The sub-fund will maintain 100% HK dollar effective currency exposure.

Normal Asset Allocation (including underlying investments of approved ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds):

| | |
|-----------|--|
| 70 – 100% | Hong Kong Dollar denominated bonds |
| 0 – 30% | cash, time deposits or money market securities |

Subject to the approval of the Authority and the SFC, the Trustee may change the investment policy of any constituent fund by giving at least one month's prior written notice (or such other notice period as the SFC and the Authority may require) to the members of the Scheme.

Subject to the approval of the Authority and the SFC, the Trustee may merge, sub-divide or terminate any constituent funds by giving three months' prior written notice (or such other notice period as the SFC and the Authority may require) to the members of the Scheme.

3.2 Risk Factors

The performance of the investments in each constituent fund (other than the BOC-Prudential MPF Conservative Fund) will be affected by a number of risk factors, including the following:

- (a) Political, economic and social risks -- Changes in political, economic and social conditions in any country in which the investments are made could adversely affect the value of investments.
- (b) Interest rate risk -- As investments may be made in securities whose value is driven significantly by changes in interest rates, the investments are subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.
- (c) Market risk -- Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility.
- (d) Accounting standards and disclosure -- Investments may be made in emerging markets. The accounting, auditing and financial reporting standards in some of these markets are normally less stringent than international requirements. Investment decisions may be required to be made on less complete information than is customarily available.

- (e) Foreign exchange risk -- Investments may be made in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the performance of the investments.
- (f) Security risk -- Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.
- (g) Credit risk -- If the issuer of any of the fixed interest securities in which the underlying assets are invested defaults, the performance of the investments will be adversely affected. In addition, when economic conditions appear to be deteriorating, or where an adverse event happens to the issuer of such securities (e.g. credit rating downgrading), such securities may not be objectively priced and may decline in market value. Such securities may also decline in market value due to changing market conditions, other significant adverse market event affecting valuation or investors' heightened concerns and perceptions over credit quality.
- (h) Potential conflicts of interest -- The Investment Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Investment Manager of the Scheme and the constituent funds. The Investment Manager is aware of the potential conflicts of interests in allocating investment opportunities between each constituent fund and such other funds, and will endeavour to ensure that each constituent fund and such other funds are treated fairly.
- (i) Risk involved in fund switching - Investors should note that the performance of the investment markets could fluctuate significantly. Fund prices may go down as well as up. There is no guarantee that, given the time required to implement fund switching instructions, such instructions will achieve investors' desired results. Investors should consider carefully their own risk tolerance level and financial circumstances (as well as investors' own retirement plan) before making any investment choices. If in doubt, investors should contact their independent financial advisor for further advice.
- (j) Risks related to approved ITCIS that is listed on a stock exchange - Investors should note that there is risk related to difference between the market price of units of an approved ITCIS that is listed on a stock exchange and its net asset value. The market price of the units traded on the relevant stock exchange is determined not only by the net asset value of the approved ITCIS but also by other factors such as the supply of and demand for the units in the relevant stock exchange. The units of an approved ITCIS that is listed on a stock exchange may trade at a discount or premium to the net asset value of the units.
- (k) Specific risks on tracking the relevant benchmark index
 - (i) Tracking error risk -- The returns of the index funds may deviate from the performance of index to which it is tracking. This is due to a number of factors, for example, the fees and expenses payable by the index fund and transaction fees and/or stamp duty incurred in adjusting the composition of the index fund's portfolio. Besides, the need for the manager of the index fund to adopt a representative sampling strategy, rounding of share prices, changes to the index and regulatory policies may adversely affect the ability of the index fund held by the constituent fund to achieve close correlation with the relevant index. Further, the index fund may receive income (such as interests and dividends) from its assets while the index does not have such sources of income.

During times when the constituent stocks are unavailable or when the manager of the index fund determines it is in the interest of the index fund to do so, the index fund may maintain a cash position or invest in other contracts or investments as permitted by the applicable laws and regulations until the constituent stocks become available. Such costs, expenses, cash balances or timing differences could cause the net asset value of the relevant index fund to be lower or higher than the relative level of the index. The magnitude of tracking error of the index fund would depend on the cashflow, size of the portfolio and the investment strategy used by the manager of the index fund.

Whilst the manager of the index fund may seek to minimise any deviations in its holdings of constituent stocks against their weightings in the underlying index, there can be no guarantee or assurance of exact or identical replication at any time of the performance of the index and at the end of each dealing day the index fund's holding of constituent stocks may not necessarily matches its weightings in the relevant index.

In the event that the underlying index ceases to be operated or is not available, the manager of the index fund will, subject to the prior approval of the Authority and/or SFC and by giving at least one month's notice, change the underlying index to a replacement index that is tradable and has similar objectives to the existing index. The Authority and/or SFC reserves the right to withdraw the approval/authorisation of the index fund if the relevant index is no longer considered to be acceptable to the Authority and/or SFC.

- (ii) Sector concentration risk --To the extent that the underlying index concentrates in securities which belong to a particular industry or group of industries, the manager of an index fund may similarly concentrate the relevant investments of the index fund. The performance of the index fund could then depend heavily on the performance of that industry or group of industries. In addition, the manager of the index fund may invest a significant percentage or all of the assets of the index fund in a single issuer or several issuers, and the performance of the index fund could be closely tied to the relevant issuer(s) and could be more volatile than the performance of other more diversified funds.
 - (iii) Geographical concentration risk -- Where the index fund invests predominantly in one geographical area, any decline in the economy of this area may adversely affect the prices and value of the shares or units held by that index fund and could be more volatile than the performance of other more diversified funds.
 - (iv) Passive management risk -- Due to inherent nature of the index fund, the index fund is not actively managed. The manager of the index fund will not take an active role in defending the position of the index fund in declining markets. Hence, any fall in an index will result in a corresponding fall in the value of the relevant index fund. The composition of the underlying index may change and stocks currently comprising such index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the index. Such changes in the composition of the index are beyond the control of the manager of the index fund.
 - (v) Index calculation risk - The process and the basis of computing and compiling the relevant underlying index and any of its related formulae, constituent companies and factors may also be changed or altered by the index provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the relevant underlying index, its computation or any information related thereto.
- (l) Specific risk disclosure regarding BOC-Prudential North America Index Tracking Fund and BOC-Prudential European Index Tracking Fund and their underlying approved ITCISs -
- (i) Foreign security risk -- The assets of the index fund may be invested in foreign equity markets and may be subject to special risks associated with foreign investment, including, for example: greater securities price volatility; lower levels of liquidity and market efficiency; exchange rate fluctuations and exchange controls; less availability of public information about issuers; limitations on foreign ownership of securities; imposition of withholding or other taxes; imposition of restrictions on the expatriation of the assets of the index fund; higher transaction and custody costs and delays in settlement procedures; difficulties in enforcing contractual obligations; lower levels of regulation of the securities market and weaker accounting, disclosure and reporting requirements.
 - (ii) North America economic risk -- There is a risk that the economic recovery of the U.S. after the financial crisis will remain to be slow and that the U.S. economy will continue its slow growth for a relatively long period. Although, through policies implemented by the U.S. Government such as the monetary easing policies, the U.S. equity markets have recovered to a certain extent, the withdrawal of such policies could negatively affect the value and liquidity of the investments made by the underlying approved ITCIS. In Canada, there is risk that the recovery in Canada's economy will be slow and it is expected that Canada will continue to experience a period of slow growth. The uncertainty of such economic environment could increase the volatility of the value of investments made by the underlying approved ITCIS.
 - (iii) European economic risk -- In view of the current economic and financial crisis surrounding Europe and the likelihood that the economies in the European region are unlikely to recover swiftly within the foreseeable future and may continue to deteriorate or spread within and outside Europe, investments made by the underlying approved ITCIS involve significant risk, as the deterioration in the economic conditions of the European market will expose the underlying approved ITCIS to extremely high liquidity and volatility risks, as well as additional political, sovereign and foreign exchange risks. It is also likely that the measures taken by the governments of the European countries, central banks and other

authorities to address the economic and financial difficulties, such as austerity measures and reforms, will not achieve their intended results. The failure of these measures will have a significant impact on the asset prices in and outside of the European countries, which will adversely affect the value of the investments of the underlying approved ITCIS. In addition, it is possible that certain existing member countries may withdraw from the Eurozone and from using the Euro, and the Eurozone may break up and the Euro may cease to be used as a currency in the Eurozone. It is therefore highly probable that investment of the underlying approved ITCIS in such period of economic instability around the European region can result in significant loss.

- (iv) Tax risk -- Investors should note that dividends and certain interests or other income paid to the approved ITCIS or realized gains from the sale of securities in some markets may be subject to tax, levies, duties or other fees or charges imposed by the authorities of the markets of which the approved ITCIS invests in. Such tax liabilities may have negative impact on the approved ITCIS's performance and distributions (if applicable) that the unitholders may receive from the approved ITCIS.

There is no assurance that the applicable tax law will not be changed in the future. The relevant tax authorities may impose additional tax policies from time to time, which may have retrospective effect. The approved ITCIS may therefore need to bear additional taxation in such countries that is not anticipated either at the date of this Principal Brochure or when investments are made, valued or disposed of.

In certain cases, a double-taxation treaty may exist and serve to eliminate or ameliorate the effect of such taxation. In other cases, no such double-taxation treaty may exist. For example, the approved ITCIS may invest in equity securities of U.S. issuers. Dividends on the equity securities of U.S. corporations generally will be subject to a 30% U.S. withholding tax. Distributions on the non-U.S. securities in which the approved ITCIS invests, including ADRs (American depository receipts), EDRs (European depository receipts) and GDRs (global depository receipts), may be subject to taxes withheld by the country of residence of the issuer of the underlying securities. In general, these taxes will be neither refundable nor subject to reduction under an income tax treaty between the country of source and the country of residence of the approved ITCIS. No assurance can be given that applicable tax laws and interpretations thereof will not be changed or amended in the future in a manner that will adversely affect the net asset value of the approved ITCIS.

(m) Specific risks related to the BOC-Prudential MPF RMB & HKD Money Market Fund--

- (i) Currency risk – RMB is not freely convertible and is subject to policies of exchange controls and repatriation restrictions. If such policies or restrictions change in the future, the position of this fund or its investors may be adversely affected. Further, conversion between RMB and other currencies is subject to policy restrictions relating to RMB and the relevant regulatory requirements in Hong Kong. There is no guarantee that the RMB will not depreciate or RMB will not be subject to devaluation. Any depreciation or devaluation of RMB could adversely affect the value of the investors' investments in this fund.

In addition, this fund is denominated in HKD only and not in RMB whereas it is expected to hold not less than 50% of its net asset value in assets denominated and settled in RMB. The performance of this fund may be adversely affected by changes in the HKD/RMB exchange rate if the RMB depreciates against the HKD. The risk is minimised to the extent that this fund's effective currency exposure to HKD will at all times be maintained at a level of not less than 30% of its net asset value.

- (ii) Limited pool of investments – The quantity of RMB debt securities issued or distributed outside Mainland China is currently limited. In particular, many of the offshore RMB debt securities available in the market may not meet the current requirements under Schedule 1 to the Regulation and therefore, the offshore RMB debts securities available for investment by this fund may be limited. Due to the limited availability of offshore RMB debt securities, such securities held by this fund may be issued by a limited number of issuer(s), although investments by this fund will be subject to the diversification requirements under Schedule 1 to the Regulation. Accordingly, the credit risk of this fund will be concentrated on these limited issuers and this fund may suffer a significant loss if such issuers default or become insolvent.

Further, due to the possibility of limited supply, new issues of offshore RMB debt securities may be oversubscribed and may be priced higher than and/or traded with a lower yield than equivalent onshore RMB debt securities. If the onshore RMB debt securities market subsequently opens up, this may lead to the convergence of the yields in the two markets. This may increase the yields for the offshore RMB debt securities and, consequently, lower the price of such offshore RMB debt securities. This may, in turn, adversely affect the net asset value of this fund.

- (iii) Credit/insolvency risk of counterparties – This fund is exposed to the credit/insolvency risk of issuers of the HKD and RMB denominated instruments that this fund may invest in. The debt instruments that this fund invests in are typically unsecured debt obligations and are not supported by any collateral. The relevant debt instruments will likely be ranked equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer’s assets will be paid to holders of debt instruments only after all secured claims have been satisfied in full. This fund will therefore be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. All these will adversely affect the net asset value of this fund that has invested in such debt instruments. In the worst case scenario, the value of such debt instruments may become worthless when the issuers of the debt instruments default.
- (iv) Liquidity risks – There may not be a liquid or active market for the trading of RMB denominated debt instruments. The bid and offer spread of the price of RMB debt securities may be large. Therefore, this fund may incur significant trading and realisation costs and may suffer significant losses when selling such investments.

In the absence of an active secondary market for offshore RMB debt securities, this fund may encounter difficulties in selling the RMB denominated debt instruments and may need to hold investments until their maturity date. If sizeable redemption requests are received, this fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and this fund may suffer significant losses in trading such investments.

- (v) Emerging market risk – Investment in an emerging market, such as the People’s Republic of China (the “PRC”), involves special risks and considerations. These risks include the possibility of nationalisation, expropriation, government control and intervention, smaller capital market and price volatility. All these may have an adverse impact on the performance of this fund.
- (vi) Interest rates risk – Changes in interest rate may affect the values of fixed income securities as well as the financial markets in general. Bonds and other fixed income securities are generally more susceptible to fluctuations in interest rates and may fall in value if interest rates change. In general, the prices of fixed income securities may rise when interest rates fall, whilst their prices may fall when interest rates rise. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rate on the security’s value. Any increase in interest rates may have a direct effect on the prices of fixed income securities which in turn may adversely affect the net asset value of this fund or the income received by the investors and thus this fund may suffer a loss in its investments.

In addition, the performance of the investments in the BOC-Prudential MPF Conservative Fund will be affected by the risk factors in (a), (b), (c), (f), (g) and (h) above.

3.3 Investment Restrictions and Guidelines

3.3.1 The Constituent Funds

The assets in the constituent funds and sub-funds may be invested in any investments including securities, pooled investment funds or any other properties at any time subject to the following restrictions and any other restrictions which may be imposed by the Authority or the SFC from time to time.

The following investment restrictions and guidelines shall apply to the constituent funds:

- (i) The assets in the constituent funds may be invested only in the investments permitted under and in accordance with Part V and Schedule 1 of the Regulation and any guidelines relating to investment practices issued by the Authority.

- (ii) If the constituent fund is a portfolio management fund, no more than 90% of the total assets of the constituent fund may be invested in one approved pooled investment fund and it may enter financial futures and option contracts only for hedging purposes.
- (iii) If the constituent fund is a feeder fund, the feeder fund itself may not enter into financial futures contracts or financial option contracts.
- (iv) The funds in the Scheme must not be subject to any encumbrance other than an encumbrance which complies with section 65(2) of the Regulation.
- (v) The funds in the Scheme may not invest in the securities of, or lend to the Trustee, Investment Manager or any custodian appointed under the Scheme except where any of these parties is a substantial financial institution as defined in the Regulation.

It is the intention of the Investment Manager that the constituent funds will not be engaged in any security lending.

In addition, the following investment restrictions and guidelines shall also apply to the BOC-Prudential MPF Conservative Fund:

- (i) The assets of the BOC-Prudential MPF Conservative Fund may be invested only:
 - (a) by placing them on deposit in accordance with section 11 of Schedule 1 of the Regulation, but only for a term of not exceeding 12 months; or
 - (b) in debt securities with a remaining maturity period of 2 years or less and of a kind referred to in section 7(2)(a) or (b) of Schedule 1 of the Regulation; or
 - (c) in debt securities with a remaining maturity period of 1 year or less and that satisfy the minimum credit rating set by the Authority.
- (ii) The assets of the BOC-Prudential MPF Conservative Fund must have an average portfolio remaining maturity period of not more than 90 days.
- (iii) The assets of the BOC-Prudential MPF Conservative Fund must have a total value of Hong Kong dollar currency investment equal to the total market value of the constituent fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 of the Regulation.

3.3.2 The Umbrella Unit Trust

The assets in the sub-funds may be invested only in the investments permitted under and in accordance with (i) the provision of Part V and Schedule 1 of the Regulation and any codes and guidelines relating to investment practices issued by the Authority, to the extent such provisions, codes and guidelines are applicable to APIFs under the relevant laws and regulations; and (ii) Chapter 7 of the Code on Unit Trusts and Mutual Funds issued by the SFC.

Subject to Part II of Schedule 1 of the Regulation, the assets in the sub-funds may also be engaged in securities lending transactions.

3.4 **Investment Management of the Scheme**

BOCI-Prudential Asset Management Limited will be responsible for the investment management of the Scheme. Units of each constituent fund will be issued or redeemed through the Trustee in accordance with the terms set out in the Trust Deed and the relevant codes and regulations issued by the Authority and the SFC.

3.5 **Borrowing Policy**

Subject to sections (3) and (4) of Schedule 1 of the Regulation and any other statutory requirements and restrictions, borrowing may be effected by the Trustee for the account of the constituent funds or by the trustee of the Umbrella Unit Trust for the account of the sub-funds.

4. CONTRIBUTIONS AND WITHDRAWAL

4.1 Application for Membership

The Scheme has been registered by the Authority under the MPFS Ordinance. Commencing from 1 December 2000, any employer, self-employed person or other eligible person may participate in the Scheme by establishing a participating scheme.

In order to establish a participating scheme, an applicant must complete the application form prescribed by the Trustee, execute the relevant participation agreement and agree in writing to comply with the provisions of the Trust Deed. If the applicant is an employer, its employees who are eligible to join the Scheme must also complete the enrolment form prescribed by the Trustee and agree in writing to comply with the provisions of the Trust Deed. If the applicant is a self-employed person, he must indicate in the application form whether he will contribute to the Scheme on a monthly or yearly basis. Under the MPFS Ordinance, it is mandatory for employees and self-employed persons to join an MPF scheme and make mandatory contributions unless they are below the age of 18 or at or above the age of 65 or otherwise exempted under the MPFS Ordinance. Persons who are not required to make mandatory contributions may nevertheless apply to join the Scheme and make voluntary contributions.

Any employee under his employer's participating scheme may, upon his cessation of employment with such employer, join the Scheme as a personal account member and establish a new participating scheme by executing a participation agreement and transferring his accrued benefits under his employer's participating scheme to such new participating scheme in accordance with section 4.10 below. Any member may also elect to have certain of his accrued benefits deriving from mandatory contributions transferred to a personal account in the Scheme in accordance with section 4.10 below, and such member will execute a participation agreement and become a personal account member of the Scheme. Any other person who wishes to transfer to the Scheme any of his retirement benefits may also join the Scheme as a personal account member and establish a participating scheme in accordance with sections 4.5 and 4.5A below, in which case, such person or his authorized representative should execute a participation agreement. In addition, subject to the approval of the Trustee and the Investment Manager, any person who is or had been a member of a registered scheme under the MPFS Ordinance (including an existing employee member, self-employed person or personal account member) or of an occupational retirement scheme may participate in the Scheme as an SVC member and establish a participating scheme to make special voluntary contributions, in which case, such person should complete the application form and execute the participation agreement prescribed by the Trustee.

Any applicant whose application is accepted will be given a notice of participation within 30 days after the date on which all the information required for the application is submitted or, the date on which the applicant agrees to comply with the provisions of the Trust Deed, whichever is the later. All applicants who are admitted to the Scheme (including the employee members of the participating employer) will be bound by the governing rules of the Scheme contained in the Trust Deed.

4.2 Mandatory Contributions

4.2.1 Employer and Employee Members

Subject to the provisions in the MPFS Ordinance, every employer under the relevant participating scheme must, in respect of each of its employee members, pay to the Trustee out of the employer's own funds an employer mandatory contribution of 5%* of each employee member's relevant income for each period during which income is paid or should be paid to each employee member (the "contribution period"). The mandatory contribution will not exceed 5%* of the statutory maximum level of relevant income*.

At the same time, unless the employee member's relevant income falls below the statutory minimum level of relevant income*, such employer must, for each contribution period, deduct from the employee member's relevant income and pay to the Trustee an employer mandatory contribution of 5%* of such income, provided that the maximum contribution that would be so deducted should not exceed 5%* of the statutory maximum level of relevant income*.

Both the employer and employee mandatory contributions must be made on or before the contribution day which is:

- (i) in case of a member who is a casual employee, the 10th day after the last day of the relevant contribution period; or

* The rate of contributions and the statutory minimum and maximum level of relevant income may be changed under the MPFS Ordinance and the Regulation from time to time. Such information can be obtained by calling the MPF Administration Hotline of the Scheme.

- (ii) in case of a member who is not a casual employee, the 10th day after the last day of the calendar month within which the relevant contribution period ends,

or such other day as the Regulation may from time to time prescribe.

If the contribution day is a Saturday, a public holiday, a gale warning day or black rainstorm warning day, then the contribution day shall be the next following day which is not a Saturday, a public holiday, a gale warning day or black rainstorm warning day.

4.2.2 Self-employed Persons

Every self-employed person under the Scheme must, from the commencement date of his participating scheme, pay to the Trustee a mandatory contribution of 5%* of his relevant income on a monthly or yearly basis as specified in his application form unless his income falls below the statutory minimum level of relevant income*. The amount that any self-employed person must contribute will not exceed 5%* of the statutory maximum level of relevant income*.

4.3 **Voluntary Contributions**

4.3.1 Standard Voluntary Contribution

For each contribution period (or such other interval as the Trustee may agree), employers, employee members or self-employed persons under the Scheme may choose to pay to the Trustee a standard voluntary contribution as a top-up contribution. Employers, employee members or self-employed persons who are not required to make mandatory contribution under the MPFS Ordinance may also join the Scheme to make standard voluntary contributions only. If an employer chooses to make standard voluntary contributions in respect of his employees, he must specify the basis of such contributions for each relevant contribution period (or such other interval as the Trustee may agree) in the application form. If an employee member or a self-employed person chooses to make standard voluntary contributions, he must notify the Trustee in writing the amount of such contributions. In the case of an employee member, the notice must be submitted to the Trustee through his employer.

Subject to the terms of the relevant participation agreement, the employer, employee member and self-employed person may change the amount of their respective voluntary contributions by giving the Trustee 3 months' prior written notice (or such shorter period of notice as the Trustee may agree). The employer will give prior written notice to the relevant employee member of any changes to the employer's voluntary contributions. Any notice in relation to changes to employee member's voluntary contribution must be signed by him.

In addition to the standard voluntary contributions where additional contributions are made by the employer, the employee members or the self-employed person (as the case may be) as long as the employee members or self-employed persons are under the relevant employment or self-employment, employee members or self-employed person may also make regular or ad-hoc special voluntary contributions at their own choice by directly submitting the application to the Trustee in accordance with the sections below.

4.3.2 Special Voluntary Contribution

An employee member, self-employed person, personal account member or SVC member may request to make regular or ad-hoc special voluntary contribution to the Scheme by giving to the Trustee at least one (1) month's written notice (or such shorter period of notice as the Trustee may agree) in a form prescribed by the Trustee. The employee member, the self-employed person or the personal account member may make special voluntary contributions in addition to his standard voluntary contribution (if any) and they can make such special voluntary contributions regardless of whether they are making any standard voluntary contributions.

Employee member's regular or ad-hoc special voluntary contribution may either be paid by the employee member from his or her own funds or deducted from his or her relevant income. If such contribution is deducted from the employee member's relevant income, the amount of deduction shall not exceed the amount permitted by law.

Regular special voluntary contribution may be made by the employee member, self-employed person, personal account member or SVC member on a monthly basis by autopay from his own bank account or other methods as agreed by the Trustee. Ad-hoc special voluntary contribution may be paid in a lump sum amount by cheque or other methods as agreed by the Trustee.

* The rate of contributions and the statutory minimum and maximum level of relevant income may be changed under the MPFS Ordinance and the Regulation from time to time. Such information can be obtained by calling the MPF Administration Hotline of the Scheme.

The amount of regular special voluntary contribution must not be lower than HK\$300. The amount of ad-hoc special voluntary contribution must not be lower than HK\$1,000. The Trustee may determine from time to time such other limit of regular or ad-hoc special voluntary contribution. There is no upper limit on the amount of regular or ad-hoc special voluntary contribution. However, subject to any limitation which may be imposed by the Regulation, the Trustee reserves the right not to accept any regular or ad-hoc special voluntary contribution at any time by giving to the employee member, self-employed person, personal account member or SVC member (as the case may be) 14 days' prior notice in writing.

All mandatory and voluntary contributions to the Scheme must be made to the Trustee.

4.4 Investment Mandate

The relevant member (i.e. the employee member, the self-employed person, the personal account member or the SVC member, as the case may be) must forward to the Trustee an investment mandate directing how his contributions and accrued benefits should be invested, before:

- (i) the first contribution is made by or the first transfer of accrued benefits from other scheme to the Scheme by an employee member or a self-employed person;
- (ii) the first transfer of accrued benefits from another scheme to the Scheme by a personal account member; or
- (iii) the first contribution is made by the SVC member.

Subject to any restrictions and limitations which may from time to time not unreasonably be imposed by the Trustee, such member may select his own investment combination in the investment mandate provided that the member shall be entitled to apply all the contributions to acquire units of any constituent fund.

Prior to 4 July 2005, if any member fails to submit to the Trustee his investment mandate, the member will be considered to have elected to invest all his contributions and/or accrued benefits in the BOC-Prudential MPF Conservative Fund. With effect from 4 July 2005, if any member fails to submit to the Trustee his investment mandate, the member will be considered to have elected to invest all his contributions and/or accrued benefits in the BOC-Prudential Stable Fund.

Furthermore, if a member chooses to invest in more than one constituent fund, the total percentage for all the selected constituent funds of the member should add up to 100%. The allocated percentage for each selected constituent fund must be an integer and should be not less than 5%. If a member does not comply with these requirements, the member will be considered to have elected to invest all his contributions and/or accrued benefits in the BOC-Prudential Stable Fund.

If a member is deemed to have elected to invest all his contributions and/or accrued benefits in the BOC-Prudential MPF Conservative Fund or BOC-Prudential Stable Fund (as the case may be), such election will not be changed unless the member submits a switching instruction form and/or new investment mandate to the Trustee in accordance with the prescribed procedures.

As soon as the Trustee receives the contribution monies in cleared funds, the Trustee will invest the monies in the respective constituent funds in accordance with the latest investment mandate submitted by the member. Units in the constituent funds will be acquired at their issue prices in accordance with section 6.1.

4.5 Transfer into the Scheme

If an employer already maintains an existing occupational retirement scheme under the Occupational Retirement Schemes Ordinance, the employer may transfer the funds in such existing retirement scheme to the Scheme.

At the request of an employee member, self-employed person or personal account member, the Trustee may also accept a transfer payment from any scheme or arrangement of which the employee member, self-employed person or personal account member is a member. Such transfer payment will be held by the Trustee as mandatory or voluntary contributions in accordance with the governing rules of the Scheme and pursuant to section 4.10 below.

In addition, an employee who was formerly a member of another scheme (whether it is an employer sponsored scheme, another master trust scheme, an industry scheme or occupational retirement scheme) may join the Scheme as a personal account member by submitting a transfer notice to the Trustee and transferring his accrued benefits from the former scheme to the Scheme. Similarly, a self-employed person who was formerly a member of another scheme (whether it

is another master trust scheme, an industry scheme or occupational retirement scheme) may also join the Scheme as a personal account member by submitting a transfer notice to the Trustee and transferring his accrued benefits from the former scheme to the Scheme.

4.5A Member's Choice – Transferring benefits into the Scheme

If a person is a member of another registered scheme, he may transfer certain of his accrued benefits to the Scheme, as described below.

Benefits relating to current employment

If a person is an employee member of another registered scheme and have accrued benefits deriving from the employee's mandatory and/or voluntary contributions (if any) made in respect of his current employment, he can have all such accrued benefits transferred to the Scheme by completing and returning to the Trustee the specified form. Please note that transferring the accrued benefits deriving from the voluntary contributions into the Scheme shall be subject to the governing rules of such another registered scheme.

If a person is already a personal account member of the Scheme, the accrued benefits transferred in accordance with the above will be held in his personal account. However, if the person is not a personal account member of the Scheme, he will become a personal account member and the accrued benefits will be held in his personal account of the Scheme.

Benefits relating to former employment and former self-employment

If a person is an employee member of another registered scheme and has accrued benefits deriving from mandatory and/or voluntary contributions (if any) made by him or his employer in respect of his former employment or former self-employment, the person can have all such accrued benefits transferred to the Scheme by completing and returning to the Trustee the specified form. Please note that transferring the accrued benefits deriving from the voluntary contributions into the Scheme shall be subject to the governing rules of such another registered scheme.

If a person is already an employee and/or personal account member of the Scheme, the accrued benefits transferred in accordance with the above will be held in the member's contribution accounts or personal account as specified by the member. However, if the person is not an employee or personal account member of the Scheme, he will become a personal account member and the accrued benefits will be held in his personal account.

General

The accrued benefits that a person transfers to the Scheme will be invested in the Constituent Fund(s) in accordance with his choice of fund(s) and percentage allocated. There is no limit on the number of transfer payments that a person may make to the Scheme in a calendar year.

Please note that the above transfers in this section 4.5A shall not apply in circumstances where a member ceases to be employed by his employer, in which case, section 4.5 above will apply.

4.6 Vesting of Benefits

4.6.1 Employee Member

Except for any employer's voluntary contribution, all contributions made by any employee member will become fully vested immediately upon contribution.

Subject to the provisions of the participation agreement, all voluntary contributions made by the employer in respect of an employee member will become fully vested:

- (i) when the employee member attains the retirement age as specified in the employer's participation agreement ("Non-Statutory Retirement Age");
- (ii) when the employee member retires at an early retirement age ("Non-Statutory Early Retirement Age") and upon conditions as specified in the employer's participation agreement;

- (iii) when the employee member becomes totally incapacitated;
- (iv) when the employee member dies; or
- (v) at the time specified in the vesting scale upon which the voluntary contributions made by the employer shall become fully vested in the employee member.

4.6.2 Self-employed Person, Personal Account Member and SVC Member

All contributions made by self-employed persons, personal account members and SVC members will be fully vested at all times.

4.7 Withdrawal of Benefits

Subject to the provisions in the MPFS Ordinance, the Regulation, the rules of the Trust Deed and the provisions of the participation agreement, an employee member, self-employed person, personal account member (or their personal representative, as the case may be) will be entitled to receive a lump sum payment of all benefits accrued (including all benefits attributable to mandatory contributions, standard voluntary contributions (if any) and special voluntary contributions (if any)) under the Scheme when:

- (i) he attains the normal retirement age of 65*^;
- (ii) he attains the early retirement age of 60** and certifies to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment^;
- (iii) he dies before his benefits have been paid;
- (iv) he has departed or is about to depart from Hong Kong permanently; or
- (v) he becomes totally incapacitated.

In addition, subject to the provisions in the MPFS Ordinance, the Regulation, the rules of the Trust Deed and the provisions of the participation agreement, an employee member, self-employed person and personal account member who has a terminal illness that is likely to reduce his life expectancy to 12 months or less, will be entitled to receive a lump sum payment of:

- (i) in the case of self-employed person and personal account member, benefits accrued (including all benefits attributable to mandatory contributions and voluntary contributions (if any)) under the Scheme;
- (ii) in the case of employee member, benefits accrued (including all benefits attributable to mandatory contributions and employee's voluntary contributions (if any)) under the Scheme

The accrued benefits paid under the above circumstances will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation. The rules of the Trust Deed also contain provisions which allow the employee member, self-employed person or personal account member to receive accrued benefits (including all benefits attributable to mandatory contributions, standard voluntary contributions (if any) and special voluntary contributions (if any)) in the Scheme if such benefits kept in the Scheme as at the date of the claim for the payment of those benefits do not exceed HK\$5,000 (or any other amount as may be prescribed by the Regulation) 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 to the Scheme or to any other registered scheme by or in respect of the member and there are no accrued benefits in any other registered schemes.

The accrued benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation. However, if an employer has made an application to the Trustee in accordance with the MPFS Ordinance claiming payment of an amount relating to the severance or long service payment paid to an employee member and the Trustee is satisfied as to the employer's entitlement to such a claim, the Trustee shall as soon as reasonably practicable effect such redemption*** as shall be necessary to make the requisite payment to the employer according to the relevant provisions of the MPFS Ordinance.

- * Subject to the provisions of the participation agreement, if the Non-Statutory Retirement Age and the Non-Statutory Early Retirement Age of a participating scheme is later than 65 years of age, the voluntary contributions made by the employer on behalf of the employee member may not be fully vested in the employee member when he retires at 65 years of age.
- ** Subject to the provisions of the participation agreement, if the Non-Statutory Retirement Age and the Non-Statutory Early Retirement Age of a participating scheme is earlier than 60 years of age and the employee elects to retire before he reaches 60, the voluntary contributions made by the employer on behalf of the employee member will be fully vested. Therefore, the employee member will be entitled upon such retirement to receive the accrued benefits attributable to his own voluntary contributions and all the voluntary contributions made by the employer on his behalf. However, the employee member will be entitled to receive the accrued benefits attributable to mandatory contributions (whether made by him or his employer) only when he subsequently reaches 60 years of age and certifies to the Trustee by statutory declaration that he has permanently ceased his employment.
- *** Redemption will be made in the following sequence in order to make the requisite payment to the employer:
 1. Employer's vested voluntary contributions transferred from other scheme to the Scheme (if applicable)
 2. Employer's vested voluntary contributions to the Scheme (if applicable)
 3. Employer's mandatory contributions transferred from other scheme to the Scheme (if applicable)
 4. Employer's mandatory contributions to the Scheme (if applicable)
- ^ An employee member, self-employed person or personal account member may elect to receive the accrued benefits payable to him by way of instalments at any time by giving to the Trustee prior written notice in a form acceptable to the Trustee. There is no limit on the number of withdrawals for each employee, self-employed person or personal account member in each calendar year.

In respect of withdrawal of accrued benefits by instalments, the Trustee will not charge any handling fee for payment of the first four (4) instalments in each calendar year and payment of the final instalment for all remaining and payable accrued benefits under the Scheme. Other than such circumstances, the Trustee will charge a handling fee for withdrawal by instalments as specified in Table (E) of Section 7.1.

The accrued benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the prescribed withdrawal form and any other necessary and duly completed documentation. The Trustee shall, unless otherwise agreed between the Trustee and the member, ensure that each benefit instalment is paid to the member no later than 30 days after the date on which the member instructs the Trustee to pay that benefit instalment.

4.8 Withdrawal of Voluntary Contributions

4.8.1 Standard Voluntary Contributions

Voluntary contributions made in respect of an employee member pursuant to participation agreement can also be withdrawn when his employer fails to make the required voluntary contribution within 6 months after:

- (a) if the amount of voluntary contribution is determined by reference to the employee's income, the end of the period covered by such income; or
- (b) if the amount of voluntary contribution is determined by reference to the period of the employee's employment, the end of such period.

The amount of benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contributions and the total balance of his own voluntary contributions (including the standard and special voluntary contributions). The benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation, provided that any such request should only be submitted after the expiry of the 6 month period. If the date on which the accrued benefits should be valued is not a dealing day, the benefits will be valued on the immediately following dealing day.

Furthermore, voluntary contributions made in respect of an employee member will be paid in a lump sum to the employee member when he ceases to be employed by his employer. The amount of benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contributions and the total balance of his own voluntary contributions (including the standard and special voluntary contributions). Such benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation.

If, after the employee member has received the lump sum payment, the Trustee receives any outstanding voluntary contributions in respect of such employee member, the Trustee will within 30 days of the date of receipt thereof pay to the employee member the amount of such contributions without interest.

A self-employed person or personal account member is also entitled to withdraw his voluntary contributions once in each financial year of the Scheme by giving 30 days' prior written notice to the Trustee (or such other shorter period of notice the Trustee may agree).

In addition, members may withdraw their special voluntary contributions in accordance with section 4.8.2 below.

4.8.2 Special Voluntary Contributions

Subject to the provisions of the relevant participation agreement, an employee member, self-employed person, personal account member or SVC member may redeem any or all units representing his special voluntary contributions at any time by giving to the Trustee at least one (1) month's prior written notice (or such other shorter period of notice the Trustee may agree) in a form acceptable to the Trustee. There is no limit on the number of redemptions for each employee member, self-employed person, personal account member or SVC member in each financial year of the Scheme. The amount to be redeemed in each withdrawal shall not be less than HK\$5,000 or such other limit as may be determined by the Trustee from time to time, however no minimum redemption limit will be applicable where such a member submits a withdrawal request for his entire SVC balance. Currently, there is no limit on the maximum amount withdrawn.

The redemption shall be effected on the dealing day immediately after the Trustee has received, reconciled and validated the written request for redemption submitted by the employee member or self-employed person (as the case may be). Any such withdrawal request must be made in a form as may be prescribed by the Trustee from time to time. Currently, no withdrawal fee will be levied.

In the event that an employer ceases its participation in the Scheme, its employee members may, by giving the requisite notice to the Trustee (as mentioned above), redeem the units representing their special voluntary contributions. If no such notice is received by the Trustee within 90 days after the employer's cessation of participation in the Scheme, then such members will be deemed to have completed the relevant form(s) and agreement(s) to become an SVC member in his personal capacity and requested for the transfer of the units standing to the credit of his SVC account under the employer's participating scheme, to the SVC account under his SVC membership.

4.9 Payment of Accrued Benefits

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

If the benefits are paid in a lump sum, the Trustee shall pay the member within 30 days after the date on which the claim is lodged, or 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged, whichever is the later.

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

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

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

4.10 Portability of Benefits

The rules of the Trust Deed also contain provisions relating to the portability of accrued benefits of an employee member, self-employed person or personal account member.

Cessation of employment of Employee

If an employee member ceases to be employed by his employer, the employee member may elect to have his accrued benefits under the Scheme (except for those voluntary contributions which have been paid to the employee member under section 4.8) transferred to a personal account of the Scheme or to another registered scheme.

In such circumstances, the accrued benefits attributable to the mandatory contributions made by or in respect of the employee member will be redeemed as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the transfer request and any other necessary and duly completed documentation.

However, if the cessation of employment is as a result of a change of business ownership or an intra-group transfer, and

- (a) the employee is re-employed by a new owner (in the case of change of business ownership) or an associated company of the previous employer (in the case of intra-group transfer) (“new employer”);
- (b) the new employer has assumed the liability of the previous employer for severance payment or long service payment in respect of that employee;
- (c) the new employer has agreed to recognize the employee’s length of employment with the previous employer for the purposes of that severance payment or long service payment; and
- (d) no accrued benefits held in a registered scheme in respect of the employee have been paid to the employee or the previous employer for the purpose of severance payment or long service payment,

then the new employer may elect, in accordance with the Regulation, to have the accrued benefits of the employee held under the previous employer’s scheme transferred to the registered scheme in which the new employer is a participant. In that case, the employee member will not have the right to make any election in respect of his accrued benefits under the previous employer’s scheme.

Self-employed persons

In the case of a self-employed person, he may at any time elect to transfer his accrued benefits under the Scheme to another registered scheme or an industry scheme.

In such circumstances, the accrued benefits attributable to the mandatory and voluntary contributions made by the self-employed person will be redeemed as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the transfer request and any other necessary and duly completed documentation.

Member’s Choice - Benefits relating to current employment

If a member has accrued benefits deriving from the employee’s mandatory contributions of the member’s current employment in his contribution account of the Scheme, the member may at any time elect to have all such accrued benefits transferred to a personal account of the Scheme or a personal account of another registered scheme, which is a master trust scheme or an industry scheme. However, a member may only make such a transfer once every calendar year.

If a member wishes to transfer the accrued benefits to a personal account of the Scheme in accordance with the above, but such member is not a personal account member, he will become a personal account member and the accrued benefits will be held in his personal account.

Member's Choice - Benefits relating to former employment and former self-employment

If a member has accrued benefits deriving from mandatory and/or voluntary contributions (if any) of his former employment or formal self-employment in the member's contribution account of the Scheme, such member may at any time elect to have all such accrued benefits transferred to another contribution account or personal account of the Scheme, or a contribution account or personal account of another registered scheme. For the avoidance of doubt, the member may respectively transfer accrued benefits deriving from either mandatory contributions or voluntary contributions. In the case of the personal account of another registered scheme, such registered scheme shall be either a master trust scheme or an industry scheme.

If a member wishes to transfer the accrued benefits to a personal account of the Scheme in accordance with the above, but such member is not a personal account member of the Scheme, he will become a personal account member and the accrued benefits will be held in his personal account.

Member's Choice - Benefits in the personal account

If a member has accrued benefits in a personal account of the Scheme, such member may at any time transfer all such accrued benefits to a contribution account or another personal account of the Scheme, or a contribution account or personal account of another registered scheme. In the case of the personal account of another registered scheme, such registered scheme shall be either a master trust scheme or an industry scheme.

Notification to the trustee

An employee member, self-employed person or personal account member who wishes to make the transfer should notify the trustee of the scheme to which the benefits will be transferred (the "New Trustee") of his election and provide necessary information in accordance with the rules of such scheme. The Trustee will, upon notification of the election by the New Trustee, take all practicable steps to ensure that all the accrued benefits concerned will be transferred in accordance with the election within 30 days after being notified. However, if an election is made by an employee member who has ceased to be employed by his employer, all accrued benefits concerned will be transferred in accordance with the election within 30 days after being notified or within 30 days after the last contribution day in respect of the employment which has ceased, whichever is the later.

In the case of an employee member ceasing to be employed by his employer, if a member fails to make an election within 3 months of the termination notice, he will be taken to have elected to transfer his accrued benefits concerned to a personal account of the Scheme, in which case, all the benefits will be so transferred within 30 days after the end of the 3 months' period.

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

4.11 Termination of Participating Scheme

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

Furthermore, the Trustee may terminate the membership of an employer, employee member or self-employed person (who is 18 years of age or over and below the age of 65) with the written agreement of the respective party given to the Trustee not earlier than 60 days before the termination. In the case of an employee member, such written agreement may also be given by his employer.

In respect of employee member or self-employed person who is below age 18 or at or above age 65, the Trustee reserves the right to terminate his membership at any time by giving an immediate notice to him or, in the case of an employee member, to his employer. The Trustee and the Investment Manager also reserve the right to terminate the membership of an SVC member or personal account member at any time by giving an immediate notice to him.

Upon termination of the participating scheme, the employer, self-employed person or personal account member may transfer the accrued benefits under the Scheme to another registered scheme in accordance with the prevailing laws and regulations. In relation to an SVC member, the accrued benefits from his special voluntary contributions will be payable to him upon cessation of his membership.

4.12 No Assignment of Benefits

Employee members should note that if any attempt is made to alienate any benefit derived from his vested portion of employer's voluntary contribution or it becomes payable to any person other than the person entitled to it under the Scheme, it shall be forfeited to the Trustee unless (i) otherwise provided for in the relevant participation agreement; or (ii) such benefit has been charged to the employer against any debts owed to the employer; or (iii) the Trustee in its discretion decide to pay it in case of hardship to the employee member or to his spouse or dependant.

Members should also note that if he is adjudged bankrupt by a court of competent jurisdiction in Hong Kong, his benefits derived from the employer's voluntary contributions shall be forfeited to the Trustee as at the date of the bankruptcy order unless (i) otherwise provided for in the relevant participation agreement; or (ii) such benefit has been charged to the employer against any debts owed to the employer; or (iii) the Trustee in its discretion decides to pay it in case of hardship to the employee member or to his spouse or dependant.

Also, benefits deriving from the employer's voluntary contributions may be forfeited to the employer if the member is dismissed by the employer because of fraud, dishonesty or gross misconduct against the employer.

5. VALUATION AND PRICING

5.1 The Scheme

5.1.1 Dealing Day

Units in the constituent funds will be valued, issued and redeemed on each dealing day which is every business day or such other day(s) as the Trustee and Investment Manager may from time to time determine provided that if any commodities and securities markets on which all or part of the investments of any constituent fund are quoted, listed or dealt in are on any such day not open for trading, the Trustee and the Investment Manager may determine that such day is not a dealing day for that constituent fund. Under the Scheme, a business day means any day on which banks in Hong Kong are open for normal banking business (excluding Saturdays and Sundays) provided that if on any such day the period during which banks in Hong Kong are open is reduced as a result of a tropical cyclone signal number 8 or above, Black Rainstorm warning or other similar event, such day will not be a business day unless the Trustee and the Investment Manager determine otherwise.

5.1.2 Dealing

Any subscription application or redemption request will be dealt with by the Trustee as soon as reasonably practicable after receipt thereof. In the case of subscription, applications will not be considered as having been received by the Trustee unless the subscription money in cleared funds has been reconciled and validated.

5.1.3 Valuation of Units

One class of units will be issued for each constituent fund and all units are denominated in Hong Kong dollars. The Trustee will value each investment and asset in a constituent fund for each dealing day. The net asset value of a constituent fund will be determined by calculating the total value of the investments and assets of the constituent fund and deducting the liabilities attributable to the constituent fund in accordance with the provisions of the Trust Deed. In general,

- (i) quoted investments are valued at their last available closing price;
- (ii) unquoted investments are assessed on the latest revaluation made;
- (iii) collective investment schemes are valued at their latest published net asset value per share or unit;
- (iv) cash and deposits together with the accrued interest are valued at face value;
- (v) futures contracts are valued at their contract values, taking into account any amount as would be required to close the contracts and any expenses that may be incurred; and
- (vi) if investments have been agreed to be purchased, such investments will be included and the purchase price will be excluded; if investments have been agreed to be sold, such investments will be excluded and the sales proceeds will be included.

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

The net asset value per unit of a constituent fund will be determined by dividing the net asset value of the constituent fund by the number of units in issue.

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

Subject to the approval of the Authority and the SFC, the Trustee may change the valuation methodology of any constituent fund by giving to the members a three months' prior notice.

5.1.4 Suspension of Valuation and Pricing

Subject to the provisions of the MPFS Ordinance and the Regulation, the Trustee may, in consultation with the Investment Manager and having regard to the interests of the members, suspend the dealing of the units of any constituent fund and the determination of the net asset value of any constituent fund in the following circumstances:

- (i) there is a closure of or restriction or suspension of trading on any securities markets on which a substantial part of the investments of the relevant constituent fund is normally traded or a breakdown in any of the means normally employed by the Investment Manager in ascertaining the value of any investments comprised in a constituent fund;
- (ii) for any other reason, the prices of investments in the constituent fund cannot, in the opinion of the Trustee after consulting the Investment Manager, be reasonably ascertained;
- (iii) in the opinion of the Investment Manager, it is not reasonably practicable to realise any investments held in the constituent fund; or
- (iv) the remittance or repatriation of funds which may be involved in the redemption of or in the payment for the investments in any constituent fund or the subscription for or redemption of any units is delayed or cannot, in the opinion of the Trustee after consulting the Investment Manager, be effected at reasonable prices or reasonable rates of exchange,

provided that the suspension will not cause the Trustee to be unable to comply with the time limits stated in sections 153 (transfer of accrued benefits) and 166 (the payment of accrued benefits) of the Regulation.

Whenever a suspension is declared, the Trustee will notify the Authority as soon as may be reasonably practicable after any such declaration. The Trustee will also publish immediately after such declaration and at least once a month during the period of suspension, a notice in South China Morning Post, Hong Kong Economic Journal and Hong Kong Economic Times and/or such other newspapers which the Trustee may from time to time determine.

5.2 The Umbrella Unit Trust

The dealing and valuation policies of the sub-funds in the Umbrella Unit Trust are provided in the Umbrella Unit Trust Deed. Units in the Umbrella Unit Trust will be valued, issued and redeemed on each dealing day. The dealing day for the Umbrella Unit Trust is the same as that of the Scheme.

Four classes of units will be issued for each sub-fund of the Umbrella Unit Trust. They are (i) Provident Class – Class A Units; (ii) Provident Class – Class B Units; (iii) Investment Class Units and (iv) Retail Class Units. If the constituent funds invest in the Umbrella Unit Trust, such constituent funds will invest in Provident Class – Class A Units.

Provident Class – Class A Units are available to any registered schemes under the MPFS Ordinance or any occupational retirement schemes or pension/ retirement funds/schemes managed or advised by the Investment Manager.

Provident Class – Class B Units are available to any registered schemes under the MPFS Ordinance or any occupational retirement schemes or pension/ retirement funds/schemes not managed or advised by the Investment Manager.

Investment Class Units are available to those collective investment schemes or other individual or institutional investors that fulfill the minimum investment and subsequent holding requirements as stated in the Principal Brochure of the Umbrella Unit Trust. This class is not applicable to investors who are eligible to invest in either the Provident Class or Retail Class.

Retail Class Units are available to retail investors and other investors. This class is not applicable to investors who are eligible to invest in either the Provident Class or Investment Class.

Units in all classes are denominated in Hong Kong dollars.

6. DEALING IN CONSTITUENT FUNDS

6.1 Subscription and Subscription Price

Units of the constituent funds will normally be issued on every dealing day in respect of the constituent funds. After the contribution monies in cleared funds have been received, reconciled and validated by the Trustee, the Trustee will issue to the relevant member the appropriate number of units of the relevant constituent funds in accordance with the member's investment mandate. The number of units issued shall be determined based on the issue price of the constituent funds as at the dealing day as soon as reasonably practicable after the subscription monies in cleared funds have been received, reconciled and validated by the Trustee. Prior to investment of the contribution monies in the constituent funds, the Trustee shall retain the monies in an interest bearing account and any interest derived therefrom shall be retained as income of the Scheme or for the payment of any administrative expenses of the Scheme for the benefits of the Scheme members.

The price at which units will be issued on a dealing day will be calculated as follows:

$$I = \frac{\text{NAV}}{100\% - C}$$

where:

| | | |
|-----|---|---|
| I | = | issue price; |
| NAV | = | net asset value per unit on that dealing day; |
| C | = | offer spread expressed as a percentage. |

At present, no offer spread will be levied in respect of the issue of units in any constituent fund.

The issue price will be rounded up to 4 decimal places or in such other manner as the Trustee may from time to time determine. The number of units issued will be determined by dividing the contribution money by the issue price of the unit of the relevant constituent fund in which the contribution money will be invested, and the resulting number will be rounded down to 4 decimal places or such other number of decimal places as the Trustee may determine.

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

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

For the BOC-Prudential Growth Fund, BOC-Prudential Balanced Fund, BOC-Prudential Stable Fund and BOC-Prudential MPF Conservative Fund, the first issue of units was made on 1 December 2000 at a price of HK\$10.00 per unit. For the BOC-Prudential Global Equity Fund, BOC-Prudential Hong Kong Equity Fund and BOC-Prudential Bond Fund, the first issue of units was made on 1 April 2003 at a price of HK\$10.00 per unit. As for the BOC-Prudential Asia Equity Fund and BOC-Prudential Japan Equity Fund, the first issue of units was made on 3 October 2006 at a price of HK\$10.00 per unit. As for the BOC-Prudential China Equity Fund, the first issue of units was made on 15 October 2007 at a price of HK\$10.00 per unit. For the BOC-Prudential CSI HK 100 Tracker Fund, the BOC-Prudential North America Index Tracking Fund and the BOC-Prudential European Index Tracking Fund, the first issue of units was made on 3 September 2012 at a price of HK\$10.00 per unit. For the BOC-Prudential MPF RMB & HKD Money Market Fund, the first issue of units will be made on 2 April 2013 at a price of HK\$10.00 per unit.

Subject to the approval of the Authority and the SFC, the Trustee may change the methodology of determining the issue price of any constituent fund by giving to the members a three (3) months' prior notice.

6.2 Redemption of Units and Redemption Price

Upon the withdrawal of accrued benefits from the Scheme or the switching of accrued benefits between the constituent funds by the members, the Trustee shall have the discretion to redeem the units of the members under the relevant constituent funds.

The price at which units will be redeemed on a dealing day will be calculated as follows:

$$R = NAV(100\% - D)$$

where:

R = redemption price;
NAV = net asset value per unit on that dealing day;
D = bid spread expressed as a percentage.

At present, no bid spread will be levied in respect of the redemption of units in any constituent fund.

The redemption price will be rounded down to 4 decimal places, or in such other manner as the Trustee may determine from time to time. The total redemption moneys will be the redemption price multiplied by the number of units redeemed, rounded to 2 decimal places or in such other manner as the Trustee may determine.

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

The Trustee may also limit the total number of units in a constituent fund to be redeemed on any dealing day to 10% of the total number of units in issue. This limitation shall apply pro-rata to all members who require redemption to be effected on the relevant dealing day. Any units not redeemed will be carried forward for redemption on the next following dealing day subject to the same 10% limitation.

Subject to the approval of the Authority and the SFC, the Trustee may change the methodology of determining the redemption price of any constituent fund by giving to the members a three (3) months' prior notice.

6.3 Switching between Constituent Funds

(A) Procedure for Switching

Subject to any limitation which may be imposed by the Trustee, an employee member, self-employed person, personal account member or SVC member may submit a new investment mandate and request the Trustee to apply any future contributions which are paid to his account to invest or subscribe for units in one or more constituent funds in accordance with the new investment mandate. If a member chooses to invest in more than one constituent fund, the total percentage for all the selected constituent funds of the member should add up to 100%. The allocated percentage for each selected constituent fund must be an integer and should be not less than 5%. If a member does not comply with these requirements, the Trustee shall be under no obligation to process such new investment mandate. The Trustee will, under normal circumstances, process such new investment mandate within a reasonable time after the Trustee receives and accepts the investment mandate and any other necessary and duly completed documentation. Notwithstanding any limitation which may be imposed by the Trustee, each member will be entitled to apply his entire future contribution to invest or subscribe for units in any one constituent fund.

Subject to any condition and limitation which may be imposed by the Trustee, an employee member, self-employed person, a personal account member or SVC member may also submit a switching instruction form to the Trustee to withdraw any investment or redeem any units in a constituent fund and to apply such redemption proceeds to invest or acquire units in other constituent funds in accordance with the switching instruction. If a member chooses to invest in more than one constituent fund, the total percentage for all the selected constituent funds of the member should add up to 100%. The allocated percentage for each selected constituent fund must be an integer and should be not less than 5%. If a member does not comply with these requirements, the Trustee shall be under no obligation to process such switching instruction form. The Trustee will, under normal circumstances, process such switching instruction within a reasonable time after the Trustee receives and accepts the switching request and any other necessary and duly completed documentation. However, such switching instruction form should not affect the way in which any future contributions should be invested which should be made in accordance with the latest investment mandate submitted by the relevant member. Notwithstanding any limitation which may be imposed by the Trustee, each member will be entitled to transfer his entire benefits under the Scheme into any one constituent fund.

(B) Number of New Units Issued

The number of units of the new constituent fund to be issued will be calculated as follows:

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

where:

- N - is the number of units of the new constituent fund to be issued (rounded down to 4 decimal places, or such other number of decimal places as the Trustee may determine from time to time)
- P - is the redemption proceeds from the current constituent fund calculated in accordance with section 6.2 above
- M - is the issue price per unit of the new constituent fund as at the relevant dealing day

There is no maximum number of requests (whether for a change of investment mandate or switching of units between constituent funds) which can be made by a member in each financial year. As a result, switching can be effected on every dealing day of the financial year without any charge. No request will be allowed if the dealing of the relevant constituent funds is suspended.

As discussed above, the Trustee may limit the total number of units in a constituent fund to be redeemed on any dealing day to 10% of the total number of units in issue. This limitation will be applied pro rata to all redemption requests to be effected on such dealing day. Any units not redeemed will be redeemed on the next dealing day subject to the same 10% limitation.

7. FEES AND CHARGES

7.1 Fee Tables

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

| (A) Joining fee & annual fee | | |
|---|------------------------------|--|
| Type of fees | Current amount (HK\$) | Payable by |
| Joining fee ¹ | Currently waived | Employer/ Self-employed person/Personal account member/SVC member |
| Annual fee ² | Nil | Employer /Self-employed person/ Personal account member/SVC member |

| (B) Fees and charges payable arising from transactions in individual member's account | | | |
|--|--------------------------------------|----------------------|-------------------|
| Type of fees & charges | Name of constituent fund | Current level | Payable by |
| Contribution charge ³ | All constituent funds | N/A | |
| Offer spread ⁴ | BOC-Prudential MPF Conservative Fund | N/A | |
| | Other constituent funds | Nil | Member |
| Bid spread ⁵ | BOC-Prudential MPF Conservative Fund | N/A | |
| | Other constituent funds | Nil | Member |
| Withdrawal charge ⁶ | All constituent funds | N/A | |

| (C) Fund operating charges & expenses of constituent funds | | | |
|---|--|---|--|
| Type of charges & expenses | Name of constituent fund | Current level (% of NAV per annum) | Deducted from |
| Management fees ^{7 & (c)} | BOC-Prudential MPF Conservative Fund | 0.80% | Relevant constituent fund assets |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | 0.80% | |
| | BOC-Prudential Bond Fund | 1.40% | |
| | BOC-Prudential CSI HK 100 Tracker Fund | 0.8125% | |
| | BOC-Prudential North America Index Tracking Fund | 0.9025% | |
| | BOC-Prudential European Index Tracking Fund | | |
| Other expenses ^(h) | Other constituent funds | 1.55% | |
| | <ul style="list-style-type: none"> • Fees and expenses of the custodians or sub-custodians of the assets of the Scheme • Charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges) • Investment handling fee (an amount charged per transaction) • Investment costs such as brokerage commission, transaction levy, trading fee, stamp duty in acquiring units of approved ITCIS • Audit and legal fees • Any other fees and charges incurred in respect of the establishment, management and administration of the constituent funds (The establishment cost of BOC-Prudential CSI HK 100 Tracker Fund, BOC-Prudential North America Index Tracking Fund and BOC-Prudential European Index Tracking Fund is estimated to be HK\$5,000 each. The establishment cost of BOC-Prudential MPF RMB & HKD Money Market Fund is estimated to be HK\$12,500. Such cost was borne by the relevant constituent fund and amortised over the first year following their launch.) • Costs and expenses in effecting and maintaining adequate insurance as required by the MPFS Ordinance and the Regulation • Compensation fund levy (if any) | | |

| (D) Fees and charges payable out of the underlying funds | | | |
|--|--|---|---|
| 1. Umbrella Unit Trust | | | |
| Type of charges & expenses | Name of constituent fund | Current level (% of NAV per annum) | Deducted from |
| Contribution charge ³ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets (charged per transaction) |
| Offer spread ⁴ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets |
| Bid spread ⁵ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets |
| Withdrawal charge ⁶ | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | Nil | Relevant underlying fund assets (charged per transaction) |
| Management fees ^{7 & (c)} | BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund | N/A | |
| | Other constituent funds | 0.0875% | Relevant underlying fund assets |
| Other expenses ^(h) | <ul style="list-style-type: none"> • Sub-custodians fees • Charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges) • Investment handling fee (charged per transaction) • Audit and legal fees • Any other fees and charges incurred in respect of the establishment, management and administration of the sub-funds | Relevant underlying fund assets | |
| 2. Approved ITCIS managed by IM | | | |
| Management fees ^{8 & (c)} | • 0.0875% of NAV of approved ITCIS per annum | | Relevant approved ITCIS |
| Other possible expenses charged by the respective approved ITCIS | <ul style="list-style-type: none"> • Registrar's fee • Conversion agent's fee • Index licensing fees • Transaction and processing fees • Audit and legal fees • Any other fees and charges incurred in respect of the establishment, management and administration of the relevant approved ITCIS | | Relevant approved ITCIS |

| (E) Other fees and charges for providing additional services | |
|--|--|
| Type of charges & expenses | Current amount (HK\$) |
| Handling fee for withdrawal of accrued benefits by instalments | HK\$100 per withdrawal* [^] * Not applicable to payment of the first four (4) instalments in each calendar year and payment of the final instalment as mentioned under Section 4.7 above. [^] The fee specified above does not include any necessary transaction costs that are incurred, or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the payment. |
| Copy of Trust Deed and constitutive documents | HK\$300 per copy |
| Copy of consolidated reports of the Scheme | HK\$300 per copy |
| Re-issuance of annual benefit statement: Per employer Per employee member, self-employed person and personal account member | HK\$200 per statement HK\$100 per statement |
| Additional copy or re-issuance of statements and reports: Per employer Per employee member, self-employed person and personal account member | HK\$200 per statement / report HK\$100 per statement / report |
| Handling returned cheque due to insufficient funds or other reasons | \$100 per statement |
| Making special voluntary contribution | Nil |
| Withdrawal of special voluntary contribution | Nil |

All charges shall be paid by the requestor / scheme participant to the Trustee.

Definitions

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

1. **Joining fee** means the one-off fee charged by the trustee/sponsor of a scheme and payable by the employers and/or members upon joining the scheme.
2. **Annual fee** means the fee charged by the trustee/sponsor of a scheme on an annual basis and payable by the employers and/or members of the scheme.
3. **Contribution charge** means the fee charged by the trustee/sponsor of a scheme against any contributions paid to the scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to a MPF conservative fund. "Contribution charge" is the same as "Subscription Fee" as stated in the Principal Brochure of the Umbrella Unit Trust.
4. **Offer spread** is charged by the trustee/sponsor upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to a MPF conservative fund. Offer spread for a transfer of accrued benefits can only include necessary transaction costs that are incurred, or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the trustee. "Offer spread" is the same as "Initial charge" as stated in the Principal Brochure of the Umbrella Unit Trust.

5. **Bid spread** is charged by the trustee/sponsor upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to a MPF conservative fund. Bid spread for a transfer of accrued benefits, withdrawal of accrued benefits in a lump sum, or payment of a scheme member's accrued benefits by instalments for the first four (4) instalments in each calendar year can only include necessary transaction costs that are incurred, or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or payment and are payable to a party other than the trustee. "Bid spread" is the same as "Redemption charge" as stated in the Principal Brochure of the Umbrella Unit Trust.
6. **Withdrawal charge** means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to a MPF conservative fund. A withdrawal charge for a transfer of accrued benefits, withdrawal of accrued benefits in a lump sum, or payment of a scheme member's accrued benefits by instalments for the first four (4) instalments in each calendar year can only include necessary transaction costs that are incurred, or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or payment and are payable to a party other than the trustee. "Withdrawal charge" is the same as "Redemption Fee" as stated in the Principal Brochure of the Umbrella Unit Trust.
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. **Management fees (approved ITCIS)** means the fees charged by the Trustee and the Investment Manager of the approved ITCIS. Any amount of such fees exceeding the specified rate will be rebated to the constituent funds by the Trustee and Investment Manager respectively.

Explanatory Notes

- (a) In respect of any increase in fees and charges from the current level as stated, at least three months prior notice must be given to all scheme members and participating employers.
- (b) The Fee Tables do not take account of any fee rebate that may be offered to some schemes.
- (c) Breakdown of Management Fees (Current Level)
Management fees currently comprise of trustee fee and investment management fee only. Breakdown of current level of management fees is as follows:

| Name of fund | Trustee fee | Investment management fee | Management fees (in total) |
|--|-----------------------------|---------------------------|----------------------------|
| | <i>(% of NAV per annum)</i> | | |
| Constituent funds: | | | |
| BOC-Prudential MPF Conservative Fund | 0.55% | 0.25% | 0.80% |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.55% | 0.25% | 0.80% |
| BOC-Prudential Bond Fund | 0.55% | 0.85% | 1.40% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.55% | 0.2625% | 0.8125% |
| BOC-Prudential North America Index Tracking Fund | 0.55% | 0.3525% | 0.9025% |
| BOC-Prudential European Index Tracking Fund | 0.55% | 0.3525% | 0.9025% |
| Other constituent funds | 0.55% | 1.00% | 1.55% |
| Underlying funds: | | | |
| Umbrella Unit Trust | 0.0875% | Nil | 0.0875% |
| Approved ITCIS ^(c) | 0.0875% | Nil | 0.0875% |

(d) Maximum Levels of Fees, Charges and Expenses

Maximum levels of fees, charges and expenses chargeable under the Scheme are as follows:-

- (i) Joining fee HK\$1,000
(ii) Annual fee HK\$100 per member per annum
(iii) Management fees:

| Name of fund | Trustee fee | Investment management fee | Management fees (in total) |
|--|-----------------------------|---------------------------|----------------------------|
| | <i>(% of NAV per annum)</i> | | |
| Constituent funds: | | | |
| BOC-Prudential MPF Conservative Fund | 0.95% | 0.60% | 1.55% |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.95% | 0.60% | 1.55% |
| BOC-Prudential Bond Fund | 0.95% | 1.25% | 2.20% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.95% | 1.25% | 2.20% |
| BOC-Prudential North America Index Tracking Fund | 0.95% | 1.25% | 2.20% |
| BOC-Prudential European Index Tracking Fund | 0.95% | 1.25% | 2.20% |
| Other constituent funds | 0.95% | 1.25% | 2.20% |
| Underlying funds: | | | |
| Umbrella Unit Trust | 0.0875% | Nil | 0.0875% |
| Approved ITCIS ^(c) | 0.0875% | Nil | 0.0875% |

- (iv) Fee for making special voluntary contribution HK\$200 per transaction
(v) Fee for withdrawal of special voluntary contribution HK\$200 per transaction

Subject to the approval of the Authority and the SFC, the maximum levels of the above fees, charges and spreads may also be increased by giving not less than three (3) months' notice to the members.

- (e) The Investment Manager will rebate the investment management fee charged by the approved ITCIS to the respective constituent funds. The Trustee will rebate any amount of the trustee fee exceeding 0.0875% of NAV per annum of approved ITCIS charged to the respective constituent funds.

(f) Reduction of Fees and Charges

The Trustee shall have full discretion to reduce the joining fee applicable to employer and self-employed person.

- (g) Management fees (currently comprise of trustee fee and investment management fee only) will be payable monthly in arrears and shall be accrued on each dealing day.

(h) Other Expenses

The employer, self-employed person, personal account member or SVC member shall be responsible for the legal costs involved, if any, for preparing the participation agreement referred to in section 4.1.

Advertising expenses or charges incurred in relation to the Scheme or the Umbrella Unit Trust will not be charged to the assets of the Scheme or the Umbrella Unit Trust.

7.2 Deductions from the BOC-Prudential MPF Conservative Fund and BOC-Prudential MPF RMB & HKD Money Market Fund

(i) **BOC-Prudential MPF Conservative Fund**

Administrative expenses (i.e. trustee fee, investment management fee and administration fee) may only be deducted from the BOC-Prudential MPF Conservative Fund in the following circumstances:

- (a) if the amount of income and profits from the funds of the BOC-Prudential MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed savings rate (as prescribed by the Authority from time to time pursuant to section 37 of the Regulation), an amount not exceeding the excess may be deducted from the BOC-Prudential MPF Conservative Fund as administrative expenses for that month; or
- (b) if in a particular month no amount is deducted under (i)(a) above or the amount that is deducted is less than the actual administrative expenses for the month, the deficiency may be deducted from the amount of any excess that may remain in any of the following 12 months after deducting the administrative expenses applicable to that following month.

(ii) **BOC-Prudential MPF RMB & HKD Money Market Fund**

Management fees (currently comprise of Trustee Fee and Investment Management Fee) for BOC-Prudential MPF RMB & HKD Money Market Fund will be accrued on each dealing day but will only be payable to the Trustee and the Investment Manager in a particular month:

- (a) if the amount of income and profits from the funds of the BOC-Prudential MPF RMB & HKD Money Market Fund in that particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed savings rate (as prescribed by the Authority from time to time pursuant to section 37 of the Regulation), an amount not exceeding the excess may be deducted from BOC-Prudential MPF RMB & HKD Money Market Fund as management fees for that month.
- (b) if in a particular month no amount is deducted under (ii)(a) above or the amount that is deducted is less than the actual management fees for the month, the management fees in that particular month is considered to be waived or partially waived by the Trustee and the Investment Manager (as the case may be) and the deficiency will not be deducted from the amount of any excess that may remain in any of the following months.

7.3 Cash Rebates and Soft Commission

- (i) The Investment Manager may purchase and sell investments for the account of a constituent fund as agent for the Trustee provided that the Investment Manager shall account for all rebates of brokerage and commission which it may derive from or in connection with any such purchase or sale.
- (ii) The Investment Manager or its connected persons may enter into contractual arrangements with other persons (including any connected person of the Investment Manager or the Trustee) under which such other persons agree to pay in whole or in part for the provision of goods to, and/or the supply of services to the Investment Manager or its connected persons in consideration of the Investment Manager or its connected person procuring that such other persons execute transactions to be entered into for the account of the Scheme.
- (iii) The Investment Manager shall procure that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to members. For the avoidance of doubt, research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications may be considered as of such benefit to members.

The above (i), (ii) and (iii) will also be applicable to the investment managers of the sub-funds of the Umbrella Unit Trust.

No cash rebates may be retained by the Investment Manager.

8. GENERAL INFORMATION

8.1 Reports and Accounts

The financial year end of the Scheme is 31st March each year. The Trustee will provide to each member of the Scheme an annual benefit statement within 3 months of the end of the financial period of the Scheme. The annual benefit statement will provide the member with the necessary information in accordance with section 56(3) of the Regulation.

Copies of the consolidated reports of the Scheme for any specified scheme year within 7 years preceding the date of request may be obtained from the Trustee at a cost as may be determined by the Trustee or may be inspected free of charge during normal working hours at the Customer Service Centre of the Trustee.

8.2 Publication of Net Asset Value and Prices

The net asset value per unit or the issue price and the redemption price for the constituent funds and sub-funds of the Umbrella Unit Trust for each dealing day will be published in South China Morning Post, Hong Kong Economic Journal, Hong Kong Economic Times and/or such other newspapers which the Trustee may from time to time determine. The net asset value per unit will be expressed exclusive of any offer spread or bid spread which may be payable on subscription or redemption.

8.3 On-going Cost Illustration and Illustrative Example for BOC-Prudential MPF Conservative Fund

With effect from 29 September 2006 onwards, a document that illustrates the on-going costs on contributions to constituent funds in the Scheme (except for BOC-Prudential MPF Conservative Fund) will be distributed with this Principal Brochure. An Illustrative Example for BOC-Prudential MPF Conservative Fund is currently available for distribution with this Principal Brochure. Before making any investment decisions concerning MPF investments, members should refer to the latest version of these documents which can be obtained from our website www.boci-pru.com.hk.

8.4 Documents for Inspection

Members of the Scheme are advised to review the terms of the Trust Deed. Copies of the Trust Deed may be obtained from the Trustee at a cost as may be determined by the Trustee or may be inspected free of charge during office hours at the Customer Service Centre of the Trustee.

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

Unless otherwise provided in the Trust Deed, the Trustee will notify the members of the Scheme by giving them at least one month's prior written notice (or such other period as the SFC and the Authority may allow or require) before any modification made to the Trust Deed takes effect.

Copies of the trust deed for the Umbrella Unit Trust may also be obtained from the Trustee at a cost as may be determined by the trustee or may be inspected free of charge during normal working hours at the Customer Service Centre of the Trustee.

8.5 Duration

8.5.1 The Scheme

The Scheme may be wound up only by the Court on application made by the Authority in accordance with the MPFS Ordinance. However, the trustee may also apply to the Authority for deregistration of the Scheme in accordance with the MPFS Ordinance.

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

8.5.2 The Umbrella Unit Trust

The Umbrella Unit Trust will continue for a period of 80 years from the date of the umbrella trust deed or until it is terminated in one of the ways set out below.

- (i) Subject to the prior approval of the Authority and the SFC, the trustee may terminate the Umbrella Unit Trust if:-
 - (a) the investment manager goes into liquidation or if a receiver is appointed over any of the investment manager's assets and not discharged within 60 days;
 - (b) in the opinion of the trustee, the investment manager is incapable of performing its duties properly;
 - (c) the Umbrella Unit Trust ceases to be authorised or otherwise officially approved pursuant to the MPFS Ordinance or the Securities and Futures Ordinance of Hong Kong or if any law is passed which renders it illegal or in the opinion of the trustee impracticable or inadvisable to continue the Umbrella Unit Trust ; or
 - (d) the investment manager ceases to manage the Umbrella Unit Trust and the trustee fails to appoint a successor investment manager within a period of 30 days.
- (ii) Subject to the prior approval of the Authority and the SFC, the investment manager may terminate the Umbrella Unit Trust and/or any of its sub-funds if:-
 - (a) at any time on or after Year 2000, the net asset value of the Umbrella Unit Trust falls below HK\$50 million or, in relation to any sub-fund, the net asset value of the sub-fund falls below HK\$10 million; or
 - (b) the Umbrella Unit Trust or any of its sub-funds ceases to be authorised or otherwise officially approved pursuant to the MPFS Ordinance or the Securities and Futures Ordinance of Hong Kong; or
 - (c) if any law is passed which renders it illegal or in the opinion of the investment manager impracticable or inadvisable to continue the Umbrella Unit Trust or any of its sub-funds.
- (iii) Unitholders of the relevant class or classes of a sub-fund may at any time terminate the sub-fund by extraordinary resolution.

Where the Umbrella Unit Trust is terminated as provided in (i) or (ii) above, the party terminating the Umbrella Unit Trust or any of its sub-fund (as the case may be) must give at least one month's notice of termination (or such other shorter notice as the SFC may approve) to unitholders.

8.6 Hong Kong Taxation

Prospective members under the Scheme (including, without limitation, employers, employee members, self-employed persons, personal account members and SVC members) should inform themselves of and, where appropriate, take their own advice on the taxes applicable to contributions to, withdrawals from and investments in the Scheme. The following notes are intended as a general guide only and are not intended to be and do not necessarily describe the tax consequences for all types of members under this Scheme.

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

The following paragraphs of this section are based on the law and practice currently in force in Hong Kong and on the provisions of the MPFS Ordinance and its subsidiary legislation. This tax disclosure does not otherwise take into consideration or anticipate any changes whether of a legislative, administrative, or judicial nature, possibly with retroactive effect. The following description does not take into account the application of any foreign laws, nor the laws in force in any part of the People's Republic of China outside the Hong Kong Special Administrative Region.

Except where otherwise defined in this document, terms in this section shall have the same meaning as under the Hong Kong Inland Revenue Ordinance ("IRO").

A. Contributions to the Scheme

(i) Employers

The regular mandatory and voluntary contributions of an employer to the Scheme will be generally deductible from the calculation of the employer's profits under Part IV of the IRO in the year of contribution, subject to two restrictions. The first is that the regular contributions made to the Scheme by the employer cannot exceed 15% of the total emoluments of the relevant employee, as calculated in accordance with the provisions of the IRO, for the period to which the payments relate. The second restriction is that no deduction is allowed for a contribution to the Scheme where provision for payment of the sum has been made in that or any prior year of assessment and a deduction has been allowed for that provision in that or any prior year.

In addition, the employer will be entitled to a deduction for contributions that are not made at regular intervals and are not calculated by reference to a scale or a fixed percentage of a person's salary or other remuneration provided that such contributions are not excessive in the circumstances. These contributions will be deductible in equal portions over a five year period.

(ii) Employee Members and Self-employed Persons

Employees and self-employed persons will be entitled to a deduction for the mandatory contributions to the Scheme up to the statutory maximum amount. Employees will be entitled to a deduction from their salaries tax otherwise payable under Part III of the IRO while self-employed persons will be entitled to a deduction from their profits chargeable to profits tax under Part IV of the IRO.

B. Payments out of the Scheme

Under the terms of the Scheme only employee members, self-employed persons, personal account member and SVC members will be entitled to withdraw amounts under the Scheme.

(i) Amounts Withdrawn on Retirement, Death or Incapacity

In the case of employees, the accrued benefits received by an employee from the Scheme on the employee's retirement from employment, death or incapacity will not be subject to tax in Hong Kong. For this purpose, "retirement" is defined to mean:

- (a) a retirement from the service of the employer at some specified age of not less than 45 years; or
- (b) a retirement after some specified period of service with the employer of not less than 10 years; or
- (c) the attainment of the age of 60 years or some specified age of retirement, whichever is the later.

(ii) Amounts Withdrawn on Termination of Service

Amounts received by an employee member on termination of employment with an employer other than upon retirement, death or incapacity will not be subject to tax in Hong Kong to the extent that such amounts are attributable to the employee's or employer's mandatory contributions or to an employee's voluntary contributions. With respect to the amounts that are attributable to an employer's voluntary contributions, the extent to which such amount will be subject to tax is assessed in accordance with the following formulae.

(a) Proportionate benefit formula

Amounts that are attributable to an employer's voluntary contributions will only be excluded from a person's income where the amount so withdrawn does not exceed the proportionate benefit calculated in accordance with the following formula (hereinafter referred to as the "proportionate benefit formula"):

$$PB = \frac{CMS}{120} \times AB$$

where:

PB is the proportionate benefit to be calculated;
 CMS is the number of completed months of service that the person has with the employer; and
 AB is the amount of the person's accrued benefits attributable to voluntary contributions paid to the Scheme in respect of the person by his or her employer.

(b) Exempt employer formula

Where the employer who has contributed to the Scheme on the employee's behalf is not chargeable to tax in Hong Kong under Part IV, the amount attributable to the employer's voluntary contributions that may be withdrawn from the Scheme without liability to tax cannot exceed the amount to be calculated using the following formula (hereinafter referred to as the "exempt employer formula"):

$$A = [(EI \times 15\%) \times YCS] - RAB$$

where

A is the amount to be calculated;
 EI is the employee's income from the employee's office or employment for the period of 12 months preceding the date on which the relevant benefit is received or taken to have been received;
 YCS is the employee's completed years of service with the employee's employer; and
 RAB is so much of the relevant accrued benefits that the employee has received from the scheme as is attributable to mandatory contributions paid to the scheme by the employee's employer.

Where the amount received by the employee in respect of amounts attributable to the employer's voluntary contributions exceeds either the proportionate benefit or the amount to be calculated (i.e. the amount "A" as referred to above in the case of an employer not liable to Part IV profits tax), as the case may be, such excess shall be subject to salaries tax under Part III in the hands of the employee.

(iii) Other Withdrawals

Where an employee makes a voluntary withdrawal in accordance with the terms of the Scheme upon circumstances other than death, incapacity, retirement or termination of service, there shall be excluded from determining that person's liability to salaries tax under Part III of the IRO such amounts as are attributable to the employee's or employer's mandatory contributions or to the employee's own voluntary contributions. The portion of the amount that is attributable to the employer's voluntary contributions will be fully assessable to salaries tax.

The voluntary withdrawal by a person of his or her voluntary contributions while self-employed will not be subject to tax.

Before making any voluntary withdrawal under the Scheme, the person considering the withdrawal should seek professional tax advice.

(iv) Deemed Payment on Termination

Where the service of a person in respect of whom an employer has paid voluntary contributions to the Scheme is terminated and the person elects to retain the contributions within the Scheme or transfer those contributions to another mandatory provident fund scheme, that person is deemed to have received from the Scheme on the date of the termination of service such benefit as is attributable to the employer's voluntary contributions. The salaries tax implications to the employee under Part III will be determined by applying the proportionate benefit and exempt employer (where appropriate) formulae set out above.

C. Taxation of the Scheme

As of the date of this brochure, no legislation has been enacted in respect of taxation of schemes governed by the MPFS Ordinance. Accordingly, the following conclusions are of a speculative nature and may be affected by changes in legislation or administrative practice. However, it is anticipated that MPF schemes will receive the same administrative concession in respect of their liability to profits tax pursuant to Part IV of the IRO as is applicable to retirement schemes under the Occupational Retirement Schemes Ordinance. Such schemes are generally not subject to Part IV profits tax on their investment income. Accordingly, it is expected that the income earned by the investments in the Scheme will not be subject to Part IV profits tax.

9. INDEX DISCLAIMER

CSI Hong Kong 100 Index

The CSI Hong Kong 100 Index is compiled and calculated by China Securities Index Co., Ltd. (“CSI”). Neither CSI nor the SEHK shall be liable (whether in negligence or otherwise) to any person for any error in the CSI Hong Kong 100 Index or shall be under any obligation to advise any person or any error therein. All intellectual property rights of the CSI Hong Kong 100 Index and list of constituent securities of the CSI Hong Kong 100 Index shall belong to CSI. The W.I.S.E. - CSI HK 100 Tracker™ is not in any way endorsed, sold, sponsored or promoted by CSI or by the SEHK. Neither the SEHK nor CSI makes any warranty or representation whatsoever, expressly or impliedly, either as to the results of the use of the CSI Hong Kong 100 Index.

FTSE MPF North America Index (unhedged) and FTSE MPF Europe Index (unhedged)

BOC-Prudential North America Index Tracking Fund, BOC-Prudential European Index Tracking Fund (the “Funds”) and the approved ITCIS invested by each of the Funds (i.e. BOC-Prudential North America Index Fund and BOC-Prudential European Index Fund) are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”) or the London Stock Exchange Group companies (“LSEG”) (together the “Licensor Parties”) and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE MPF North America Index (unhedged) or the FTSE MPF Europe Index (unhedged) (the “Indices”) (upon which BOC-Prudential North America Index Fund and BOC-Prudential European Index Fund are based), (ii) the figure at which the Indices are said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Indices for the purpose to which they are being put in connection with BOC-Prudential North America Index Tracking Fund, BOC-Prudential European Index Tracking Fund, BOC-Prudential North America Index Fund and BOC-Prudential European Index Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Indices to BOCI-Prudential Asset Management Limited or to its clients. The Indices are calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Indices or (b) under any obligation to advise any person of any error therein.

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ON-GOING COST ILLUSTRATIONS FOR BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme

Issue date: 30 September 2017

ABOUT THIS ILLUSTRATION

This is an illustration of the total effect of fees, expenses and charges on each HK\$1,000 contributed in the funds named below. The fees, expenses and charges of a fund are one of the factors that you should consider in making investment decisions across funds. You should however also consider other important information such as the risks of the fund, the nature of the fund, the attributes of relevant parties, the range and quality of services being offered and, most importantly, your own personal circumstances and expectations. The information about fees, expenses and charges set out in this table is intended to help you compare the cost of investing in one constituent fund with the cost of investing in other constituent funds.

The illustration has been prepared based on some assumptions that are the same for all funds. The illustration assumes the following:

- (a) a gross contribution of HK\$1,000 is made in the respective constituent fund now and, being eligible to do so, you withdraw all of your accrued benefits arising from this contribution at the end of each time period indicated;
- (b) for the purpose of this illustration only, the contribution has a 5% gross return each year [It is important that you note that the assumed rate of return used in this document is for illustrative and comparative purposes only. The return is neither guaranteed nor based on past performance. The actual return may be different.]; and
- (c) the expenses of the funds (expressed as a percentage called the 'fund expense ratio' below) remain the same for each fund for all the periods shown in this illustration.

BASED ON THE ABOVE ASSUMPTIONS, YOUR COSTS ON EACH HK\$1,000 CONTRIBUTED ARE ILLUSTRATED IN THE FOLLOWING TABLE. PLEASE NOTE THAT THE ACTUAL COSTS WILL DEPEND ON VARIOUS FACTORS AND MAY BE DIFFERENT FROM THE NUMBERS SHOWN BELOW.

| Name of Constituent Fund | Fund expense ratio for financial period ended 03/2017 | Cost on each HK\$1,000 contributed | | |
|--|---|------------------------------------|----------------------|----------------------|
| | | After 1 year (HK\$) | After 3 years (HK\$) | After 5 years (HK\$) |
| BOC-Prudential China Equity Fund | 1.68% | 18 | 55 | 94 |
| BOC-Prudential Hong Kong Equity Fund | 1.68% | 18 | 55 | 94 |
| BOC-Prudential Japan Equity Fund | 1.69% | 18 | 55 | 95 |
| BOC-Prudential Asia Equity Fund | 1.69% | 18 | 55 | 95 |
| BOC-Prudential Global Equity Fund | 1.70% | 18 | 55 | 95 |
| BOC-Prudential CSI HK 100 Tracker Fund | 1.03% | 11 | 34 | 58 |
| BOC-Prudential European Index Tracking Fund | 1.12% | 12 | 37 | 63 |
| BOC-Prudential North America Index Tracking Fund | 1.07% | 11 | 35 | 61 |
| BOC-Prudential Growth Fund | 1.70% | 18 | 55 | 95 |
| BOC-Prudential Balanced Fund | 1.68% | 18 | 55 | 94 |
| BOC-Prudential Stable Fund | 1.67% | 18 | 54 | 94 |
| BOC-Prudential Bond Fund | 1.52% | 16 | 50 | 85 |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.46% | 5 | 15 | 26 |
| BOC-Prudential Core Accumulation Fund | These are new constituent funds and no figure is available. | | | |
| BOC-Prudential Age 65 Plus Fund | | | | |

NOTE: The example does not take into account any fee rebates that may be offered to certain members of the scheme.

For details and charges of the scheme, please refer to the scheme's Principal Brochure.

**ILLUSTRATIVE EXAMPLE FOR
BOC-PRUDENTIAL MPF CONSERVATIVE FUND OF THE
BOC-PRUDENTIAL EASY-CHOICE MPF SCHEME**

Issue date: 30 Sep 2009

PURPOSE OF THE EXAMPLE

This example is intended to help you compare the total amounts of annual fees and charges payable under this Scheme with those under other registered schemes.

THIS EXAMPLE ASSUMES THAT:

Your MPF Account Activities

- (a) your monthly relevant income is \$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 participate in this Scheme
- (e) the monthly relevant income of each employee is \$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 in one financial period would be: **HK\$36**.

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.