



BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme MPF Scheme Brochure

BOCI-Prudential Trustee Limited

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

ADDENDUM TO THE MPF SCHEME BROCHURE DATED June 2025

This Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure dated June 2025 (the “**MPF Scheme Brochure**”) for the BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme. All capitalised terms in this Addendum shall have the same meaning as in the MPF Scheme Brochure, unless otherwise stated.

You may visit our website at www.bocpt.com for the MPF Scheme Brochure of the Scheme or obtain a copy of the MPF Scheme Brochure at our Customer Service Centre at Suite 1507, 15/F, 1111 King’s Road, Taikoo Shing, Hong Kong.

During 5 June 2025 to 4 September 2025 (both dates inclusive) (the “Period”), the following fee arrangement will apply to the Scheme.

This Addendum will cease to have any effect for any purposes from the date on which the Period expires.

Except as supplemented by this Addendum during and for the purposes of the Period only, the MPF Scheme Brochure remains in full force and effect.

- (l) During the Period, the fee table headed “(C) Fund operating charges & expenses of Constituent Funds” under the subsection headed “5.1 Fee tables” under the section headed “5. FEES AND CHARGES” shall be 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 | | |
| | BOC-Prudential Core Accumulation Fund | 0.75 % | |
| | BOC-Prudential Age 65 Plus Fund | 0.75 % | |

| | | | |
|---|--|--|--|
| | BOC-Prudential Hong Kong Stable Retirement Fund | 1.2125% (Please refer to sub-section 5.4 (Unit rebate for investment in the BOC-Prudential Hong Kong Stable Retirement Fund upon reaching retirement stage).) | |
| | Other Constituent Funds | 1.55% | |
| Other expenses ^(f) and out-of-pocket expenses ^(g) | <ul style="list-style-type: none"> ▪ Fees and expenses of the custodians or sub-custodians of the assets of the Scheme (to the extent permitted by the MPFS Ordinance) ▪ 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 ITCIS ▪ Audit and legal fees ▪ Any other fees and charges incurred in respect of the establishment, management and administration of the Constituent Funds ▪ Costs and expenses in effecting and maintaining adequate insurance as required by the MPFS Ordinance and the Regulation ▪ Compensation fund levy (if any) | | |

(7): Management fees include fees paid to the trustee, custodian, investment manager (including fees based on fund performance, if any) and sponsor of a scheme for providing their services to the relevant Constituent Fund. They are usually charged as a percentage of the NAV of a Constituent Fund. In the case of the DIS Funds, 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 NAV of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the NAV of the fund which applies across both the fund and underlying funds.

(c): Please refer to paragraph (II) below of this Addendum.

(f): The participating employers and members shall be responsible for the legal costs involved, if any, for preparing the participation agreement referred to in section 6.1 (*Participation into the Scheme*) of the MPF Scheme Brochure.

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.

(g): Out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS 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.

”

- (II) During the Period, the first fee table relating to the breakdown of the management fees payable out of each Constituent Funds in item (c) under the subsection headed “5.1.2 Explanatory notes” under the subsection headed “5.1 Fee tables” shall be as follows:

“ Constituent Funds level

| Name of fund | Trustee fee [#] | Investment management fee | Management fees (in total) |
|--|--------------------------|---------------------------|----------------------------|
| | (% of NAV per annum) | | |
| BOC-Prudential Growth Fund BOC-Prudential Balanced Fund BOC-Prudential Stable Fund BOC-Prudential Global Equity Fund BOC-Prudential Hong Kong Equity Fund BOC-Prudential Asia Equity Fund BOC-Prudential Japan Equity Fund BOC-Prudential China Equity Fund | 0.55% | 1.00% | 1.55% |
| BOC-Prudential MPF Conservative Fund 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 Hong Kong Stable Retirement Fund | 0.55% | 0.6625% | 1.2125% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.55% | 0.2625% | 0.8125% |
| BOC-Prudential North America Index Tracking Fund BOC-Prudential European Index Tracking Fund | 0.55% | 0.3525% | 0.9025% |
| BOC-Prudential Core Accumulation Fund ⁽ⁱ⁾ BOC-Prudential Age 65 Plus Fund ⁽ⁱ⁾ | 0.45% | 0.30% | 0.75% |

#: The Trustee at Constituent Funds level also performs custodian services. There is however no separate charge for custodian services performed by the Trustee. Custodian services include administering and safe-keeping of investments and assets of the Scheme. For the avoidance of doubt, if sub-custodians are appointed to provide custody services, their fees and charges will be charged separately as a discrete amount, instead of a percentage of NAV per annum, to the Constituent Funds.

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

”

- (III) During the Period, the third and fourth fee tables relating to the maximum levels of management fees chargeable under the Scheme in item (c) under the subsection headed “5.1.2 Explanatory notes” under the subsection headed “5.1 Fee tables” shall be as follows:

“

(iii) Management fees:

| Name of fund (excluding the DIS Funds) | 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% |
| ITCIS | 0.0875% | Nil | 0.0875% |

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

^{**} Same as note [#] in (c) above.

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

”

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

IMPORTANT INFORMATION

You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of Constituent Funds, you are in doubt as to whether a certain Constituent 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 Constituent Fund(s) most suitable for you taking into account your circumstances.

You should consider your own risk tolerance level and financial circumstances before investing in the MPF Default Investment Strategy (as defined in section 6.7 (*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 accrued benefits. We recommend that you consult with the Trustee if you have doubts on how you are being affected.

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.

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1. INTRODUCTION

The Scheme is a mandatory provident fund scheme governed by the Trust Deed and subject to the laws of Hong Kong. The Scheme is designed to provide retirement benefits to the members under the Scheme. The commencement date of the Scheme was 1 December 2000. The Scheme has been registered by the MPFA under the MPFS Ordinance.

The Trustee is BOCI-Prudential Trustee Limited. The Investment Manager is BOCI-Prudential Asset Management Limited.

BOCI-Prudential Trustee Limited is a joint venture founded by BOC Group Trustee Company Limited and Prudential. BOC Group Trustee Company Limited is owned by BOCI and BOC(HK), which are subsidiaries of Bank of China Limited.

With BOCI and BOC(HK)'s solid reputation and Prudential's over 170 years of experience in pension fund management, we are able to provide our MPF customers with peace of mind. Through the extensive sales networks of BOC(HK) and Prudential, we provide comprehensive MPF services with personal and professional customer care.

Although the Scheme and the Constituent Funds under the Scheme have been authorised and approved by the MPFA and the SFC, such authorisation or approval does not constitute official recommendation of the Scheme by the MPFA or the SFC. SFC authorisation is not a recommendation or endorsement of an MPF scheme or pooled investment fund nor does it guarantee the commercial merits of an MPF scheme or pooled investment fund or its performance. It does not mean the MPF scheme or pooled investment fund is suitable for all scheme participants or fund holders nor is it an endorsement of its suitability for any particular scheme participant or fund holder.

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

2. DIRECTORY OF TRUSTEE AND OTHER KEY OPERATORS

The Scheme and the Umbrella Unit Trust:

| | |
|-----------------------|---|
| Trustee and Custodian | BOCI-Prudential Trustee Limited Registered Address: Suites 1501 – 1507& 1513 - 1516, 15/F, 1111 King's Road, Taikoo Shing, Hong Kong Contact no. (852) 2929 3030 Facsimile: (852) 2151 0999 / (852) 2530 4786 |
| Investment Manager | BOCI-Prudential Asset Management Limited 27/F, Bank of China Tower 1 Garden Road Central Hong Kong Contact no. (852) 2280 8686 |
| Auditors | Ernst & Young 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong |

For further enquiries, please contact us by:
Easy-Choice MPF Application and Fund Hotline: (852) 2280 8686

2A. THE eMPF PLATFORM

The eMPF Platform is a common and integrated electronic platform to standardize, streamline and automate the administration processes of registered schemes, with a view to enhancing operational efficiency, reducing administration costs and improving user experience in managing MPF account(s). The eMPF Platform serves as a one-stop electronic platform for participating employers and members to encourage proactive management of their MPF account(s) which have got onboard the eMPF Platform anytime and anywhere through the eMPF Web Portal or eMPF Mobile App. It is mandatory under the MPFS Ordinance for approved trustees of registered schemes to use the eMPF Platform and the scheme administration services provided by the system operator (i.e. the Platform Company) of the eMPF Platform that are made available to approved trustees to perform their scheme administration functions.

The Platform Company, a wholly-owned subsidiary of the MPFA, operates the eMPF Platform as a public utility.

Participating employers and members can manage their MPF accounts more effectively with a wide range of functions provided by the eMPF Platform. The following are matters and activities that are conducted by the eMPF Platform:

- (a) processing registration of eMPF Platform for participating employers and scheme members;
- (b) processing enrolment in registered schemes for participating employers and scheme members;
- (c) processing MPF contributions and default contributions;
- (d) processing scheme members' investment instructions (including investment instructions on new contributions and switching instructions);
- (e) processing transfer of benefits within the registered scheme or between registered schemes or from occupational retirement schemes to registered schemes;
- (f) processing claims and withdrawals of benefits;

- (g) processing the offset and refund of severance payments and long service payments to participating employers and/or scheme members/claimants;
- (h) processing of changes of participating employer/scheme member particulars;
- (i) giving of notices and documents to participating employers and scheme members;
- (j) handling of enquiries and complaints; and
- (k) following up with participating employers and scheme members on any unclear scheme administration instructions.

The Platform Company charges fees on the Trustee for the scheme administration services it provides and the Trustee will charge such fees to the Scheme's assets in respect of which the said services are provided.

Participating employers and members shall submit their MPF instructions to the eMPF Platform directly, and not to the Trustee. To make the best use of the eMPF Platform, participating employers and members are strongly encouraged to submit instructions electronically via the eMPF Web Portal or the eMPF Mobile App.

For such a purpose, participating employers and members should register at the eMPF Web Portal (<https://empf.org.hk/reg/type/en>) or the eMPF Mobile App (www.empf.org.hk/app) and obtain the user credential for submitting instructions electronically.

Alternatively, paper-based instructions may be submitted to the eMPF Platform by post, fax, email or in person:

- Postal Address: PO Box 98929 Tsim Sha Tsui Post Office
- Fax Number (not applicable to application where the Trustee requires certified true copy of supporting document): 3197 2988
- Email address (not applicable to application where the Trustee requires certified true copy of supporting document): forms@support.empf.org.hk
- In person to the following eMPF Service Centres:

| | |
|-------------------|---|
| Hong Kong Island: | Unit 601B, 6/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong |
| Kowloon: | Suites 1205-6, 12/F, Chinachem Golden Plaza, No. 77 Mody Road, Tsim Sha Tsui East, Kowloon |
| New Territories: | Suite 1802A, 18/F, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories |
| Office Hours: | Monday to Friday: 9:00 am – 6:00 pm Saturday: 9:00 am – 1:00 pm Sunday & Public Holiday: Closed |

Participating employers and members can also visit the above eMPF Service Centres during office hours for MPF related services (e.g. making enquiries / complaints relating to MPF scheme administration, seeking assistance in using the eMPF Web Portal or eMPF Mobile App, etc.).

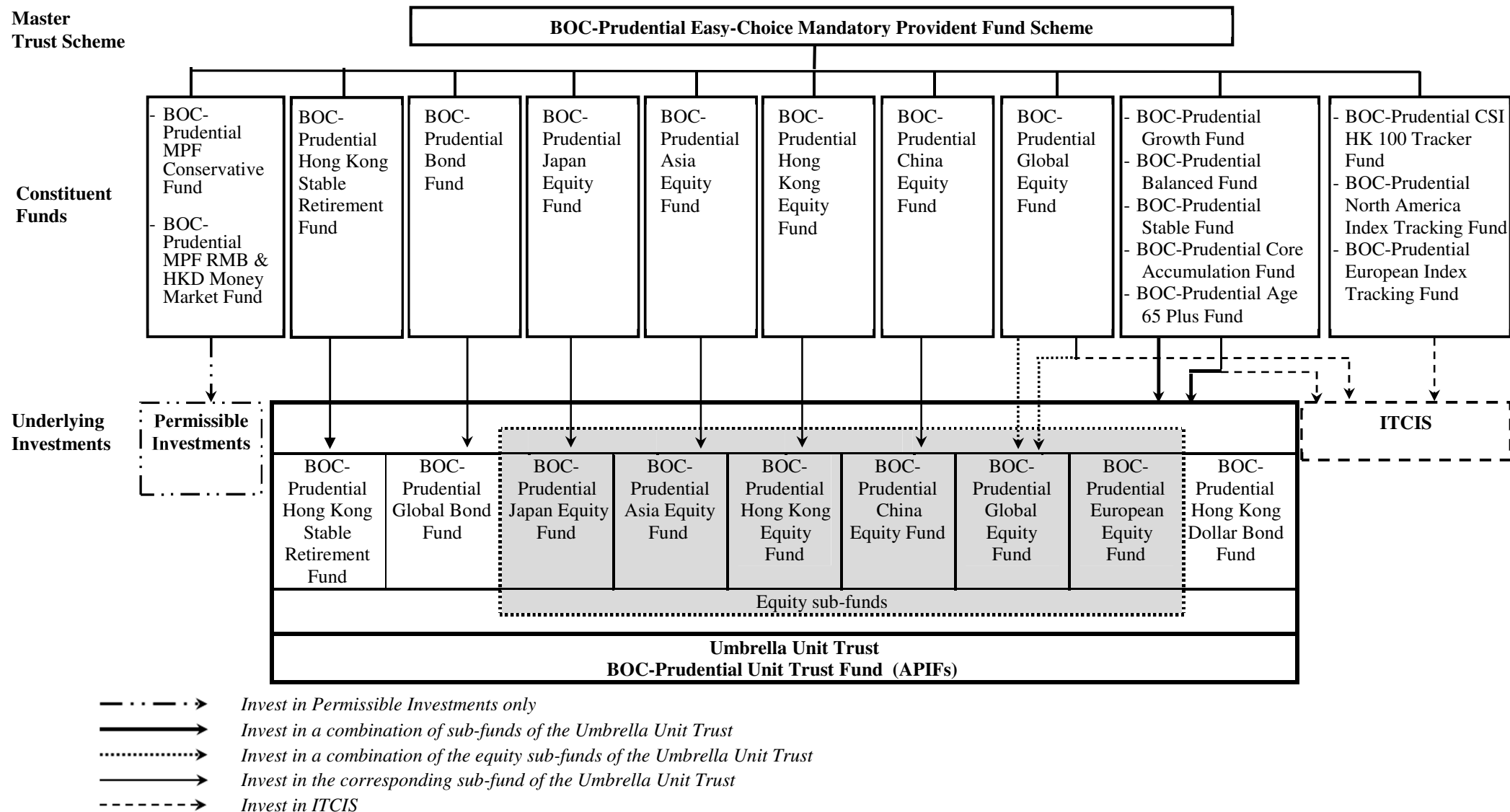
All MPF administrative forms are available from the eMPF Platform website (www.empf.org.hk) and eMPF Service Centres. Apart from the eMPF Service Centres, participating employers and members may also, in relation to scheme administration services, call the eMPF Customer Service Hotline for enquiries/complaints and further information. Information is set out below:

Hotline: (852) 183 2622
Office Hours: Monday to Friday: 9:00 am – 7:00 pm
Saturday: 9:00 am – 1:00 pm
Sunday & Public Holiday: Closed

As regards enquiries and information other than in relation to scheme administration services, participating employers and members can contact us at (852) 2280 8686.

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

3.1. Structure of the Scheme



The nine sub-funds of the Umbrella Unit Trust will invest, respectively, in a mix of HKD-denominated bonds or fixed income instruments and global equities, global bonds, Japan-related equities, Asian equities, Hong Kong equities, China-related equities, global equities, Europe-related equities and HKD-denominated bonds. The Umbrella Unit Trust is also available to retail investors.

3.2. Constituent Funds

| No. | Name of Constituent Fund | Investment manager | Fund structure | Fund descriptor | Investment focus |
|-----|--------------------------------------|--|---------------------------|--|--|
| 1 | BOC-Prudential Growth Fund | BOCI-Prudential Asset Management Limited | Portfolio Management Fund | Mixed Assets Fund (Global) Maximum equity - 100% | 70 – 100% in equities, 0 – 30% in bonds and 0 – 20% in cash, time deposits or money market securities |
| 2 | BOC-Prudential Balanced Fund | BOCI-Prudential Asset Management Limited | Portfolio Management Fund | Mixed Assets Fund (Global) Maximum equity - 80% | 40 – 80% in equities, 20 – 60% in bonds and 0 – 20% in cash, time deposits or money market securities |
| 3 | BOC-Prudential Stable Fund | BOCI-Prudential Asset Management Limited | Portfolio Management Fund | Mixed Assets Fund (Global) Maximum equity - 50% | 40 – 90% in bonds, 10 – 50% in equities and 0 – 20% in cash, time deposits or money market securities |
| 4 | BOC-Prudential Global Equity Fund | BOCI-Prudential Asset Management Limited | Portfolio Management Fund | Equity Fund (Global) | 70 -100% in equities (through a combination of equity sub-funds under the Umbrella Unit Trust or a combination of those equity sub-funds and ITCIS) with balance in cash, time deposits, money market or fixed income securities |
| 5 | BOC-Prudential Asia Equity Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (Asia exclude Japan) | 70 – 100% in equities (through the Asia equity sub-fund of the Umbrella Unit Trust) with balance in cash, time deposits, money market or fixed income securities |
| 6 | BOC-Prudential China Equity Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (China) | 70 – 100% in equities (through the China equity sub-fund of the Umbrella Unit Trust) with balance in cash, time deposits, money market or fixed income securities |
| 7 | BOC-Prudential Hong Kong Equity Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (Hong Kong) | 70 – 100% in equities (through the Hong Kong equity sub-fund of the Umbrella Unit Trust) with balance in cash, time deposits, money market or fixed income securities |
| 8 | BOC-Prudential Japan Equity Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (Japan) | 70 – 100% in equities (through the Japan equity sub-fund of the Umbrella Unit Trust) with balance in cash, time deposits, money market or fixed income securities |

| | | | | | |
|----|--|--|---------------------------|--|---|
| 9 | BOC-Prudential Bond Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Bond Fund (Global) | 70 – 100% in bonds (through the global bond sub-fund of the Umbrella Unit Trust) with balance in cash, time deposits or money market securities |
| 10 | BOC-Prudential CSI HK 100 Tracker Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (Hong Kong) | 90 – 100% in equities (through an ITCIS) with balance in cash and time deposits |
| 11 | BOC-Prudential North America Index Tracking Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (North America) | 90 – 100% in equities (through an ITCIS) with balance in cash and time deposits |
| 12 | BOC-Prudential European Index Tracking Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Equity Fund (Europe) | 90 – 100% in equities (through an ITCIS) with balance in cash and time deposits |
| 13 | BOC-Prudential MPF RMB & HKD Money Market Fund | BOCI-Prudential Asset Management Limited | Direct investment | Money Market Fund (Hong Kong and China)* (*the geographic region is classified by the currency denomination of the BOC-Prudential MPF RMB & HKD Money Market Fund's investment) | 70 – 100% in short-term deposit and money market instruments with balance in debt securities |
| 14 | BOC-Prudential Core Accumulation Fund | BOCI-Prudential Asset Management Limited | Portfolio Management Fund | Mixed Assets Fund (Global) Maximum equity - 65% | 55 – 65% in equities or equities-like securities, 35 – 45% in bonds or fixed income instruments and 0 – 10% in cash, time deposits or money market securities |
| 15 | BOC-Prudential Age 65 Plus Fund | BOCI-Prudential Asset Management Limited | Portfolio Management Fund | Mixed Assets Fund (Global) Maximum equity - 25% | 75 – 85% in bonds or fixed income instruments, 15 - 25% in equities or equities-like securities and 0 – 10% in cash, time deposits or money market securities |
| 16 | BOC-Prudential Hong Kong Stable Retirement Fund | BOCI-Prudential Asset Management Limited | Feeder Fund | Mixed Assets Fund (Hong Kong) Maximum equity - 25% | 75 – 95% in bonds, 5 – 25% in equities (through the relevant underlying sub-fund of the Umbrella Unit Trust) with balance in cash, time deposits or money market securities |
| 17 | BOC-Prudential MPF Conservative Fund | BOCI-Prudential Asset Management Limited | Direct investment | Money Market Fund (Hong Kong) | 100% in deposits and debt securities |

3.3. **Risk class and risk level**

Information about the latest risk class of each Constituent Fund under the Scheme is available in the latest fund fact sheet of the Scheme and the following website of the Trustee: www.bocpt.com.

The risk level of each Constituent Fund is categorized into low, low to medium, medium, medium to high and high. The risk levels are determined by the Investment Manager based on the investment mix of each Constituent Fund and/or its underlying investments, and represent only the views of the Investment Manager. 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.

3.4. **Investment policy**

Subject to the approval of the MPFA 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 MPFA and the SFC may require) to the members.

Also, subject to the approval of the MPFA and the SFC, the Trustee may merge, sub-divide or terminate any Constituent Fund by giving three months' prior written notice (or such other notice period as the MPFA and the SFC may require) to the members.

3.4.1. ***Investment policies of the Constituent Funds***

(a) **BOC-Prudential Growth Fund**

Investment objective

The BOC-Prudential Growth Fund is a mixed assets fund for which a majority of its assets 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 ITCIS managed by the Investment Manager. Where appropriate, the Investment Manager also has a discretion to invest in other ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s).

Balance of investments

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

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

The BOC-Prudential Growth Fund will be primarily invested in the equity sub-funds to form a global equity portfolio, with the balance 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 issued by the MPFA from time to time, including but not limited to the United States, Europe, Mainland 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, Mainland China and others. The sub-funds may also invest in ITCIS and Other Permitted Securities. Certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in China A-shares and/or RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China. The BOC-Prudential Growth Fund's aggregate exposure to any China A-shares shall not exceed 15% of its net asset value and its aggregate exposure to RMB denominated and settled debt instruments shall not exceed 15% of its net asset value. 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. Where appropriate, cash, time deposits or money market securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Growth Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Growth Fund may enter financial futures and option contracts only for hedging purposes.

Risks

The risk level of the BOC-Prudential Growth Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange /currency risk
- Security risk
- Credit /counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks
- PRC market risk
- Specific risks relating to investment in China A-shares
- Specific risks relating to investment in RMB denominated and settled debt instruments

(b) BOC-Prudential Balanced Fund

Investment objective

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 ITCIS managed by the Investment Manager. Where appropriate, the Investment Manager also has a discretion to invest in other ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s).

Balance of investments

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

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

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 issued by the MPFA from time to time, including but not limited to the United States, Europe, Mainland 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, Mainland China and others. The sub-funds may also invest in ITCIS and Other Permitted Securities. Certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in China A-shares and/or RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China. The BOC-Prudential Balanced Fund's aggregate exposure to any China A-shares shall not exceed 15% of its net asset value and its aggregate exposure to RMB denominated and settled debt instruments shall not exceed 15% of its net asset value. 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. Where appropriate, cash, time deposits or money market securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Balanced Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Balanced Fund may enter financial futures and option contracts only for hedging purposes.

Risks

The risk level of the BOC-Prudential Balanced Fund is generally regarded as medium to high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange /currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks
- PRC market risk
- Specific risks relating to investment in China A-shares
- Specific risks relating to investment in RMB denominated and settled debt instruments

(c) BOC-Prudential Stable Fund

Investment objective

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.

Balance of investments

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

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

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 ITCIS managed by the Investment Manager. Where appropriate, the Investment Manager also has a discretion to invest in other ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s). 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 issued by the MPFA from time to time, including but not limited to the United States, Europe, Mainland China, Japan, Hong Kong and other major Asian markets. The sub-funds will also invest in global bonds with currency exposure in the United States, Europe, Mainland China and other countries. The sub-funds may also invest in ITCIS and Other Permitted Securities. Certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in China A-shares and/or RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China. The BOC-Prudential Stable Fund's aggregate exposure to any China A-shares shall not exceed 15% of its net asset value and its aggregate exposure to RMB denominated and settled debt instruments shall not exceed 15% of its net asset value. 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. Where appropriate, cash, time deposits or money market securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Stable Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Stable Fund may enter financial futures and option contracts only for hedging purposes.

Risks

The risk level of the BOC-Prudential Stable Fund is generally regarded as medium. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks
- PRC market risk
- Specific risks relating to investment in China A-shares
- Specific risks relating to investment in RMB denominated and settled debt instruments

(d) **BOC-Prudential Global Equity Fund**

Investment objective

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 BOC-Prudential Global Equity 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 ITCIS managed by the Investment Manager. Where appropriate, the Investment Manager also has a discretion to invest in other ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s). The allocation of the BOC-Prudential Global Equity Fund's portfolio between countries and regions may vary according to the Investment Manager's discretion and perception of prevailing and anticipated market conditions and as a result, the BOC-Prudential Global Equity Fund's portfolio may be concentrated in certain country(ies) or region(s).

Balance of investments

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

| | |
|---|-----------|
| Umbrella Unit Trust: | 20 – 100% |
| Global equity sub-fund: | 10 – 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% |
| ITCIS: | 0 – 80% |
| Cash, time deposits, money market or fixed income securities: | 0 – 30% |

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 issued by the MPFA from time to time, including but not limited to the United States, Europe, Mainland China, Japan, Hong Kong and other major Asian markets. The equity sub-funds may also invest in ITCIS and Other Permitted Securities. Certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in China A-shares. The BOC-Prudential Global Equity Fund's aggregate exposure to any China A-shares shall not exceed 15% of its net asset value. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Global Equity Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Global Equity Fund may enter financial futures and option contracts only for hedging purposes.

Risks

The risk level of the BOC-Prudential Global Equity Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Concentration risk
- PRC market risk
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes/funds
- Listed ITCIS investment risks
- Specific risks relating to investment in China A-shares

(e) BOC-Prudential Asia Equity Fund

Investment objective

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 BOC-Prudential Asia Equity Fund's non-cash assets in the Asia equity sub-fund of the Umbrella Unit Trust.

Balance of investments

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, time deposits, money market or fixed income securities: | 0 – 30% |

Under normal circumstances, the sub-fund will invest mainly in equities and equity-related securities in the various stock markets in Asia as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time, including but not limited to those in Australia, New Zealand, Mainland 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 invest or operate in Asia. The sub-fund may invest less than 30% of its net asset value in China A-shares directly through the Stock Connect and/or at the discretion of the Investment Manager, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds. It is intended that the sub-fund will not invest in equities in Japan. The sub-fund may also invest in ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Asia Equity Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Asia Equity Fund may not enter into financial futures contracts or financial option contracts.

Risks

The risk level of the BOC-Prudential Asia Equity Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Potential conflicts of interest

- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- PRC market risk
- Specific risks relating to investment in China A-shares
- Risk involved in fund switching
- Concentration risk
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks

(f) BOC-Prudential China Equity Fund

Investment objective

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 BOC-Prudential China Equity Fund's non-cash assets in the China equity sub-fund of the Umbrella Unit Trust.

Balance of investments

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, time deposits, money market or fixed income securities: | 0 – 30% |

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 PRC, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time. The sub-fund may invest less than 30% of its net asset value in China A-shares directly through the Stock Connect and/or at the discretion of the Investment Manager, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds so as to gain exposure to the stock markets of the PRC. 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 PRC. 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 ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential China Equity Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential China Equity Fund may not enter into financial futures contracts or financial option contracts.

Risks

The risk level of the BOC-Prudential China Equity Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- PRC market risk
- Specific risks relating to investment in China A-shares
- Potential conflicts of interest
- Risk involved in fund switching
- Concentration risk
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks

(g) BOC-Prudential Hong Kong Equity Fund

Investment objective

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 BOC-Prudential Hong Kong Equity Fund's non-cash assets in the Hong Kong equity sub-fund of the Umbrella Unit Trust.

Balance of investments

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, time deposits, money market or fixed income securities: | 0 – 30% |

Under normal circumstances, the sub-fund will invest mainly in the listed equities and equity-related securities of companies having operations or business principally in Hong Kong or linked either directly or indirectly to the Hong Kong economy (including companies whose shares are listed in Hong Kong), as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time. The sub-fund may invest not more than 10% of its net asset value in China A-shares which are directly or indirectly related to Hong Kong by either being traded through the Stock Connect or having business or operations in or relations to Hong Kong. The Investment Manager also has a discretion to invest in these China A-shares, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds. The sub-fund may also invest in ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Hong Kong Equity Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Hong Kong Equity Fund may not enter into financial futures contracts or financial option contracts.

Risks

The risk level of the BOC-Prudential Hong Kong Equity Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- | | |
|---|---|
| • Political, economic and social risks | • Risk involved in fund switching |
| • Market risk | • PRC market risk |
| • Emerging markets risk | • Concentration risk |
| • Foreign exchange/currency risk | • Liquidity risk |
| • Security risk | • General tax risk |
| • Specific risks relating to investment in China A-shares | • Risk of investing in other collective investment schemes /funds |
| • Potential conflicts of interest | • Listed ITCIS investment risks |

(h) BOC-Prudential Japan Equity Fund

Investment objective

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.

Balance of investments

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, time deposits, money market or fixed income securities: | 0 – 30% |

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)) of companies whose activities are closely related to the economic development and growth of the Japan economy, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time. The sub-fund may also invest in ITCIS and Other Permitted Securities. Where appropriate, cash, time deposits, money market or fixed income securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Japan Equity Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Japan Equity Fund may not enter into financial futures contracts or financial option contracts.

Risks

The risk level of the BOC-Prudential Japan Equity Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Market risk
- Foreign exchange/currency risk
- Security risk
- Potential conflicts of interest
- Risk involved in fund switching
- Concentration risk
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks

(i) BOC-Prudential Bond Fund

Investment objective

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.

Balance of investments

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

| | |
|---|-----------|
| Global bond sub-fund: | 70 – 100% |
| Cash, time deposits or money market securities: | 0 – 30% |

Under normal circumstances, the sub-fund will invest in a portfolio of international bonds which meet the credit rating requirements as specified in the relevant guidelines issued by the MPFA from time to time. Overall, bonds will be denominated in various major world currencies. Major world currencies include but are not limited to Hong Kong dollar, U.S. dollar, British Sterling, Euro, Japanese Yen and RMB. The sub-fund may invest less than 15% of its net asset value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and/or (ii) within Mainland China (which may be invested through the Bond Connect). The sub-fund may also invest in ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds (up to 10% of the total NAV of the sub-fund). Where appropriate, cash, time deposits or money market securities may be considered.

Security lending and repurchase agreements

The BOC-Prudential Bond Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Bond Fund may not enter into financial futures contracts or financial option contracts.

Risks

The risk level of the BOC-Prudential Bond Fund is generally regarded as medium. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Listed ITCIS investment risks
- PRC market risk
- Specific risks relating to investment in RMB denominated and settled debt instruments

(j) BOC-Prudential CSI HK 100 Tracker Fund

Investment objective

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 ITCIS selected by the Investment Manager.

Balance of investments

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

ITCIS:

W.I.S.E. - CSI HK 100 TrackerTM: 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.

Currently, the BOC-Prudential CSI HK 100 Tracker Fund invests exclusively in the ITCIS – W.I.S.E. - CSI HK 100 TrackerTM, 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 SEHK and its base currency is Hong Kong dollars. It is a category-weighted index compiled and managed by a well-respected index provider, 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 28 February 2025, the constituent securities of the CSI Hong Kong 100 Index represent approximately 72.79% 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.

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

Security lending and repurchase agreements

The BOC-Prudential CSI HK 100 Tracker Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential CSI HK 100 Tracker Fund may not enter into financial futures and option contracts.

Risks

The risk level of the BOC-Prudential CSI HK 100 Tracker Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Market risk
- Security risk
- Potential conflicts of interest
- Risk involved in fund switching
- Concentration risk
- Liquidity risk
- Risks related to potential performance difference between index-tracking constituent funds and/or ITCIS
- General tax risk
- Listed ITCIS investment risks
- Risk of investing in other collective investment schemes /funds
- Tracking error risk
- Geographical concentration risk
- Passive management risk
- Index calculation risk

(k) BOC-Prudential North America Index Tracking Fund

Investment objective

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 ITCIS selected by the Investment Manager.

Balance of investments

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

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.

Currently, the BOC-Prudential North America Index Tracking Fund invests exclusively in the 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 BOC-Prudential North America Index Fund 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 BOC-Prudential North America Index Fund using quantitative analytical models, under which each stock is considered for inclusion in the BOC-Prudential North America 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. 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 FTSE MPF North America Index (unhedged) 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 MPFA will be excluded by FTSE from the calculation of the FTSE MPF Index Series.

Currently, the BOC-Prudential North America Index Fund will not invest in listed futures, structured products or financial derivative instruments (dealt in OTC or listed/quoted on a stock exchange) or other OTC derivatives. Approval of the SFC and consent from the MPFA will be obtained and prior notice of at least one month will be given to the members in case the ITCIS invests in any listed futures, structured products or financial derivative instruments.

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 (www.ftserussell.com). Members may also obtain further information relating to the BOC-Prudential North America Index Fund through the Investment Manager's webpage (www.boci-pru.com.hk). FTSE Group and the Investment Manager (or its connected persons) are independent of each other.

Security lending and repurchase agreements

The BOC-Prudential North America Index Tracking Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential North America Index Tracking Fund may not enter into financial futures and option contracts.

Risks

The risk level of the BOC-Prudential North America Index Tracking Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- | | |
|---|---|
| • Political, economic and social risks | • Risks related to potential performance difference between index-tracking constituent funds and/or ITCIS |
| • Market risk | • Tracking error risk |
| • Foreign exchange/currency risk | • Geographical concentration risk |
| • Security risk | • Passive management risk |
| • Potential conflicts of interest | • Index calculation risk |
| • Risk involved in fund switching | • Foreign security risk |
| • Concentration risk | • North America economic risk |
| • Liquidity risk | • Tax risk relating to certain ITCIS |
| • Risk of investing in other collective investment schemes /funds | |

Members should be aware that in order to comply with the minimum 30% Hong Kong dollar currency exposure requirement under section 16 of Schedule 1 to the Regulation (the "Currency Exposure Requirement"), 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. This may affect the ability of the BOC-Prudential North America Index Tracking Fund to track the performance of the relevant benchmark index.

(I) BOC-Prudential European Index Tracking Fund

Investment objective

The BOC-Prudential European Index Tracking Fund is an equity fund which aims to achieve long-term capital growth by investing primarily in an ITCIS selected by the Investment Manager.

Balance of investments

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

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.

Currently, the BOC-Prudential European Index Tracking Fund exclusively invests in the 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 BOC-Prudential European Index Fund 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 BOC-Prudential European Index Fund using quantitative analytical models, under which each stock is considered for inclusion in the BOC-Prudential European 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 FTSE MPF Europe Index (unhedged) 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 MPFA will be excluded by FTSE from the calculation of the FTSE MPF Index Series.

Currently, the BOC-Prudential European Index Fund will not invest in listed futures, structured products or financial derivative instruments (dealt in OTC or listed/quoted on a stock exchange) or other OTC derivatives. Approval of the SFC and consent from the MPFA will be obtained and prior notice of at least one (1) month will be given to the members in case the BOC-Prudential European Index Fund invests in any listed futures, structured products or financial derivative instruments.

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 (www.ftserussell.com). Members may also obtain further information relating to the BOC-Prudential European Index Fund through the Investment Manager's webpage (www.boci-pru.com.hk) respectively. FTSE Group and the Investment Manager (or its connected persons) are independent of each other.

Security lending and repurchase agreements

The BOC-Prudential European Index Tracking Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential European Index Tracking Fund may not enter into financial futures and option contracts.

Risks

The risk level of the BOC-Prudential European Index Tracking Fund is generally regarded as high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Market risk
- Foreign exchange/currency risk
- Security risk
- Potential conflicts of interest
- Risk involved in fund switching
- Concentration risk
- Liquidity risk
- Risk of investing in other collective investment schemes /funds
- Risks related to potential performance difference between index-tracking constituent funds and/or ITCIS
- Tracking error risk
- Geographical concentration risk
- Passive management risk
- Index calculation risk
- Foreign security risk
- European economic and Eurozone risk
- Tax risk relating to certain ITCIS

Members should be aware that in order to comply with Currency Exposure Requirement, 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. This may affect the ability of the BOC-Prudential European Index Tracking Fund to track the performance of the relevant benchmark index.

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

Investment objective

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 RMB and HKD. The return of the BOC-Prudential MPF RMB & HKD Money Market Fund over the long term is expected to follow the price movement of the RMB and HKD denominated money market and debt instruments.

Balance of investments

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 is expected to hold at least 50% of its NAV in assets denominated and settled in RMB and up to 50% of its NAV 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, 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.

The BOC-Prudential MPF RMB & HKD Money Market Fund will maintain a minimum 30% Hong Kong dollar currency exposure as required under section 16 of Schedule 1 to the Regulation by investing in HKD denominated instruments and/or through entering into currency forward contracts.

The BOC-Prudential MPF RMB & HKD Money Market 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 two years or less. The average maturity of securities held by the BOC-Prudential MPF RMB & HKD Money Market Fund as a whole would not exceed 90 days. RMB denominated money market instruments and debt securities invested by the BOC-Prudential MPF RMB & HKD Money Market 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. The BOC-Prudential MPF RMB & HKD Money Market Fund will only invest in debt instruments that meet the credit rating requirements under the guidelines established by the MPFA and will not invest in securities issued within Mainland China through any qualified foreign institutional investor quota.

Security lending and repurchase agreements

The BOC-Prudential MPF RMB & HKD Money Market Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential MPF RMB & HKD Money Market Fund will not enter into financial futures and options contracts for any purpose.

Risks

The risk level of the BOC-Prudential MPF RMB & HKD Money Market Fund is generally regarded as low to medium. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Risk involved in fund switching
- Concentration risk
- Liquidity risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- PRC market risk
- Specific risks relating to investment in RMB denominated and settled debt instruments

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. The BOC-Prudential MPF RMB & HKD Money Market Fund is not subject to the supervision of the Hong Kong Monetary Authority.

(n) 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 members by investing in a globally diversified manner. It aims 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.

Balance of investments

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

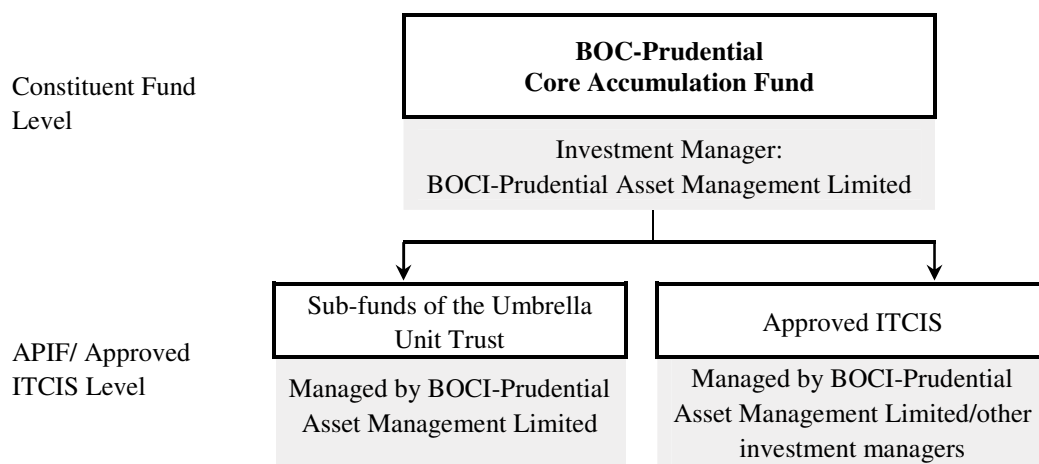
| | |
|--|----------|
| Equities, warrants, interests in an ITCIS that tracks an index comprising equities or equities-like securities and/or other investments as identified in the relevant guidelines issued by the MPFA from time to time: | 55 – 65% |
| Bonds or fixed income instruments: | 35 – 45% |
| Cash, time deposits or money market securities: | 0 – 10% |

The BOC-Prudential Core Accumulation Fund targets to hold 60% of its underlying assets in higher risk assets through investing in a combination of equity sub-funds of the Umbrella Unit Trust and/or ITCIS, with the remainder investing in lower risk assets through investing in a combination of bond sub-funds of the Umbrella Unit Trust and/or 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.

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 ITCIS which may be the ITCIS managed by the Investment Manager or the ITCIS selected from those available in the markets. Certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in China A-shares and/or RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China. The BOC-Prudential Core Accumulation Fund's aggregate exposure to any China A-shares shall not exceed 10% of its net asset value and its aggregate exposure to RMB denominated and settled debt instruments shall not exceed 15% of its net asset value. The sub-funds of the Umbrella Unit Trust may invest in ITCIS and Other Permitted Securities (which include up to 10% of its total NAV in Other Authorized Unit Trusts or Authorized Mutual Funds).

The BOC-Prudential Core Accumulation Fund adopts the following investment strategy: it utilizes index tracking 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 ITCIS(s) in such proportions as it shall, at its discretion, determine.

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



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

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.

Security lending and repurchase agreements

The BOC-Prudential Core Accumulation Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

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

Risks

The risk level of the BOC-Prudential Core Accumulation Fund is medium to high. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Specific risks relating to investment in China A-shares
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- Listed ITCIS investment risks
- Risks relating to the DIS (where investment in the BOC-Prudential Core Accumulation Fund is part of the DIS)
- PRC market risk
- Specific risks relating to investment in RMB denominated and settled debt instruments

(o) **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 members by investing in a globally diversified manner. It aims 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.

Balance of investments

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

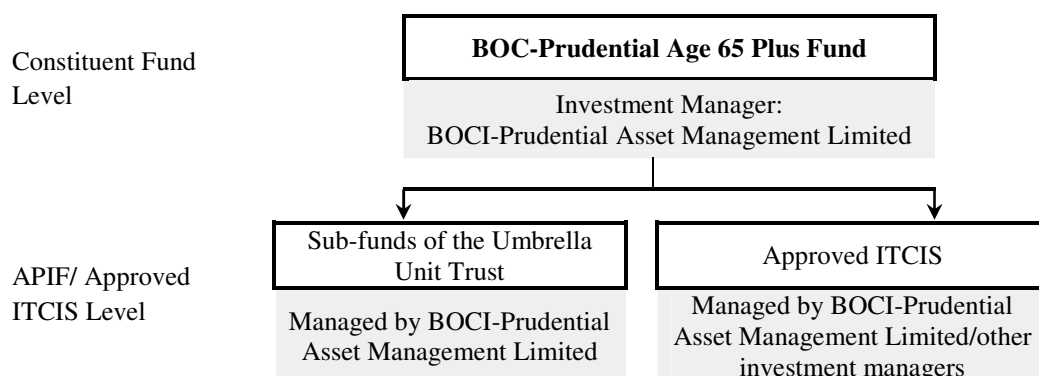
| | |
|--|----------|
| Bonds or fixed income instruments: | 75 – 85% |
| Equities, warrants, interests in an ITCIS that tracks an index comprising equities or equities-like securities and/or other investments as identified in the relevant guidelines issued by the MPFA from time to time: | 15 – 25% |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

The BOC-Prudential Age 65 Plus Fund targets to hold 20% of its assets in higher risk assets through investing in a combination of equity sub-funds of the Umbrella Unit Trust and/or ITCIS, with the remainder investing in lower risk assets through investing in a combination of bond sub-funds of the Umbrella Unit Trust and/or 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.

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 ITCIS which may be the ITCIS managed by the Investment Manager or the ITCIS selected from those available in the markets. Certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in China A-shares and/or RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China. The BOC-Prudential Age 65 Plus Fund's aggregate exposure to any China A-shares shall not exceed 10% of its net asset value and its aggregate exposure to RMB denominated and settled debt instruments shall not exceed 15% of its net asset value. The sub-funds of the Umbrella Unit Trust may invest in ITCIS and Other Permitted Securities (which include up to 10% of its total NAV in Other Authorized Unit Trusts or Authorized Mutual Funds).

The BOC-Prudential Age 65 Plus Fund adopts the following investment strategy: it utilizes index tracking 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 ITCIS(s) in such proportions as it shall, at its discretion, determine.

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



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

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.

Security lending and repurchase agreements

The BOC-Prudential Age 65 Plus Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

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

Risks

The risk level of the BOC-Prudential Age 65 Plus Fund is medium. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Specific risks relating to investment in China A-shares
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- Listed ITCIS investment risks
- Risks relating to DIS (where investment in the BOC-Prudential Age 65 Plus Fund is part of the DIS)
- PRC market risk
- Specific risks relating to investment in RMB denominated and settled debt instruments

(p) BOC-Prudential Hong Kong Stable Retirement Fund

Investment objective

The BOC-Prudential Hong Kong Stable Retirement Fund is a mixed assets fund with the objective of addressing retirement needs by aiming to seek to achieve a stable and long term capital appreciation with an expectation of a lower level of volatility by investing solely in an underlying sub-fund of the Umbrella Unit Trust, namely BOC-Prudential Hong Kong Stable Retirement Fund (the “Underlying Retirement Fund”). The Underlying Retirement Fund will, through its investment in the APIF Sub-Funds (as defined below) and/or ITCIS, invest in a mix of Hong Kong dollar denominated bonds or fixed income instruments and global equities in a conservative manner.

The Underlying Retirement Fund is a fund of funds investing substantially all its assets in other sub-funds of Umbrella Unit Trust (“APIF Sub-Funds”) and/or ITCIS managed by the Investment Manager. Under normal circumstances, the Underlying Retirement Fund will invest in at least two APIF Sub-Funds and/or ITCIS. The Underlying Retirement Fund may invest up to 89% of its net asset value in BOC-Prudential Hong Kong Dollar Bond Fund (a sub-fund under the Umbrella Unit Trust) (“Hong Kong Dollar Bond Fund”) which seeks to provide a stable income stream and long term capital appreciation through a portfolio of Hong Kong dollar denominated bonds which meet the credit rating requirements as specified in the relevant guidelines issued by the MPFA from time to time. The Hong Kong Dollar Bond Fund’s fixed income investment will focus on short-to-medium term bonds and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the Hong Kong Dollar Bond Fund’s fixed income investment will focus on high quality credit bonds in order to reduce credit risks.

Where appropriate, the Investment Manager also has a discretion to invest in other ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s).

Balance of investments

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

Umbrella Unit Trust:

| | |
|--|----------|
| Underlying Retirement Fund: | 95-100% |
| Global Equities and equity related securities: | 5 – 25% |
| Hong Kong dollar denominated bonds or fixed income instruments: | 75 – 95% |
| Cash, time deposits or money market securities: | 0-5% |

Under normal circumstances, the Underlying Retirement Fund will, through its investment in the APIF Sub-Funds and/or ITCIS, invest at least 75% and up to 95% of its assets in Hong Kong dollar denominated bonds or fixed income instruments and at least 5% and up to 25% of its 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 MPFA from time to time, including but not limited to the United States, Europe, Mainland China, Japan, Hong Kong and other markets.

The Underlying Retirement Fund's fixed income investment made through its investment in the APIF Sub-Funds and/or ITCIS will focus on short-to-medium term Hong Kong dollar denominated bonds or fixed income instruments and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the Underlying Retirement Fund's fixed income investment made through its investment in the APIF Sub-Funds and/or ITCIS will focus on high quality credit bonds or fixed income instruments which meet the minimum credit rating of A3 by Moody's Investor Services Inc., or A- by Standard & Poor's Corporation or Fitch Ratings or equivalent rating by other approved credit rating agencies under the Regulation in order to reduce credit risks.

The Underlying Retirement Fund, through the APIF Sub-Funds and/or ITCIS, does not have a prescribed industry sector or market capitalization limit for investments. Where appropriate, cash, time deposits or money market securities may be considered. The Underlying Retirement Fund will maintain at least 30% Hong Kong dollar effective currency exposure.

Security lending and repurchase agreements

The BOC-Prudential Hong Kong Stable Retirement Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential Hong Kong Stable Retirement Fund may not enter into financial futures contracts or financial option contracts.

Risks

The risk level of the BOC-Prudential Hong Kong Stable Retirement Fund is generally regarded as low to medium. The general risk factors set out in section 4 (Risks) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Emerging markets risk
- Foreign exchange/currency risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- General tax risk
- Risk of investing in other collective investment schemes /funds
- Tracking error risk
- Geographical concentration risk
- Passive management risk
- Index calculation risk
- Foreign security risk

- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Risk involved in fund switching
- Liquidity risk
- Valuation risk
- North America economic risk
- European economic and Eurozone risk
- Tax risk relating to certain ITCIS
- General investment risk
- Risk relating to multi-asset investment
- Risk relating to dynamic asset allocation strategy

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

Investment objective

The BOC-Prudential MPF Conservative Fund aims at achieving a return higher than the interest rate in Hong Kong dollar savings account.

Balance of investments

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 HKD currency investments equal to the total market value of the BOC-Prudential MPF Conservative Fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the Regulation.

Security lending and repurchase agreements

The BOC-Prudential MPF Conservative Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The BOC-Prudential MPF Conservative Fund will not enter into financial futures contracts and financial options contracts.

Risks

The risk level of the BOC-Prudential MPF Conservative Fund is generally regarded as low. The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Security risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Sovereign debt risk
- Potential conflicts of interest
- Concentration risk
- Liquidity risk
- General tax risk

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

3.4.2. ***Investment policies of Umbrella Unit Trust***

(a) **BOC-Prudential Global Equity Fund**

The BOC-Prudential Global Equity Fund aims to achieve long-term capital growth by investing mainly in equities and equity-related securities in major global stock markets, including but not limited to the United States, the United Kingdom, Germany, France and Japan, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time. The allocation of the BOC-Prudential Global Equity Fund's portfolio between countries and regions may vary according to the Investment Manager's discretion and perception of prevailing and anticipated market conditions and as a result, the BOC-Prudential Global Equity Fund's portfolio may be concentrated in certain country(ies) or region(s).

The normal asset allocation (including underlying investments of ITCIS and Other Permitted Securities) of the BOC-Prudential Global Equity Fund is expected to be:

| | |
|--|-----------|
| Global equities | 70 – 100% |
| Cash, time deposits, money market or fixed income securities | 0 – 30% |

The BOC-Prudential Global Equity Fund may also invest in ITCIS and Other Permitted Securities.

(b) BOC-Prudential European Equity Fund

The BOC-Prudential European Equity 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) of companies covering different sectors of the economy in Europe, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time.

The normal asset allocation (including underlying investments of ITCIS and Other Permitted Securities) of the BOC-Prudential European Equity Fund is expected to be:

| | |
|--|-----------|
| Europe-related equities | 70 – 100% |
| Cash, time deposits, money market or fixed income securities | 0 – 30% |

The BOC-Prudential European Equity Fund may also invest in ITCIS and Other Permitted Securities.

(c) BOC-Prudential Asia Equity Fund

The BOC-Prudential Asia Equity Fund aims to achieve long-term capital growth by investing in equities and equity-related securities in the various stock markets in Asia, including but not limited to those in Australia, New Zealand, Mainland China, Hong Kong, India, South Korea, Singapore, Malaysia, Taiwan and Thailand, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time.

The normal asset allocation (including underlying investments of ITCIS and Other Permitted Securities) of the BOC-Prudential Asia Equity Fund is expected to be:

| | |
|--|-----------|
| Asia equities | 70 – 100% |
| Cash, time deposits, money market or fixed income securities | 0 – 30% |

Access to individual markets may be made by investing in companies based in non-Asian jurisdictions but invest or operate in Asia. The BOC-Prudential Asia Equity Fund may invest less than 30% of its net asset value in China A-shares directly through the Stock Connect and/or at the discretion of the Investment Manager, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds. It is intended that the BOC-Prudential Asia Equity Fund will not invest in equities in Japan. The BOC-Prudential Asia Equity Fund may also invest in ITCIS and Other Permitted Securities.

(d) BOC-Prudential China Equity Fund

The BOC-Prudential China Equity 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) of companies whose activities are closely related to the economic development and growth of the economy of the PRC, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time.

The normal asset allocation (including underlying investments of ITCIS and Other Permitted Securities) of the BOC-Prudential China Equity Fund is expected to be:

| | |
|--|-----------|
| China-related equities | 70 – 100% |
| Cash, time deposits, money market or fixed income securities | 0 – 30% |

It is the current intention of the Investment Manager that the BOC-Prudential China Equity 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 PRC. The BOC-Prudential China Equity Fund may invest less than 30% of its net asset value in China A-shares directly through the Stock Connect and/or at the discretion of the Investment Manager, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds so as to gain exposure to the stock markets of the PRC. The BOC-Prudential China Equity 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 PRC. 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 BOC-Prudential China Equity Fund may also invest in ITCIS and Other Permitted Securities.

(e) BOC-Prudential Hong Kong Equity Fund

The BOC-Prudential Hong Kong Equity Fund aims to provide investors with long-term capital growth through investment mainly in the listed equities and equity-related securities of companies having operations or business principally in Hong Kong or linked either directly or indirectly to the Hong Kong economy (including companies whose shares are listed in Hong Kong), as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time. The BOC-Prudential Hong Kong Equity Fund may invest not more than 10% of its net asset value in China A-shares which are directly or indirectly related to Hong Kong by either being traded through the Stock Connect or having business or operations in or relations to Hong Kong. The Investment Manager also has a discretion to invest in these China A-shares, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds.

The normal asset allocation (including underlying investments of ITCIS and Other Permitted Securities) of the BOC-Prudential Hong Kong Equity Fund is expected to be:

| | |
|--|-----------|
| Hong Kong equities | 70 – 100% |
| Mainland China-related equities | 0 – 10% |
| Cash, time deposits, money market or fixed income securities | 0 – 30% |

The BOC-Prudential Hong Kong Equity Fund may also invest in ITCIS and Other Permitted Securities. The sub-fund will maintain 30% HKD effective currency exposure.

(f) BOC-Prudential Japan Equity Fund

The BOC-Prudential Japan Equity 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)) of companies whose activities are closely related to the economic development and growth of the Japan economy, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA from time to time.

The normal asset allocation (including underlying investments of ITCIS and Other Permitted Securities) of the BOC-Prudential Japan Equity Fund is expected to be:

| | |
|--|-----------|
| Japan-related equities | 70 – 100% |
| Cash, time deposits, money market or fixed income securities | 0 – 30% |

The BOC-Prudential Japan Equity Fund may also invest in ITCIS and Other Permitted Securities.

(g) BOC-Prudential Global Bond Fund

The BOC-Prudential Global Bond Fund aims to provide a stable income stream and long-term capital appreciation through a portfolio of international bonds which meet the credit rating requirements as specified in the relevant guidelines issued by the MPFA from time to time.

The sub-fund is invested in bonds denominated in various major world currencies, including but not limited to Hong Kong dollar, U.S. Dollar, British Sterling, Euro, Japanese Yen and RMB. The sub-fund may invest less than 15% of its net asset value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and /or (ii) within Mainland China (which may be invested through the Bond Connect).

The normal asset allocation (including underlying investments of ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds) of the BOC-Prudential Global Bond Fund is expected to be:

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

The BOC-Prudential Global Bond Fund may also invest in ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds.

(h) BOC-Prudential Hong Kong Dollar Bond Fund

The BOC-Prudential Hong Kong Dollar Bond Fund aims to provide a stable income stream and long-term capital appreciation through a portfolio of HKD denominated bonds which meet the credit rating requirements as specified in the relevant guidelines issued by the MPFA from time to time. The sub-fund's fixed income investment will focus on short-to-medium term bonds and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the sub-fund's fixed income investment will focus on high quality credit bonds in order to reduce credit risks.

The normal asset allocation (including underlying investments of ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds) of the BOC-Prudential Hong Kong Dollar Bond Fund is expected to be:

| | |
|--|-----------|
| HKD denominated bonds | 70 – 100% |
| Cash, time deposits or money market securities | 0 – 30% |

The BOC-Prudential Hong Kong Dollar Bond Fund may also invest in ITCIS and Other Authorized Unit Trusts or Authorized Mutual Funds.

(i) BOC-Prudential Hong Kong Stable Retirement Fund

The BOC-Prudential Hong Kong Stable Retirement Fund will, through its investment in the APIF Sub-Funds and/or ITCIS, invest in a mix of Hong Kong dollar denominated bonds or fixed income instruments and global equities in a conservative manner with the objective of addressing retirement needs by aiming to seek to achieve a stable and long term capital appreciation with an expectation of a lower level of volatility.

The BOC-Prudential Hong Kong Stable Retirement Fund is a fund of funds investing substantially all its assets in other APIF Sub-Funds and/or ITCIS managed by the Investment Manager. Under normal circumstances, the BOC-Prudential Hong Kong Stable Retirement Fund will invest in at least two APIF Sub-Funds and/or ITCIS. The BOC-Prudential Hong Kong Stable Retirement Fund may invest up to 89% of its net asset value in BOC-Prudential Hong Kong Dollar Bond Fund (a sub-fund under BOC-Prudential Unit Trust Fund) ("Hong Kong Dollar Bond Fund") which seeks to provide a stable income stream and long term capital appreciation through a portfolio of Hong Kong dollar denominated bonds which meet the credit rating requirements as specified in the relevant guidelines issued by the MPFA from time to time. The Hong Kong Dollar Bond Fund's fixed income investment will focus on short-to-medium term bonds and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the Hong Kong Dollar Bond Fund's fixed income investment will focus on high quality credit bonds in order to reduce credit risks.

Where appropriate, the Investment Manager also has a discretion to invest in other ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s).

The normal asset allocation (including underlying investments of the APIF Sub-Funds and/or ITCIS) of the BOC-Prudential Hong Kong Stable Retirement Fund is expected to be:

| | |
|---|-----------|
| Hong Kong dollar denominated bonds or fixed income instruments: | 75% - 95% |
| Global equities and equity related securities: | 5%-25% |
| Cash, time deposits or money market securities: | 0% - 20% |

Under normal circumstances, the BOC-Prudential Hong Kong Stable Retirement Fund will, through its investment in the APIF Sub-Funds and/or ITCIS, invest at least 75% and up to 95% of its assets in Hong Kong dollar denominated bonds or fixed income instruments and at least 5% and up to 25% of its 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 MPFA from time to time, including but not limited to the United States, Europe, Mainland China, Japan, Hong Kong and other markets.

The BOC-Prudential Hong Kong Stable Retirement Fund's fixed income investment made through its investment in the APIF Sub-Funds and/or ITCIS will focus on short-to-medium term Hong Kong dollar denominated bonds or fixed income instruments and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the BOC-Prudential Hong Kong Stable Retirement Fund's fixed income investment made through its investment in the APIF Sub-Funds and/or ITCIS will focus on high quality credit bonds or fixed income instruments which meet the minimum credit rating of A3 by Moody's Investor Services Inc., or A- by Standard & Poor's Corporation or Fitch Ratings or equivalent rating by other approved credit rating agencies under the Regulation in order to reduce credit risks.

The BOC-Prudential Hong Kong Stable Retirement Fund will be actively managed by the Investment Manager and the allocation of the APIF Sub-Funds and/or ITCIS will be made by reference to their respective underlying investments. The BOC-Prudential Hong Kong Stable Retirement Fund, through the APIF Sub-Funds and/or ITCIS, does not have a prescribed industry sector or market capitalization limit for investments. The BOC-Prudential Hong Kong Stable Retirement Fund will maintain at least 30% Hong Kong dollar effective currency exposure. The BOC-Prudential Hong Kong Stable Retirement Fund will use financial futures contracts and financial options contracts for the purpose of hedging only.

3.5. Investment restrictions and guidelines

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 MPFA or the SFC from time to time.

3.5.1. *General - Constituent Funds*

The following investment restrictions and guidelines shall apply to the Constituent Funds:

- (a) The assets in the Constituent Funds may be invested only in the investments permitted under and in accordance with Part V and Schedule 1 to the Regulation and any guidelines relating to investment practices issued by the MPFA.
- (b) 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 APIF and it may enter financial futures and option contracts only for hedging purposes.
- (c) If the Constituent Fund is a feeder fund, the Constituent Fund itself may not enter into financial futures contracts or financial option contracts.

- (d) The assets in the Scheme must not be subject to any encumbrance other than an encumbrance which complies with section 65(2) of the Regulation.
- (e) The assets 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.

3.5.2. Specifically - The BOC-Prudential MPF Conservative Fund

The following investment restrictions and guidelines shall apply to the BOC-Prudential MPF Conservative Fund:

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

3.5.3. The Umbrella Unit Trust

The assets in the sub-funds may be invested only in the investments permitted under and in accordance with:

- (a) the provision of Part V and Schedule 1 to the Regulation and any codes and guidelines relating to investment practices issued by the MPFA, to the extent such provisions, codes and guidelines are applicable to APIFs under the relevant laws and regulations; and
- (b) Chapter 7 of the Code on Unit Trusts and Mutual Funds issued by the SFC.

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

3.5.4. Borrowing policy

Subject to sections 3 and 4 of Schedule 1 to 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 of the Umbrella Unit Trust.

4. RISKS

4.1. Risk factors

I. General risk factors

The performance of the investments in the Constituent Funds 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) *Emerging markets risk*

Investments may be made in emerging markets. Investment in an emerging market 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 the investment. 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/currency risk*

Investments may be made in currencies other than HKD which may be subject to exchange rate fluctuations with a consequential reduction in the HKD value of investments. The markets in which foreign exchange transactions are effected may be highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. These risks may have adverse impact on the performance of investments. Any changes in exchange control regulations may cause difficulties in the repatriation of funds. Dealings in the relevant Constituent Fund or the underlying funds may be suspended if the relevant Constituent Fund or the underlying funds is unable to repatriate funds for the purpose of making payments on the redemption of units.

(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/counterparty risk*

The relevant Constituent Fund or the underlying funds are exposed to the credit/default risk of issuers of the debt securities or financial instruments that the underlying funds may invest in. If the issuer of any of debt securities or financial instruments in which the underlying funds' assets are invested defaults, the performance of the relevant Constituent Fund or the underlying funds 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. If a counterparty becomes bankrupt, the value of investment in the sub-fund may decline and the relevant Constituent Fund or the underlying fund may experience significant delays in obtaining any recovery in a bankruptcy or other proceedings or may obtain only limited recovery or may obtain no recovery in some circumstances.

(h) Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

(i) Downgrading risk

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the instrument, and hence the relevant sub-fund may be adversely affected. The manager may or may not be able to dispose of the debt instruments that are being downgraded. The relevant Constituent Fund or the underlying fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk.

(j) Sovereign debt risk

The relevant Constituent Fund or the underlying fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the sub-fund to participate in restructuring such debts. The relevant Constituent Fund or the underlying fund may suffer significant losses when there is a default of sovereign debt issuers.

(k) 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.

(l) Risk involved in fund switching

Members 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 members' desired results. Members should consider carefully their own risk tolerance level and financial circumstances (as well as their own retirement plan) before making any investment choice. If in doubt, members should contact their independent financial advisor for further advice.

(m) Concentration risk

Some of the Constituent Funds or their underlying APIFs or ITCIS may invest only in a specific country or region. Their portfolios may not be well diversified in terms of the number of holdings. Investors should be aware that such Constituent Funds or their underlying APIFs or ITCIS are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or adverse conditions in their respective countries/regions. The value of such Constituent Funds or their underlying APIFs or ITCIS may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market in that country(ies) or region(s).

(n) Liquidity risk

To the extent permitted under the Regulation, certain investments held by a Constituent Fund or an underlying fund may not be listed or rated or actively traded and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The relevant Constituent Fund or an underlying fund

may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. Moreover, there is no assurance that the liquidity of the relevant Constituent Fund or an underlying fund will always be sufficient to meet withdrawal / redemption requests as and when made.

(o) General tax risk

Dividends and certain interests or other income paid to certain Constituent Fund(s) or the underlying fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the relevant Constituent Fund or the underlying funds' performance and distributions (if applicable) that the unitholders may receive from the relevant Constituent Fund or the underlying funds.

(p) Risk of investing in other collective investment schemes/funds

Investors should be aware of the consequences of investing in other collective investment schemes/funds by the Constituent Fund or the underlying APIFs or ITCIS. Investment decisions are made at the level of those specific collective investment schemes/funds. The relevant Constituent Fund or the underlying APIFs or ITCIS will be subject to the same type of risks in proportion to their holdings of those specific collective investment schemes/funds. Different collective investment schemes/funds invested by the Constituent Fund or the underlying APIFs or ITCIS have different underlying investments. The risks relating to such underlying investments may include any of the general risk factors mentioned in the offering documents of the relevant underlying APIFs or ITCIS.

(q) PRC market risk

Investing in the PRC market involves special risks and consideration which are different from other markets.

The value of the underlying APIFs' or ITCIS' assets may be subject to varying degrees of impact due to the PRC government policies, foreign exchange and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial market of Mainland China. The PRC government may from time to time adopt corrective measures to control the pace of the PRC economic growth. The PRC government's regulation on currency conversion and future movements in exchange rates may have corresponding effect on the operations and financial results of the companies invested in by the underlying APIFs or ITCISs. Furthermore, the PRC is developing and improving its clearance and settlement systems and procedures.

In recent years the PRC is experiencing an economic reform with Chinese characteristics and the PRC government is developing and improving the regulatory and legal framework for securities markets. It is uncertain how such reforms will impact on the stock markets as well as the performance of an underlying APIFs or ITCIS.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be varying degrees of differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

(r) Valuation risk

Valuation of the investments of certain Constituent Funds or their underlying APIFs or ITCIS may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Constituent Funds or their underlying APIFs or ITCIS. The value of equity securities or debt securities/fixed income instruments may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant equity securities or debt instruments/fixed income instruments may decline rapidly.

(s) Risk relating to multi-asset investment

Constituent Funds or their underlying APIFs or ITCIS which invest in multiple asset classes can generally vary their exposure to each of them. As well as being subject to the risks inherent in the different asset classes of the underlying investments, and the overall risk also depends on the

allocation of investments in each asset class and hence could be adversely affected by a change in such allocation which could result in higher volatility and/or lower diversification.

(t) **Risk relating to dynamic asset allocation strategy**

Certain Constituent Funds or their underlying APIFs or ITCIS may periodically change their allocation across asset classes and therefore may incur greater transaction costs than a Constituent Fund or an underlying APIF or ITCIS with static allocation strategy. The Constituent Funds or their underlying APIFs or ITCIS therefore may not achieve the desired results under all circumstances and market conditions.

II. Specific risks relating to investment in China A-shares

(a) *Risk associated with high volatility of the equity market in Mainland China*

High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may have an adverse impact on the prices of PRC securities in which the underlying APIFs or ITCIS invest and thereby may adversely affect the value of the underlying APIFs or ITCIS.

(b) *Risk associated with regulatory/ exchanges requirements/ policies of the equity market in Mainland China*

The stock exchanges in the PRC on which China A-shares are traded are relatively at a developing stage and the choice of investments in the China A-share market is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the China A-share market may have an adverse impact on the prices of PRC securities in which the underlying APIFs or ITCIS invest.

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the underlying APIFs or ITCIS.

(c) *Risks associated with Stock Connect*

The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. Each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject a set of daily quota, which does not belong to the underlying APIFs or ITCIS and can only be utilized on a first come, first served basis. Where a suspension in the trading through the programme is effected, the underlying APIFs' or ITCIS's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the underlying APIFs' or ITCIS's ability to achieve its investment objective could be negatively affected.

III. Specific risks on investment in ITCIS

(a) *Risks related to potential performance difference between index-tracking constituent funds and/or ITCIS*

The change in NAV of index-tracking Constituent Funds may be different from the change in market price or the NAV of the relevant underlying ITCIS due to necessary fees and expenses incurred at the index-tracking Constituent Funds' level, the cash position maintained at the index-tracking Constituent Funds' level in order to meet redemption requests or otherwise and the requirement to hedge the index-tracking Constituent Fund's non-HKD currency exposure as required. There is potential performance difference between the NAV of index-tracking Constituent Funds and the price of underlying ITCIS.

(b) *Listed ITCIS investment risks*

There is risk relating to the difference between the market price of units of the relevant underlying ITCIS that is listed on a stock exchange and the NAV per unit of the ITCIS. The market price of the units traded on the relevant stock exchange(s) is determined not only by the NAV of the relevant underlying ITCIS but also by other factors such as the supply of and demand for the units in the relevant stock exchange(s). The units of an ITCIS that is listed on a stock exchange may trade at a discount or premium to the NAV of the units. The bid and offer spread may also cause deviation of the market price of units of the relevant underlying ITCIS from its NAV. The bid and offer spread can

widen during the periods of market volatility or market uncertainty, thereby increasing the deviation from the NAV. As a result, there is a risk that the relevant index-tracking Constituent Fund may not be able to buy or sell at a price close to the NAV of the underlying ITCIS that is listed on a stock exchange.

Risks affecting the BOC-Prudential CSI HK 100 Tracker Fund, the BOC-Prudential North America Index Tracking Fund, the BOC-Prudential European Index Tracking Fund and BOC-Prudential Hong Kong Stable Retirement Fund

(c) Tracking error risk

There is a tracking error risk related to index funds which will affect the performance of the index-tracking Constituent Funds as a result. While the Investment Manager of the index-tracking Constituent Funds and/or the manager of the relevant underlying ITCIS seek to track the underlying index of the constituent funds, they may not be able to provide assurance that the index is fully tracked, particularly at times when market volatility is high. Returns of an index fund may deviate from the performance of the 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 to achieve close correlation with the relevant index.

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 NAV 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 cash flow, 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 deviation 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 particular, this may not be so in case the index fund adopts a representative sampling strategy.

During times when constituent stock(s) are suspended from trading, the index fund may be forced to hold the suspended stock(s) which may subsequently be deleted from the relevant index. Under those circumstances, the subsequent fluctuation of the value of the suspended stock may cause the NAV of the index fund to deviate from the relevant level of the 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 MPFA 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 MPFA and/or SFC reserve the right to withdraw the approval/authorisation of the index fund if the relevant index is no longer considered to be acceptable to the MPFA and/or SFC.

(d) Geographical concentration risk

Where the index fund invests predominantly in one geographical area, any decline in the economy of that area may adversely affect the prices and value of the shares or units held by the index fund and could be more volatile than the performance of other more diversified funds.

(e) Passive management risk

Due to inherent nature of index funds, index funds are not actively managed. The manager of index funds will not take an active role in defending the position of the index funds 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 an index are beyond the control of the manager of the relevant index fund.

(f) 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 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.

Specific risks regarding BOC-Prudential North America Index Tracking Fund, BOC-Prudential European Index Tracking Fund and BOC-Prudential Hong Kong Stable Retirement Fund and their underlying ITCISs

(g) 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.

(h) North America economic risk

There is a risk that the economic growth experienced in the U.S. after the global 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 regulatory initiatives and monetary policies implemented by the U.S. Government, the U.S. equity markets have recovered to a certain extent, however, there can be no guarantee that the withdrawal of such policies or a rollback of regulation on the financial markets would not negatively affect the value and liquidity of the investments made by the underlying ITCIS. In Canada, growth has continued to slow in recent years for certain sectors of the Canadian economy. Forecasts on growth remain modest, especially as the prices for commodities, in particular oil, have fallen in recent years, adversely affecting the Canadian economy. The uncertainty of such economic environment could increase the volatility of the value of investments made by the underlying ITCIS.

(i) European economic and Eurozone risk

The global financial crisis of 2008-2009 brought several small countries in Europe to the brink of sovereign default. Many other economies fell into economic recession, affecting various sectors across Europe. In addition, many European governments continue to face high levels of public debt and substantial budget deficits, which hinder economic growth in the region. Due to these large public deficits, some European issuers may continue to have difficulty accessing capital and may be dependent on emergency assistance from European governments and institutions to avoid defaulting on their outstanding debt obligations. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the underlying ITCIS's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the underlying ITCIS.

As negotiations related to the United Kingdom's withdrawal from the EU are ongoing, there is significant economic and regulatory uncertainty that has resulted in volatile markets for the United Kingdom and broader international financial markets. While the long-term effects of the United Kingdom's withdrawal remain unclear, in the short term, financial markets may experience, among other things, greater volatility and/or illiquidity, currency fluctuations, and a decline in cross-border investment between the United Kingdom and the EU. The short- and long-term effect of the withdrawal and subsequent relationship re-negotiation may negatively impact the underlying ITCIS's investment in the region.

(j) *Tax risk relating to certain ITCIS*

Investors should note that dividends and certain interests or other income paid to the 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 ITCIS invests in. Such tax liabilities may have negative impact on the ITCIS's performance and distributions (if applicable) that the investors may receive from the 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 ITCIS may therefore need to bear additional taxation in such countries that is not anticipated either at the date of this MPF Scheme 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 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 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 neither be refundable nor subject to reduction under an income tax treaty between the country of source and the country of residence of the 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 NAV of the ITCIS.

IV. Specific risks relating to investment in RMB denominated and settled debt instruments

(a) *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 the Constituent Funds or the underlying funds 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 the Constituent Funds or the underlying funds.

With respect to BOC-Prudential MPF RMB & HKD Money Market Fund, the Constituent Fund is denominated in HKD only and not in RMB whereas it is expected to hold not less than 50% of its NAV in assets denominated and settled in RMB. The performance of the BOC-Prudential MPF RMB & HKD Money Market 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 the BOC-Prudential MPF RMB & HKD Money Market Fund's effective currency exposure to HKD will at all times be maintained at a level of not less than 30% of its NAV.

(b) *The "Dim Sum" bond (i.e. bonds issued outside Mainland China but denominated in RMB) market risks*

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. 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 the Constituent Funds or the underlying funds may be limited. Due to the limited availability of offshore RMB debt securities, such securities held by the Constituent Funds or the underlying funds may be issued by a limited number of issuer(s), although investments by the Constituent Funds or the underlying funds will be subject to the diversification requirements under Schedule 1 to the Regulation. Accordingly, the credit risk of the Constituent Funds or the underlying funds will be concentrated on these limited issuers and the Constituent Funds or the underlying funds 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 NAV of the Constituent Funds or the underlying funds.

The Constituent Funds or the underlying funds may not be able to find suitable debt instruments to invest in and hold a significant portion of assets in RMB bank deposits or term deposits with substantial financial institutions if there are not sufficient RMB debt securities for the Constituent Funds or the underlying funds to invest in or when such instruments held are of short duration and are at maturity, until suitable RMB debt instruments are available in the market. This may adversely affect the Constituent Funds' or the underlying funds' return and performance.

The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the NAV of the Constituent Funds or the underlying funds should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

(c) Credit/insolvency risk of counterparties

The Constituent Funds or the underlying funds are exposed to the credit/insolvency risk of issuers of the HKD and RMB denominated instruments that it may invest in. The debt instruments that the Constituent Funds or the underlying funds invest 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. The Constituent Funds or the underlying funds will therefore be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. All these will adversely affect the NAV of the Constituent Funds or the underlying funds 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.

(d) Liquidity and volatility risk for RMB debt securities investment

There may not be a liquid or active market for the trading of RMB denominated debt instruments. The prices of securities traded in such market may be subject to fluctuations. The bid and offer spread of the price of RMB debt securities may be large. Therefore, the Constituent Funds or the underlying funds 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 RMB debt securities, the Constituent Funds or the underlying funds 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, the Constituent Funds or the underlying funds may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Constituent Funds or the underlying funds may suffer significant losses in trading such investments.

(e) Interest rate risk for RMB debt securities investment

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 NAV of the Constituent Funds or the underlying funds or the income received by the investors and the Constituent Funds or the underlying funds may suffer a loss in its investments.

(f) Risks associated with the Bond Connect and the China interbank bond market

The Constituent Funds or the underlying funds may invest in debt securities through the Bond Connect and may be exposed to liquidity and volatility risks, as low trading volume of certain debt securities in the China interbank bond market may cause market volatility and potential lack of liquidity. These may result in prices of certain debt securities traded on such market fluctuating significantly. The bid and

offer spread of the prices of such securities may be large, and the Constituent Funds or the underlying funds may incur significant trading and realisation costs and may potentially suffer losses when disposing of such investments.

Where the Constituent Funds or the underlying funds enter into transactions through the Bond Connect, the Constituent Funds or the underlying funds may also be subject to risks associated with settlement procedures and counterparties and generally to default risks. The counterparty which has entered into a transaction with the Constituent Funds or the underlying funds may default in its obligation to settle the transaction by delivery of relevant security or payment for value.

The Constituent Funds or the underlying funds may also be subject to the risks of default or errors on the part of third parties, including without limitation, the offshore custody agent, registration agents, or other third parties (as the case may be), given that the relevant filings or registration with the People's Bank of China ("PBOC") and the account opening and operations in relation to investments through the Bond Connect shall be carried out via such third parties.

The Constituent Funds or the underlying funds may also be exposed to regulatory risks relating to the Bond Connect. The relevant rules and regulations on the Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening of the Bond Connect or trading through the Bond Connect, the Constituent Funds' or the underlying funds' ability to invest in the China interbank bond market and hence to achieve its investment objective may be adversely affected.

Further, if there is any non-compliance with the applicable PRC laws, regulations and rules relating to trading through the Bond Connect or the China interbank bond market or the relevant undertakings given by the Investment Manager or other service providers, trading of the bonds will be adversely affected or even suspended which may result in liquidity or other risks. Please also refer to the risk factor "liquidity risk" under sub-section "I. General risk factors" under the section headed "RISKS" above.

Trading through the Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such platforms and systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant platforms and systems fails to function properly, trading through the Bond Connect may be disrupted and the Constituent Funds' or the underlying funds' ability to trade through the Bond Connect and hence to pursue its investment strategy may be negatively affected. Besides, the Constituent Funds or the underlying funds may be subject to risks of delays inherent in the order placing and/or settlement systems for its investment through the Bond Connect.

Currently, the bonds acquired by the Constituent Funds or the underlying funds through the Bond Connect are registered in the name of the CMU as nominee and held in its account with the onshore custody agents. The CMU will in turn provide bond registration and depository service for overseas investors trading under the Bond Connect. The Constituent Funds or the underlying funds are exposed to potential risk where the precise nature and rights of the Constituent Funds or the underlying funds in the bonds through CMU as nominee holder is not well defined under PRC law, due to a lack of clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there are limited cases involving nominee account structure in the PRC courts. The Constituent Funds or the underlying funds may be exposed to uncertainty in the exact nature and methods of enforcement of the rights and interests of the Constituent Funds or the underlying funds under PRC law through CMU or directly. Accordingly, the Constituent Funds' or the underlying funds' ability to enforce its rights and interests in the bonds acquired through the Bond Connect may be affected or may suffer delay.

In the absence of specific taxation rules on Northbound Trading of the Bond Connect, the Constituent Funds or the underlying funds may also be subject to uncertainty in relation to the tax arrangement for investment via the Bond Connect.

V. 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.

(a) *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 6.7 (*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 +/- 5%. The prescribed exposure between higher risk assets and lower risk assets of the DIS Funds 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 DIS Fund

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each DIS Fund, the investments of each DIS Fund may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, each DIS Fund's asset allocation may fall outside the respective prescribed limit. In this case, each DIS 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 DIS Funds is of the view that the higher risk assets might continue to perform poorly.

(v) Additional transaction costs

Due to (i) the potential rebalancing of higher risk assets and lower risk assets in the process of maintaining the prescribed allocation within each DIS Fund and (ii) 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.

(vi) 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 4 (*Risks*).

(b) *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 DIS (for example through early withdrawal of accrued benefits or switching into other Constituent Funds) will affect that balance.

(c) *Impact on members keeping accrued 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.

VI. General investment risk related to BOC-Prudential Hong Kong Stable Retirement Fund

There is no assurance that the BOC-Prudential Hong Kong Stable Retirement Fund will meet your retirement needs. Under certain market circumstances, the BOC-Prudential Hong Kong Stable Retirement Fund may not be able to deliver stable return and the strategy to achieve lower level of volatility may not be effective. Investors should note that lower volatility does not necessarily mean lower risk.

5. FEES AND CHARGES

5.1. Fee tables

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

| (a) Joining fee & annual fee | | |
|---|-----------------------|---|
| Type of fees | Current amount | Payable by |
| Joining fee ¹ | Currently waived | Participating employer/Member (excluding employee member) |
| Annual fee ² | Nil | Participating employer/Member (excluding employee member) |

| (b) Fees & 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 (effective on and after 5 September 2025) | | | |
|---|--|--|----------------------------------|
| 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 | 0.76% | Relevant Constituent Fund assets |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | 0.76% | |
| | BOC-Prudential Bond Fund | 1.1125% | |
| | BOC-Prudential CSI HK 100 Tracker Fund | 0.7725% | |
| | BOC-Prudential North America Index Tracking Fund | 0.8625% | |
| | BOC-Prudential European Index Tracking Fund | | |
| | BOC-Prudential Core Accumulation Fund | 0.75 % | |
| | BOC-Prudential Age 65 Plus Fund | 0.75 % | |
| | BOC-Prudential Hong Kong Stable Retirement Fund | 1.1725% (Please refer to sub-section 5.4 (Unit rebate for investment in the BOC-Prudential Hong Kong Stable Retirement Fund upon reaching retirement stage).) | |
| | Other Constituent Funds | 1.51% | |

| | | |
|---|--|--|
| Other expenses ^(f) and out-of-pocket expenses ^(g) | <ul style="list-style-type: none"> Fees and expenses of the custodians or sub-custodians of the assets of the Scheme (to the extent permitted by the MPFS Ordinance) 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 ITCIS Audit and legal fees Any other fees and charges incurred in respect of the establishment, management and administration of the Constituent Funds 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 | N/A | |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | | |
| | Other Constituent Funds | Nil | Relevant underlying fund assets (charged per transaction) |
| Offer spread ⁴ | BOC-Prudential MPF Conservative Fund | N/A | |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | | |
| | Other Constituent Funds | Nil | Relevant underlying fund assets |
| Bid spread ⁵ | BOC-Prudential MPF Conservative Fund | N/A | |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | | |
| | Other Constituent Funds | Nil | Relevant underlying fund assets |
| Withdrawal charge ⁶ | BOC-Prudential MPF Conservative Fund | N/A | |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | | |
| | Other Constituent Funds | Nil | Relevant underlying fund assets (charged per transaction) |

| | | | |
|---|--|--|---------------------------------|
| Management fees ^{7 & (c)} | BOC-Prudential MPF Conservative Fund | N/A | |
| | BOC-Prudential MPF RMB & HKD Money Market Fund | | |
| | BOC-Prudential Core Accumulation Fund | Nil (after fee rebate ⁷) | Relevant underlying fund assets |
| | BOC-Prudential Age 65 Plus Fund | | |
| | Other Constituent Funds | 0.0875% | Relevant underlying fund assets |
| Other expenses ^(f) | <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. ITCIS managed by Investment Manager | | | |
| Management fees ^{7, 8 & (c)} | BOC-Prudential Core Accumulation Fund | Nil (after fee rebate ^{7 & 8}) | Relevant ITCIS |
| | BOC-Prudential Age 65 Plus Fund | | |
| | BOC-Prudential CSI HK 100 Tracker Fund | 0.06% | Relevant ITCIS |
| | Other Constituent Funds | 0.0875% | Relevant ITCIS |
| Other possible expenses charged by the respective 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 ITCIS | | Relevant ITCIS |

| (e) Other fees and charges for providing additional services | |
|--|---|
| Type of charges & expenses | Current amount |
| Handling fee for withdrawal of accrued benefits by instalments ^(h) | <p>HKD100 per withdrawal*^#</p> <p>* Not applicable to the payment of the first 12 withdrawals by instalments in each calendar year and payment of the final instalment as mentioned under section 6.10 (<i>Withdrawal of accrued benefits</i>).</p> <p>^ 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.</p> <p># Not applicable to TVC Benefits.</p> |
| Copy of Trust Deed and constitutive documents | HKD300 per copy |
| Copy of consolidated reports of the Scheme | HKD300 per copy |
| Additional copy or re-issuance of statements and reports with respect to any financial year of the Scheme before 5 June 2025 (i.e. before the Scheme's onboarding to the eMPF Platform): | |
| Per participating employer | HKD200 per statement/report |
| Per member (except SVC member) | HKD100 per statement/report |

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

5.1.1. 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 participating 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 participating employers and/or members.
3. **Contribution charge** means the fee charged by the trustee/sponsor of a scheme against any contribution 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 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 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 member’s accrued benefits by instalments for the first 12 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 member’s accrued benefits by instalments for the first 12 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, the Platform Company, investment manager (including fees based on fund performance, if any) and sponsor of a scheme for providing their services to the relevant Constituent Fund. They are usually charged as a percentage of the NAV of a Constituent Fund. In the case of the DIS Funds, 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 NAV of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the NAV of the fund which applies across both the fund and underlying funds.
8. **Management fees (ITCIS)** means the fees charged by the trustee and the investment manager of the underlying ITCIS. Any amount of such fees exceeding the specified rate will be rebated to the Constituent Funds by the trustee and investment manager of the underlying ITCIS respectively.

5.1.2. *Explanatory notes*

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

Constituent Funds level (effective on and after 5 September 2025)

| Name of fund | Trustee fee [#] | Fees payable to the Platform Company | Investment management fee | Management fees (in total) |
|--|--------------------------|--------------------------------------|---------------------------|----------------------------|
| | (% of NAV per annum) | | | |
| BOC-Prudential Growth Fund | 0.14% | 0.37% | 1.00% | 1.51% |
| BOC-Prudential Balanced Fund | | | | |
| BOC-Prudential Stable Fund | | | | |
| BOC-Prudential Global Equity Fund | | | | |
| BOC-Prudential Hong Kong Equity Fund | | | | |
| BOC-Prudential Asia Equity Fund | | | | |
| BOC-Prudential Japan Equity Fund | | | | |
| BOC-Prudential China Equity Fund | | | | |
| BOC-Prudential MPF Conservative Fund | 0.14% | 0.37% | 0.25% | 0.76% |
| BOC-Prudential MPF RMB & HKD Money Market Fund | | | | |
| BOC-Prudential Bond Fund | 0.14% | 0.37% | 0.6025% | 1.1125% |
| BOC-Prudential Hong Kong Stable Retirement Fund | 0.14% | 0.37% | 0.6625% | 1.1725% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.14% | 0.37% | 0.2625% | 0.7725% |
| BOC-Prudential North America Index Tracking Fund | 0.14% | 0.37% | 0.3525% | 0.8625% |
| BOC-Prudential European Index Tracking Fund | | | | |
| BOC-Prudential Core Accumulation Fund ⁽ⁱ⁾ | 0.14% | 0.31% | 0.30% | 0.75% |
| BOC-Prudential Age 65 Plus Fund ⁽ⁱ⁾ | | | | |

Underlying fund (Umbrella Unit Trust/ITCIS) level

| Name of fund | Trustee fee | Investment management fee | Management fees (in total) |
|--|----------------------|---------------------------|----------------------------|
| | (% of NAV per annum) | | |
| BOC-Prudential Growth Fund BOC-Prudential Balanced Fund BOC-Prudential Stable Fund BOC-Prudential Global Equity Fund BOC-Prudential Hong Kong Equity Fund BOC-Prudential Bond Fund BOC-Prudential Asia Equity Fund BOC-Prudential Japan Equity Fund BOC-Prudential China Equity Fund BOC-Prudential North America Index Tracking Fund BOC-Prudential European Index Tracking Fund BOC-Prudential Hong Kong Stable Retirement Fund | 0.0875% | Nil | 0.0875% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.06% | Nil | 0.06% |
| BOC-Prudential Core Accumulation Fund ⁽ⁱ⁾ BOC-Prudential Age 65 Plus Fund ⁽ⁱ⁾ | Nil | Nil | Nil |

The Trustee at Constituent Funds level also performs custodian services. There is however no separate charge for custodian services performed by the Trustee. Custodian services include administering and safe-keeping of investments and assets of the Scheme. For the avoidance of doubt, if sub-custodians are appointed to provide custody services, their fees and charges will be charged separately as a discrete amount, instead of a percentage of NAV per annum, to the Constituent Funds.

Maximum levels of certain fees, charges and expenses

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

- (i) Joining fee HKD1,000
- (ii) Annual fee HKD100 per member per annum
- (iii) Certain components of management fees[^]:

| Name of fund (excluding the DIS Funds) | Trustee fee ** | Investment management fee |
|--|----------------------|---------------------------|
| | (% of NAV per annum) | |
| Constituent funds: | | |
| BOC-Prudential MPF Conservative Fund | 0.14% | 0.60% |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.14% | 0.60% |
| BOC-Prudential Bond Fund | 0.14% | 1.25% |
| BOC-Prudential CSI HK 100 Tracker Fund | 0.14% | 1.25% |
| BOC-Prudential North America Index Tracking Fund | 0.14% | 1.25% |
| BOC-Prudential European Index Tracking Fund | 0.14% | 1.25% |
| Other Constituent Funds | 0.14% | 1.25% |
| Underlying funds: | | |
| Umbrella Unit Trust | 0.0875% | Nil |
| ITCIS | 0.0875% | Nil |

| Name of fund | Trustee fee** | Investment management fee |
|---------------------------------------|----------------------|---------------------------|
| | (% of NAV per annum) | |
| Constituent funds: | | |
| BOC-Prudential Core Accumulation Fund | 0.14% | 0.30% |
| BOC-Prudential Age 65 Plus Fund | 0.14% | 0.30% |
| Underlying funds: | | |
| Umbrella Unit Trust ⁽ⁱ⁾ | Nil | Nil |
| ITCIS ⁽ⁱ⁾ | Nil | Nil |

[^] For completeness, please refer tables (c) and (d) under sub-section 5.1 above for the current aggregate management fees.

** Same as note # in (c) above.

(iv) Fee for making special voluntary contribution HKD200 per transaction

(v) Fee for withdrawal of special voluntary contribution HKD200 per transaction

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

(d) Reduction of fees and charges

The Trustee shall have full discretion to reduce the joining fee applicable to participating employers and self-employed persons.

(e) Management fees

The management fees in the tables in item (c) in sub-section 5.1.2 "Explanatory notes" will be payable monthly in arrears and shall be accrued on each dealing day.

(f) Other expense

The participating employers and members shall be responsible for the legal costs involved, if any, for preparing the participation agreement referred to in section 6.1 (*Participation into the Scheme*).

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.

(g) 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 NAV 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.

(h) 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 eMPF Platform receives the relevant request/instruction from the member.

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

5.2. 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 each of the DIS Funds must not, in a single day, exceed a daily rate (being 0.75% per annum of the NAV of each of these DIS Funds divided by the number of days in the year). Such 0.75% statutory daily limit applies to each of the DIS Funds across the Constituent Funds and the underlying funds. 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 Platform Company, 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 NAV of each of the DIS Funds and its underlying investment fund(s). Management fees of the DIS Funds shall not include custodian fees which are not calculated by reference to the NAV 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. The payments for service do 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 NAV of the DIS Fund until 31 March 2026, and from 1 April 2026, shall not in a single year exceed 0.1% of the NAV 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 NAV 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.

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

5.3.1. BOC-Prudential MPF Conservative Fund

Administrative expenses 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 assets of the BOC-Prudential MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if the assets had been placed on deposit in a HKD savings account at the prescribed savings rate (as prescribed by the MPFA 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 (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.

5.3.2. BOC-Prudential MPF RMB & HKD Money Market Fund

Management fees (currently comprise trustee fee and investment management fee) for the 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 assets of the BOC-Prudential MPF RMB & HKD Money Market Fund in that particular month exceeds the amount of interest that would be earned if the assets had been placed on deposit in a HKD savings account at the prescribed savings rate (as prescribed by the MPFA 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 RMB & HKD Money Market Fund as management fees for that month; or
- (b) if in a particular month no amount is deducted under (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 are considered to be waived or, as the case may be, partially waived by the Trustee and the Investment Manager and the deficiency will not be deducted from the amount of any excess that may remain in any following months.

5.4. Unit rebate for investment in the BOC-Prudential Hong Kong Stable Retirement Fund upon reaching retirement stage

If the regular withdrawal option is elected by an **Eligible Retired Member** (as referred to in section 6.11 (Regular withdrawal option upon reaching retirement stage)) who has invested in the BOC-Prudential Hong Kong Stable Retirement Fund, the Eligible Retired Member will enjoy a monthly “unit rebate”. The amount of such rebate is 0.4% per annum of the member's holding in the BOC-Prudential Hong Kong Stable Retirement Fund. The Investment Manager reserves the right to change the applicable rate of the rebate by giving members not less than one month's notice (or such other notice period as required by the MPFA and the SFC).

The unit rebate will be calculated and paid monthly from the Management fees, and will be credited into the members' account in the form of allotment of new units of the BOC-Prudential Hong Kong Stable Retirement Fund. Such allotment will be made after the number of units to be rebated is ascertained at the end of the relevant period.

For the avoidance of doubt, if no regular withdrawal option is elected by the Eligible Retired Member or no investment is made in the BOC-Prudential Hong Kong Stable Retirement Fund, no unit rebate will be paid to the member under this section 5.4.

5.5. Cash rebates and soft commission

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.

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 persons procuring that such other persons execute transactions to be entered into for the account of the Scheme.

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 the 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 the members.

The above 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.

6. ADMINISTRATIVE PROCEDURES

Participating employers and members should submit the following instruction to the eMPF Platform:

- (a) application for enrolment to a registered scheme;
- (b) payment of MPF contributions and default contributions;
- (c) application for members' investment instructions (including investment instructions on new contributions and switching instructions);
- (d) election to transfer MPF benefits within the registered scheme or between registered schemes or from occupational retirement schemes to registered schemes;
- (e) application for claims and withdrawal of MPF accrued benefits; and
- (f) application for offset and refund of severance payments and long service payments to participating employers and/or members/claimants.

Electronic instructions can be submitted to the eMPF Platform via the eMPF Web Portal or the eMPF Mobile App (please refer to the eMPF User Guide which is available on the eMPF Platform's website at www.empf.org.hk). Paper-based instructions can be submitted to the eMPF Platform by post, fax, email or in person. For details, please contact the eMPF Customer Service Hotline and/or any of the eMPF Service Centres (please refer to section 2A of this MPF Scheme Brochure for their contact details).

Please refer to www.empf.org.hk for the service pledge of the eMPF Platform with respect to the above applications / instructions.

Should participating employers and/or members have any complaint or enquiry with respect to the services / functions of the eMPF Platform, they should contact the eMPF Customer Service Hotline and/or any of the eMPF Service Centres (please refer to section 2A of this MPF Scheme Brochure for their contact details).

6.1. Participation into the Scheme

Any participating employer, self-employed person or other eligible person may participate in the Scheme by establishing a participating scheme or opening a relevant account.

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 applicant whose application is accepted will be given a notice of participation within 30 days after the later of (a) the date on which all the information required for the application is submitted, and (b) the date on which the applicant agrees to comply with the Trust Deed. All applicants who are admitted to the Scheme will be bound by the Trust Deed.

6.1.1. Participating employer

If the applicant is a participating employer, its employees who are eligible to join the Scheme must submit the relevant instruction to the eMPF Platform.

6.1.2. Self-employed person

If the applicant is a self-employed person, he must indicate in the instruction submitted to the eMPF Platform whether he will contribute to the Scheme on a monthly or yearly basis.

6.1.3. Personal account member

An 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 submitting instruction to the eMPF Platform and transferring his accrued benefits under his employer's participating scheme to such new participating scheme in accordance with section 6.8 (*Transfer of accrued benefits*).

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 6.8 (*Transfer of accrued benefits*).

Such member will have to submit instruction to the eMPF Platform 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 section 6.8 (*Transfer of accrued benefits*).

6.1.4. SVC member

Subject to the approval of the Trustee and the Investment Manager, a person who is or had been a member of a registered scheme under the MPFS Ordinance 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.

6.1.5. TVC member

Any person who falls under any one of the following categories can set up a TVC account under the Scheme and pay TVC into such account:

- (a) an employee member of a registered scheme;
- (b) a self-employed person member of a registered scheme;
- (c) a personal account holder of a registered scheme;
- (d) a member of an occupational retirement scheme in respect of which an exemption has been granted under section 5 of the MPFS Ordinance.

Each eligible person can only have one TVC account under a registered scheme.

The Trustee may reject any application to open a TVC account in the Scheme under the Relevant Circumstances.

6.2. Contributions

All contributions must be made to the Trustee.

6.3. Mandatory contributions

6.3.1. Participating employer and employee members

Subject to the MPFS Ordinance, every participating employer under the relevant participating scheme must, in respect of each employee member, pay to the Trustee out of the participating employer's own funds an employer mandatory contribution of 5% of each employee member's relevant income for 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 participating employer must, for each contribution period, deduct

*The rate of mandatory contributions and the statutory minimum and maximum level of relevant income may change under the MPFS Ordinance and the Regulation from time to time. Such information can be obtained via the eMPF Platform.

from the employee member's relevant income and pay to the Trustee an employee 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 participating employer's and employee's mandatory contributions must be made on or before the contribution day which is:

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

6.3.2. 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 unless his income falls below the statutory minimum level of relevant income. The amount that a self-employed person must contribute will not exceed 5% of the statutory maximum level of relevant income.

6.4. Voluntary contributions

6.4.1. Standard voluntary contributions

For each contribution period (or such other interval as the Trustee may agree), participating employers, and members under the Scheme may choose to pay to the Trustee standard voluntary contributions as top-up contributions. Employers and individuals who are not required to make mandatory contribution under the MPFS Ordinance may also join the Scheme to make standard voluntary contributions.

If a participating employer chooses to make standard voluntary contributions in respect of his employee members, he must specify the basis of such contributions for each relevant contribution period (or such other interval as the Trustee may agree) in the instruction submitted to the eMPF Platform. If an employee member or a self-employed person chooses to make standard voluntary contributions, he must notify the eMPF Platform in writing of the amount of such contributions. In the case of an employee member, the notice must be submitted to the eMPF Platform through his participating employer.

The participating employers and members may change the amount of their respective standard voluntary contributions by giving to the eMPF Platform instruction of not less than one month (or such longer period as the eMPF Platform may require from time to time) provided that: (a) the participating employer will give prior written notice to the relevant employee member of any changes to the participating employer's voluntary contributions; and (b) notice in relation to changes to employee member's voluntary contribution must be signed by the employee member himself.

Standard voluntary contributions do not apply to personal account members, TVC members or SVC members.

6.4.2. Special voluntary contributions

A member may request to make regular or ad-hoc special voluntary contribution to the Scheme by giving to the eMPF Platform instruction of not less than one month (or such longer period as the eMPF Platform may require from time to time) in a form prescribed by the eMPF Platform. A member may make special voluntary contributions in addition to his standard voluntary contributions (if any). Alternatively, a member may make such special voluntary contributions even if he does not make any standard voluntary contributions.

Regular special voluntary contributions may be made by a member on a monthly basis by autopay from his own bank account or other methods as agreed by the Trustee and/or the eMPF Platform. Ad-hoc special voluntary contribution may be paid in a lump sum amount by cheque or other methods as agreed by the Trustee and/or the eMPF Platform.

The Trustee may determine from time to time the minimum amount of regular or ad-hoc special voluntary contributions. There is no upper limit on the amount of regular or ad-hoc special voluntary contributions. 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 notifying the relevant member via the eMPF Platform after the rejection.

Special voluntary contributions do not apply to TVC members.

6.5. Tax Deductible Voluntary Contributions

6.5.1. Overview

TVC paid into the TVC account will be eligible for tax deduction in accordance with the IRO. Involvement of employers is not required.

The maximum tax concession amount for TVC in each year of assessment is set out in the IRO and, in the year of assessment 2019/2020, is HKD60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only; and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.

To facilitate the tax return filing by TVC members, a TVC summary will be provided to each TVC member if TVC is made by him to the Scheme during a year of assessment. Such summary will be made available around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a business day, then the next business day) from the beginning of the next tax assessment year commencing on 1 April).

6.5.2. Details

TVC can only be made into a TVC account, which is separate from a contribution account or a personal account. Any other forms of voluntary contributions that are not made into the TVC account are not TVC (for example, voluntary contributions that are made by employee members through their participating employers will not be eligible for claiming TVC tax deduction).

Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions. This also applies to contributions that exceed the maximum tax deductible amount per assessment year.

The minimum limit imposed on the amount or frequency of contribution made to the TVC account will be set out in the relevant instruction to be submitted to the eMPF Platform.

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

6.6. Investment mandate/switching instruction

Each member must submit to the eMPF Platform an investment mandate or switching instruction meeting the requirements for a Specific Investment Instruction as to how his contributions and accrued benefits should be invested according to the following timeline:

- (a) *in respect of an employee member or self-employed person*, before the first contribution is made by or the first transfer of accrued benefits from other registered scheme to the Scheme; or
- (b) *in respect of a personal account member*, before the first transfer of accrued benefits from another registered scheme to the Scheme; or

- (c) *in respect of an SVC member making special voluntary contributions*, before the first special voluntary contribution is made; or
- (d) *in respect of a TVC member*, before the first TVC is paid or transferred from a TVC account in another registered scheme into the TVC account of the TVC member in the Scheme.

A member may select his own investment combination in the investment mandate or switching instruction (as the case may be) and shall be entitled to apply all the contributions to acquire units of any Constituent Fund.

As soon as the Trustee receives the contribution monies in respect of a member in cleared funds, the Trustee will invest or cause to invest the monies in the respective Constituent Funds in accordance with the latest valid investment mandate or switching instruction submitted by the member. Units in the Constituent Funds will be acquired at their issue prices in accordance with subsection 7.2.1 (*Subscription and subscription price*).

If a member does not submit to the Trustee via the eMPF Platform his investment mandate or switching instruction or his investment mandate or switching instruction 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 to the Trustee via the eMPF Platform a switching instruction form and/or a new investment mandate (each meeting the requirements for a Specific Investment Instruction). In respect of any remaining portion of accrued benefits after switching where no investment mandate or switching instruction meeting the requirements for a 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 6.7 (*MPF Default Investment Strategy*).

Subject to any limitation which may be imposed, a member may submit to the eMPF Platform:

- a new investment mandate meeting the requirements for a Specific Investment Instruction and request 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; or
- a switching instruction form meeting the requirements for a Specific Investment Instruction 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.

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, voluntary contributions (if any), special voluntary contributions (if any) and TVC (if any) of the member separately. If the investment mandate/switching instruction does not comply with the requirements for a Specific Investment Instruction, such investment mandate/switching instruction will be rejected and the eMPF Platform shall be under no obligation to process such new investment mandate/switching instruction and the existing investment allocation will continue to apply.

In general, upon receipt of the investment mandate/switching instruction regarding future contributions via facsimile, website, other electronic means or post (where applicable) at or before 4:00 p.m. on any business day, the instruction will be processed on the same business day; whereas if such investment mandate/switching instruction is received after 4:00 p.m. on any business day, the instruction will be processed on the following business day. Members are reminded that fund switching instruction only applies 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. Notwithstanding any limitation which may be imposed by the Trustee and/or the eMPF Platform, each member will be entitled to apply his entire future contribution to invest or subscribe for units in any Constituent Fund or to transfer his entire accrued benefits under the Scheme into any Constituent Fund (as the case may be).

6.7. MPF Default Investment Strategy

The MPF Default Investment Strategy is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make 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.

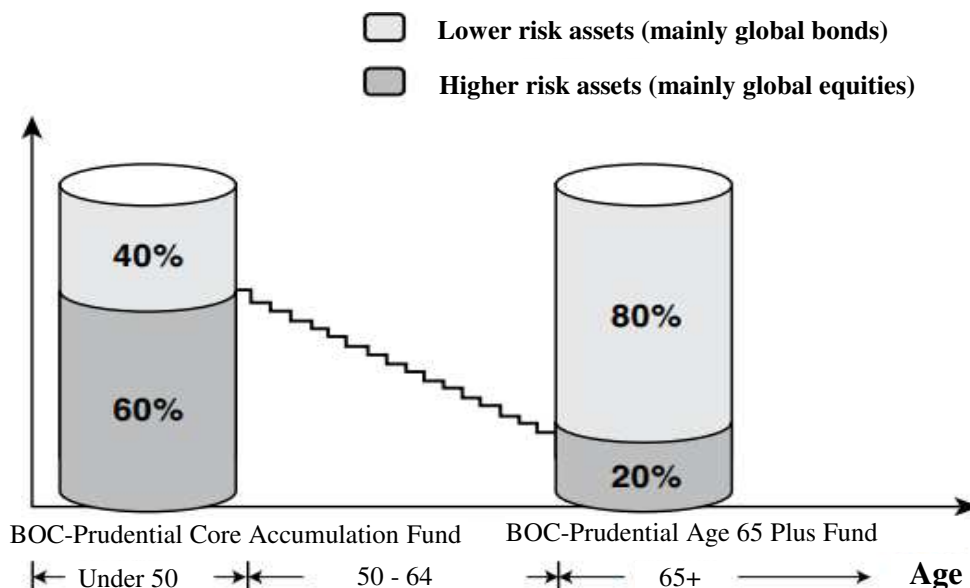
6.7.1. *Asset allocation of the DIS*

The DIS aims to balance the long-term effects of risk and return through investing in the two 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 and 40% in lower risk assets of its NAV whereas the BOC-Prudential Age 65 Plus Fund will invest around 20% in higher risk assets and 80% in lower risk assets. Both of these 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 DIS Funds, please refer to (n) and (o) of sub-section 3.4.1 (*Investment policies of the Constituent Funds*).

6.7.2. *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 DIS Funds 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 the BOC-Prudential Core Accumulation Fund and the 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 the DIS Funds 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 the BOC-Prudential Age 65 Plus Fund;
- (d) For a deceased member, de-risking will cease once the eMPF Platform has received valid proof of the death of the member. If de-risking has already been taken place between the death of the member and the time at which the eMPF Platform received the valid 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 eMPF Platform does not have the full information on the date of birth of the relevant member:

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

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

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

To the extent practicable, the eMPF Platform will 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 five dealing days after the de-risking process has been completed.

6.7.3. *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 Easy-Choice MPF Application and Fund Hotline at (852) 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 HKD 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 DIS Funds and consider whether the investments still suit their personal needs and circumstances.

6.7.4. *Detailed arrangement relating to the 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 eMPF Platform of any information relating to his updated date of birth, then the eMPF Platform will, as soon as practicable, after being so informed and receipt of the relevant documents evidencing such an update adjust the allocation between the DIS Funds according to such updated information, and going forward effect the de-risking according to the DIS de-risking table in Diagram 2 shown in this section 6.7 (*MPF Default Investment Strategy*) 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:

- (a) 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, an instruction which results in a redemption of units from a member on the date of de-risking for such member is received by the eMPF Platform, the commencement of the de-risking process may be affected in the following ways:
 - (i) 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;

- (ii) If none of the member's accrued benefits remains invested in the DIS Funds after redemption, no de-risking will take place.
- (b) 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 DIS Funds that can be issued in the annual de-risking under the DIS shall be rounded down to four decimal places.

6.7.5. *Switching in and out of the 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), special voluntary contributions (if any) and TVC (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 (if any), special voluntary contributions (if any) and TVC (if any) 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.

6.7.6. *Circumstances for accrued benefits to be invested in the DIS*

- (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; and/or
 - (ii) one or more Constituent Funds of their own choice (each as a standalone fund choice rather than as part of DIS) listed under section 3.2 (*Constituent Funds*) (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:

| Situation | Consequences |
|--|---|
| (i) 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 Instruction is given in respect of the voluntary contributions and special voluntary contributions respectively). | The entire mandatory contributions will be invested in the DIS. The voluntary contributions and special voluntary contributions will not be affected. |

| | |
|---|---|
| (ii) 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). | The entire voluntary contributions and/or special voluntary contributions will be invested in the DIS. The mandatory contributions will not be affected. |
| (iii) 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 TVC. | The entire TVC will be invested in the DIS. |
| (iv) Invalid change of investment mandate (i.e. not meeting the requirements for a Specific Investment Instruction). | 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. |
| (v) Invalid switching instruction (i.e. not meeting the requirements for a Specific Investment Instruction). | The invalid switching instruction will be rejected and the existing investment in respect of the existing accrued benefits will remain unchanged. |

- (c) Members should note that, if investments/accrued 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 Constituent 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/accrued benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) the BOC-Prudential Core Accumulation Fund and/or the 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 accrued benefits (namely, under (i) or (ii)) the instruction relates.
- (d) If a member opts for (a)(ii) or (a)(i) and (a)(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.

6.7.7. *Treatment of accrued 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 accrued benefits as described in section 6.8 (*Transfer of accrued benefits*), 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 eMPF Platform has been notified of the termination of his employment, or

- (b) the member has given instruction to the eMPF Platform 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 a Specific Investment Instruction from the member with regard to the member's personal account is given to the eMPF Platform, any new contributions and accrued benefits transferred from another MPF Scheme may be invested in the DIS.

6.8. Transfer of accrued benefits

6.8.1. Employer

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

6.8.2. Transfer into the Scheme

This subsection does not apply to SVC members and TVC members.

A person who was a member of another scheme or arrangement may join the Scheme as a personal account member by submitting a transfer notice to the eMPF Platform. Upon the request of such personal account member, a transfer payment from any scheme or arrangement of which that member was a member may be accepted. Such transfer payment will be held by the Trustee as accrued benefits deriving from mandatory or voluntary contributions in accordance with the governing rules of the Scheme.

If a person is an employee member of another registered scheme and has accrued benefits deriving from:

- (a) the employee's mandatory and/or voluntary contributions (if any) made in respect of his current employment; or
- (b) mandatory and/or voluntary contributions (if any) made by him or his employer in respect of his former employment or former self-employment,

he can have all such accrued benefits transferred to the Scheme by submitting instruction to the eMPF Platform. Please note that the transferring of such accrued benefits relating to the voluntary contributions into the Scheme shall be subject to the governing rules of the other registered scheme of his former employment or former self-employment.

If a person is already an employee member 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.

If such person is not an employee member or personal account member of the Scheme, he will have to join the Scheme as a personal account member. The accrued benefits will be held in his personal account.

The accrued benefits that a person transfers to the Scheme will be invested in the Constituent Fund(s) in accordance with his choice of Constituent 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 6.8.2 shall not apply in circumstances where a member ceases to be employed by his participating employer (in which case, section 6.8.3 (*Cessation of employment*) will apply).

6.8.3. Cessation of employment

If an employee member ceases to be employed by his participating employer, the employee member may elect to have his accrued benefits under the Scheme (except for those accrued benefits deriving from voluntary contributions which have been paid to the employee member under section 6.10

(*Withdrawal of accrued benefits*)) 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 eMPF Platform 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 participating employer (in the case of intra-group transfer) (“new employer”);
- (b) the new employer has assumed the liability of the previous participating 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 participating 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 participating 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 participating 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 participating employer’s scheme.

6.8.4. Transfer by self-employed person

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.

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 eMPF Platform receives and approves the transfer request and any other necessary and duly completed documentation.

6.8.5. Member’s Choice - Accrued benefits relating to current or former employment or former self-employment

(a) 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.

(b) Former employment or former self-employment

If a member has accrued benefits deriving from mandatory and/or voluntary contributions (if any) of his former employment or former 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, he will have to become a personal account member and the accrued benefits will be held in his personal account.

6.8.6. Member's Choice - Benefits in personal accounts

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.

6.8.7. TVC Benefits

TVC is portable and TVC members should note that:

- (a) a TVC member may at any time choose to transfer the accrued benefits derived from TVC to another scheme that offers TVC;
- (b) the transfer must be in a lump sum (full account balance);
- (c) the TVC account in the original scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- (d) for the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the member in another scheme cannot be claimed as deductions for taxation purpose; and
- (e) transfer of TVC accrued benefits to another TVC account of the member in another scheme will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF regulations.

6.8.8. Notifications

A member who wishes to make a transfer should submit the instruction to the Relevant Recipient of the transferee scheme to which the accrued benefits will be transferred of his election and provide necessary information in accordance with the rules of such scheme. The Trustee will, upon receipt of such instruction of the election from the Relevant Recipient, 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 participating 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 participating employer, if a member fails to make an election within three 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 accrued benefits will be so transferred within 30 days after the end of the three months' period.

Similarly, if the self-employed person fails to make an election within three 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.

This sub-section 6.8.8 is not applicable to SVC members.

6.9. Vesting of benefits

6.9.1. Employee member

Except for participating employers' voluntary contribution, all contributions made by an employee member and all mandatory contributions made by a participating employer will become fully vested as accrued benefits immediately upon contribution.

Subject to the relevant participation agreement, all accrued benefits deriving from voluntary contributions made by a participating employer in respect of an employee member will become fully vested:

- (a) when the employee member attains the retirement age as specified in the participating employer's participation agreement ("Non-Statutory Retirement Age");
- (b) when the employee member retires at an early retirement age ("Non-Statutory Early Retirement Age") and upon conditions as specified in the participating employer's participation agreement;
- (c) when the employee member becomes totally incapacitated;
- (d) when the employee member dies; or
- (e) at the time specified in the vesting scale upon which the voluntary contributions made by the participating employer shall become fully vested in the employee member.

6.9.2. *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 as accrued benefits immediately upon contribution.

6.9.3. *TVC member*

TVC will be fully vested as accrued benefits in the TVC member once it is paid into the Scheme.

6.10. **Withdrawal of accrued benefits**

Subject to the MPFS Ordinance, the Regulation, the Trust Deed and the relevant participation agreement (where applicable), a member (or his personal representative, as the case may be) will be entitled to receive a lump sum payment of all accrued benefits (including all accrued benefits attributable to mandatory contributions, standard voluntary contributions (if any), special voluntary contributions (if any) and TVC (if any)) under the Scheme when:

- he attains the normal retirement age of 65*^;
- 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 with no intention of becoming employed or self-employed again^;
- he dies before his accrued benefits have been paid;
- he has departed or is about to depart from Hong Kong permanently; or
- he becomes totally incapacitated.

* Subject to the participation agreement, if the Non-Statutory Retirement Age and the Non-Statutory Early Retirement Age is later than 65 years of age, the benefit attributable to the voluntary contributions made by the participating 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 participation agreement, if the employee elects to retire and the Non-Statutory Retirement Age and the Non-Statutory Early Retirement Age is earlier than 60 years of age, the accrued benefits attributable to the voluntary contributions made by the participating 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 participating employer in respect of him. However, the employee member will be entitled to receive the accrued benefits attributable to mandatory contributions (whether made by him or his participating employer) only when he subsequently reaches 60 year of age and certifies to the Trustee by statutory declaration that he has permanently ceased his employment.

- ^ A member may elect to receive the accrued benefits payable to him by way of instalments by giving instruction to the eMPF Platform. There is no limit on the number of withdrawals for each member in each calendar year.

In respect of withdrawal of accrued benefits by instalments, no handling fee for payment of the first 12 instalments in each calendar year will be charged 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 5.1 (*Fee tables*).

In addition, subject to the MPFS Ordinance, the Regulation, the Trust Deed and the relevant participation agreement (where applicable), a 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:

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

The accrued benefits paid in the above circumstances will be valued as at the dealing day as soon as reasonably practicable after the date on which the eMPF Platform has received and approved the withdrawal request and any other necessary and duly completed documentation.

The Trust Deed also allows the member to receive accrued benefits in the Scheme if: (a) such accrued benefits kept in the Scheme as at the date of the claim for the payment of those accrued benefits do not exceed HKD5,000 (or any other amount as may be prescribed by the Regulation); and (b) 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 scheme.

If a participating employer has made an application to the Trustee via the eMPF Platform 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 participating 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 participating employer according to the MPFS Ordinance.

*** Redemption will be made in the following sequence in order to make the requisite payment to the employer:

1. Vested portion of the accrued benefit deriving from the participating employer's voluntary contributions transferred from other scheme to the Scheme (if applicable)
2. Vested portion of the accrued benefit deriving from the participating employer's voluntary contributions to the Scheme (if applicable)
3. Accrued benefits deriving from participating employer's mandatory contributions transferred from other scheme to the Scheme with respect to the severance or long service payment attributable to the employee member's period of service before 1 May 2025 (if applicable)

4. Accrued benefits deriving from participating employer's mandatory contributions to the Scheme with respect to the severance or long service payment attributable to the employee member's period of service before 1 May 2025

This section 6.10 is not applicable to SVC members.

6.11. Regular withdrawal option upon reaching retirement stage

This section 6.11 applies to Eligible Retired Members as defined below. In addition to withdrawal of accrued benefits in a lump sum or by instalments as stated in section 6.10 above, an Eligible Retired Member may also elect to withdraw the accrued benefits under the "regular withdrawal option" upon reaching retirement stage by providing the eMPF Platform a standing instruction. Under the regular withdrawal option, the member may specify in the standing instruction a fixed sum to be withdrawn on a monthly basis. Once the standing instruction is given, monthly payments will be made to the member from his accrued benefits based on amount specified in his instruction. No withdrawal or handling fees will be levied. Through this option, Eligible Retired Members will be able to receive a stable stream of payments after retirement.

An Eligible Retired Member is a member who satisfies either of the two (2) circumstances (as listed below) for withdrawal of accrued benefits under section 6.10 above, and thus is eligible for the regular withdrawal option referred to under this section:

- he attains the normal retirement age of 65; or
- 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 with no intention of becoming employed or self-employed again.

The regular withdrawal option is subject to such administrative rules or requirements prescribed by the eMPF Platform for such option from time to time, including without limitation, any minimum and / or maximum amounts to be withdrawn.

Information relating to the minimum withdrawal amount or multiples and the payment option(s) with respect to the regular withdrawal option will be available on the eMPF Platform.

If the regular withdrawal option is elected, Units in each of the Constituent Funds held by the members will be redeemed on first business day of each month for an amount equal to the specified amount of monthly withdrawal. Redemption of Units of each such Constituent Fund will be effected on a pro-rata basis according to the net asset values of the respective holdings of such Constituent Funds.

Such monthly withdrawal will continue until the earliest of the following events:

- (i) when the accrued benefits of the member are fully paid (in which case the last payment may be equal to or lower than the fixed sum as specified by the member);
- (ii) when the eMPF Platform is informed of the death of the member, in which case, the balance of the accrued benefits will be redeemed and paid to the estate of the member.
- (iii) when the member requests the eMPF Platform to suspend the standing instruction under the regular withdrawal option, in which case, such standing instruction shall be suspended until a further request is received by the eMPF Platform from the member for the resumption of the standing instruction;
- (iv) when the member requests the eMPF Platform to terminate the standing instruction under the regular withdrawal option, in which case, the balance of the accrued benefits will be redeemed and paid to the member.

If the regular withdrawal option is elected by the Eligible Retired Member who has invested in the BOC-Prudential Hong Kong Stable Retirement Fund, the Eligible Retired Member will enjoy

a “unit rebate”. For details, please refer to section 5.4 above (Unit rebate for investment in the BOC-Prudential Hong Kong Stable Retirement Fund upon reaching retirement stage).

6.12. Other circumstances where accrued benefits from voluntary contributions may be payable

6.12.1. Standard voluntary contributions

Accrued benefits deriving from voluntary contributions made in respect of an employee member can be withdrawn in one lump sum:

- (a) when his participating employer fails to make the required voluntary contribution within six months after:
 - (i) 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
 - (ii) if the amount of voluntary contribution is determined by reference to the period of the employee’s employment, the end of such period; or
- (b) when he ceases to be employed by his participating employer.

The amount of accrued benefits payable will be equal to the aggregate of (i) the vested balance of the accrued benefits deriving from his participating employer’s voluntary contributions and (ii) the total balance of the accrued benefits deriving from his own voluntary contributions. The accrued benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the eMPF Platform receives and approves the withdrawal request and any other necessary and duly completed documentation. If the date on which the accrued benefits should be valued is not a dealing day, the accrued benefits will be valued on the immediately following dealing day.

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 accrued benefits from his standard voluntary contributions once in each financial year of the Scheme by giving 30 days’ prior notice to the eMPF Platform (or such other period of notice the eMPF Platform and the self-employed person or the personal account member (as the case may be) may agree).

6.12.2. Special voluntary contributions

Subject to the relevant participation agreement, a member may redeem any or all units representing his special voluntary contributions at any time by submitting instruction to the eMPF Platform of not less than one month (or such other longer period as the eMPF Platform may require from time to time) to the eMPF Platform. There is no limit on the number of redemptions for each member in each financial year of the Scheme. The amount to be redeemed in each withdrawal shall not be less than HKD5,000 or such other limit as may be determined by the eMPF Platform 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.

Currently, no withdrawal fee will be levied.

This subsection 6.12.2 is not applicable to TVC members.

6.13. Payment of accrued benefits

Subject to the Regulation, a member who is entitled to receive his accrued benefits under the Scheme may lodge a claim to the Trustee via the eMPF Platform for the relevant accrued benefits.

If the accrued 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.

If accrued benefits are paid by instalments, 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.

If the regular withdrawal option is elected, the Trustee shall, unless otherwise agreed between the Trustee and the member, ensure that each monthly payment is made or caused to be made to the member no later than 15 business days after the relevant redemption day of each month, i.e. the date on which the relevant Units of the Constituent Funds are redeemed.

The Trustee may also deduct from the accrued 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, benefit statement(s) containing information such as the total amount paid and the details of any expenses relating to the payment made will be provided to the member.

Payment of accrued benefits under the Scheme will be made in Hong Kong and in HKD unless otherwise agreed between the Trustee and the member. If the payment is made in a currency other than HKD 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.

6.13A. Arrangement for Unpresented Cheques

If a cheque payment of accrued benefits made to a member becomes an Unpresented Cheque, on or after 1 April 2017, subject to the MPFS Ordinance, the Regulation and the Trust Deed, the Trustee shall have the discretion, and at such time the Trustee may reasonably determine, to arrange for a personal account to be established for such ex-member who will become a personal account member. The amount of the Unpresented Cheque shall be invested in the BOC-Prudential Core Accumulation Fund and /or the BOC-Prudential Age 65 Plus Fund according to the MPF Default Investment Strategy. It should also be noted that:

- (i) for Unpresented Cheques which remained unpresented prior to 4 July 2005, subject to the applicable administrative procedures, such amount had been invested in the BOC-Prudential MPF Conservative Fund, which was then invested in the BOC-Prudential Core Accumulation Fund and / or the BOC-Prudential Age 65 Plus Fund according to the MPF Default Investment Strategy from April 2017; and
- (ii) for Unpresented Cheques which remained unpresented between 4 July 2005 and 31 March 2017 (both dates inclusive), subject to the applicable administrative procedures, such amount had been invested in the BOC-Prudential Stable Fund, which was then invested in the BOC-Prudential Core Accumulation Fund and / or the BOC-Prudential Age 65 Plus Fund according to the MPF Default Investment Strategy from April 2017.

6.14. Termination of participating scheme

6.14.1. *Termination (other than a TVC account)*

This subsection 6.14.1 is not applicable to TVC members.

A member may at any time cease to participate in the Scheme by giving instruction to the eMPF Platform.

The participation or membership of a participating employer, employee member or self-employed person (who is 18 years of age or over and below the age of 65) may be terminated 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 participating employer.

In respect of an employee member or a 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 or cause to give an immediate notice to him or, in the case of an employee member, to his participating employer.

An SVC member may at any time cease to participate in the Scheme by giving instruction to the eMPF Platform. The Trustee and the Investment Manager also reserve the right to terminate the membership of an SVC member or a personal account member at any time by giving or causing to give an immediate notice to him.

Upon termination of the participating scheme, the participating 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.

6.14.2. Termination of TVC account

The Trustee may terminate a member's TVC account without giving any prior notice to the TVC member if :

- (a) the balance of the TVC account is zero ; and
- (b) there is no transaction activity in respect of the TVC account for 365 days.

7. OTHER INFORMATION

7.1. Valuation and pricing

7.1.1. *The Scheme*

(a) Dealing day

Units in the Constituent Funds will be valued, issued and redeemed on each dealing day 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.

(b) Dealing

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

(c) Valuation of units

One class of units will be issued for each Constituent Fund and all units are denominated in HKD. The Trustee will value or cause to value each investment and asset in a Constituent Fund for each dealing day. The NAV 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 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 NAV 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 NAV per unit of a Constituent Fund will be determined by dividing the NAV 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 accrued benefits from the Constituent Fund on that dealing day.

Subject to the approval of the MPFA and the SFC, the Trustee may change the valuation methodology of any Constituent Fund and the members will be given three months' prior notice.

(d) Suspension of valuation and pricing

Subject to 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/or the determination of the NAV 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;
- (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; or
- (v) during any period when any part or all parts of the eMPF Platform is suspended,

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

Whenever a suspension is declared, the Trustee will notify the MPFA as soon as may be reasonably practicable after any such declaration. The Trustee will also publish or cause to publish immediately after such declaration and at least once a month during the period of suspension, a notice in one leading English language and one leading Chinese language daily newspaper in Hong Kong which the Trustee may from time to time determine.

Notwithstanding the preceding paragraphs of this sub-section (d), the Trustee may declare a suspension of issuance, realization or switching of units relating to a Constituent Fund without a suspension of the determination of the NAV of the Constituent Fund should any of the circumstances set out above occur.

7.1.2. 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:

- *Provident Class – Class A Units*: 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*: 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*: 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 the Retail Class.

- *Retail Class Units*: 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 the Investment Class.

If the Constituent Funds invest in the Umbrella Unit Trust, such Constituent Funds will invest in Provident Class – Class A Units.

Units in all classes are denominated in HKD.

7.2. Dealing in Constituent Funds

7.2.1. Subscription and subscription price

Units of the Constituent Funds will normally be issued on every dealing day in respect of the Constituent Funds. Units will be issued through the Trustee in accordance with the Trust Deed and the relevant codes and regulations issued by the MPFA and the SFC. After the contribution monies in cleared funds have been received, reconciled and validated, the appropriate number of units of the relevant Constituent Funds will be issued to the relevant member 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. 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 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 | = | NAV 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 four 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 four decimal places or such other number of decimal places as the Trustee may determine. Any rounding adjustment shall be retained for the benefit of the relevant Constituent Fund.

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

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

Subject to the approval of the MPFA and the SFC, the Trustee may change the methodology of determining the issue price of any Constituent Fund and the members will be given three months' prior notice.

7.2.2. 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 four 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 subsection 7.2.3 (<i>Redemption of units and redemption price</i>) |
| 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 of the Scheme. 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.

Where the total number of units in a Constituent Fund to be redeemed on any dealing day amounts to 10% or more of the total number of units in issue, the Trustee, after consultation with the Investment Manager, may decide to reject all redemption applications, including switching requests, that are otherwise to be effected on such dealing day and the affected members will be notified accordingly.

7.2.3. 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, in accordance with the Trust Deed and the relevant codes and regulations issued by the MPFA and the SFC.

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 | = | NAV 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 four 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 two 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.

Where the total number of units in a Constituent Fund to be redeemed on any dealing day amounts to 10% or more of the total number of units in issue, the Trustee, after consultation with the Investment Manager, may decide to reject all redemption applications, including switching requests, that are otherwise to be effected on such dealing day and the affected members will be notified accordingly.

Subject to the approval of the MPFA and the SFC, the Trustee may change the methodology of determining the redemption price of any Constituent Fund and the members will be given three months' prior notice.

7.3. Reports and accounts

The financial year end of the Scheme is 31 March each year. An annual benefit statement will be provided to each member within three 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 seven 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 Trustee's Customer Service Centre.

7.4. Publication of NAV and prices

The NAV 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 one leading English language and one leading Chinese language daily newspaper in Hong Kong which the Trustee may from time to time determine. The NAV per unit will be expressed exclusive of any offer spread or bid spread which may be payable on subscription or redemption.

7.5. On-going cost illustration and illustrative example for BOC-Prudential MPF Conservative Fund

A document that illustrates the on-going costs on contributions to Constituent Funds in the Scheme (except for the BOC-Prudential MPF Conservative Fund) will be distributed with this MPF Scheme Brochure. An illustrative example for the BOC-Prudential MPF Conservative Fund is currently available for distribution with this MPF Scheme Brochure. Before making any investment decision concerning MPF investments, members should refer to the latest version of these documents which can be obtained from the Investment Manager's website www.boci-pru.com.hk.

7.6. Documents for inspection

Members are advised to review the Trust Deed. You may access the soft copy of the Trust Deed via the QR code in the key scheme information document of the Scheme.

Subject to the prior approval of the relevant authorities and 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 accrued benefits for members (other than SVC members).

Unless otherwise provided in the Trust Deed, the Trustee will notify the members by giving them at least one month's prior written notice (or such other period as the SFC and the MPFA 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 Trustee's Customer Service Centre.

7.7. Duration

7.7.1. The Scheme

The Scheme may be wound up only by the Court on application made by the MPFA in accordance with the MPFS Ordinance. However, the Trustee may apply to the MPFA 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.

7.7.2. 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.

- (a) Subject to the prior approval of the MPFA and the SFC, the trustee of the Umbrella Unit Trust may terminate the Umbrella Unit Trust if:
 - (i) 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;
 - (ii) in the opinion of the trustee, the investment manager is incapable of performing its duties properly;
 - (iii) the Umbrella Unit Trust ceases to be authorised or otherwise officially approved pursuant to the MPFS Ordinance or the SFO 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
 - (iv) 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.
- (b) Subject to the prior approval of the MPFA and the SFC, the investment manager of the Umbrella Unit Trust may terminate the Umbrella Unit Trust and/or any of its sub-funds if:
 - (i) at any time on or after Year 2000, the NAV of the Umbrella Unit Trust falls below HKD50 million or, in relation to any sub-fund, the NAV of the sub-fund falls below HKD10 million; or
 - (ii) 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 SFO; or
 - (iii) 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.
- (c) 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 (a) or (b) above, the party terminating the Umbrella Unit Trust or any of its sub-funds (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.

7.8. Hong Kong taxation

Prospective participants under the Scheme 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 subsections are based on the law and practice currently in force in Hong Kong and on 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 PRC outside Hong Kong.

Except where otherwise defined in this MPF Scheme Brochure, terms in this section shall have the same meaning as under the IRO.

7.8.1. *Contributions to the Scheme*

(a) Participating employers

The regular mandatory and voluntary contributions of a participating employer to the Scheme will be generally deductible from the calculation of the participating employer's profits under Part IV of the IRO in the year of contribution, subject to the following two restrictions:

- (i) the first is that the regular contributions made to the Scheme by the participating employer cannot exceed 15% of the total emoluments of the relevant employee, as calculated in accordance with the IRO, for the period to which the payments relate; and
- (ii) 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 participating 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.

(b) 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.

(c) TVC members

TVC members will be able to deduct the TVC paid into their TVC account, subject to a maximum deduction per year as specified in the IRO.

7.8.2. *Payments out of the Scheme*

(a) Amounts withdrawn on retirement, death or incapacity

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

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

(b) Amounts withdrawn on termination of service

Amounts received by an employee member on termination of employment with a participating 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 participating employer's mandatory contributions or to an employee's voluntary contributions. With respect to the amounts that are attributable to a participating employer's voluntary contributions, the extent to which such amount will be subject to tax is assessed in accordance with the following formulae.

- (i) **Proportionate benefit formula**
Amounts that are attributable to a participating 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 participating 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 participating employer.

(ii) Exempt employer formula

Where the participating employer who has contributed to the Scheme on the employee’s behalf is not chargeable to tax in Hong Kong under Part IV of the IRO, the amount attributable to the participating 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 participating 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 participating employer.

Where the amount received by the employee in respect of amounts attributable to the participating 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 a participating employer not liable to profits tax under Part IV of the IRO), as the case may be, such excess shall be subject to salaries tax under Part III of the IRO in the hands of the employee.

(c) 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 participating employer’s mandatory contributions or to the employee’s own voluntary contributions. The portion of the amount that is attributable to the participating employer’s voluntary contributions will be fully assessable to salaries tax.

The voluntary withdrawal by a person of his 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.

(d) Deemed payment on termination

Where the service of a person in respect of whom a participating 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 participating employer's voluntary contributions. The salaries tax implications to the employee under Part III of the IRO will be determined by applying the proportionate benefit and exempt employer (where appropriate) formulae set out above.

7.8.3. Taxation of the Scheme

As of the date of this MPF Scheme 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 ORSO. 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 profits tax under Part IV of the IRO.

7.9. No assignment of accrued benefits

Employee members should note that if any attempt is made to alienate any accrued benefit derived from his vested portion of participating employer's voluntary contribution or it becomes payable to any person other than the person entitled to it under the Scheme, such accrued benefit shall be forfeited to the Trustee unless:

- (a) such benefit has been charged to the participating employer against any debts owed to the participating employer; or
- (b) 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 accrued benefits derived from the participating employer's voluntary contributions shall be forfeited to the Scheme as at the date of the bankruptcy order:

- (i) such benefit has been charged to the participating employer against any debts owed to the participating employer; or
- (ii) the Trustee in its discretion decides to pay it in case of hardship to the employee member or to his spouse or dependant.

For the avoidance of doubt, the protection of accrued benefits under the MPFS Ordinance is not applicable to the TVC account, meaning that accrued benefits derived from TVC will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of a bankrupt TVC member.

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

7.10. Automatic exchange of financial account information

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

The Scheme is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, effective from 1 January 2020, the Trustee will use for the purposes of AEOI the Reportable Information of any individual or entity, whether in the capacity as a member, participating employer or beneficiary, that is considered under AEOI to be an “account holder” or “controlling person” of an “account holder” (where applicable). The Reportable Information may be transmitted to the IRD for transfer to the tax authority of another jurisdiction.

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

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

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

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

person for the purpose of avoiding any domestic or foreign tax penalties that may be imposed on such person.

7.11. Index disclaimer

7.11.1. CSI Hong Kong 100 Index

The CSI Hong Kong 100 Index is compiled and calculated by 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 TrackerTM 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.

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

The BOC-Prudential North America Index Fund and the BOC-Prudential European Index Fund (the "Funds"), which are the ITCIS invested by the BOC-Prudential North America Index Tracking Fund and the BOC-Prudential European Index Tracking Fund, have been developed solely by BOCI-Prudential Asset Management Limited. The Funds are not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE MPF North America Index (unhedged) and the FTSE MPF Europe Index (unhedged) (the "Indices") vest in the relevant LSE Group company which owns the Indices. "FTSE®" is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Indices are calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Indices or (b) investment in or operation of the Funds. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Funds or the suitability of the Indices for the purpose to which it is being put by BOCI-Prudential Asset Management Limited.

GLOSSARY

| | |
|------------------------------------|---|
| “APIF(s)” | means (a) collective investment scheme(s) approved by the MPFA pursuant to the MPFS Ordinance for investment by registered schemes. |
| “BOC(HK)” | means Bank of China (Hong Kong) Limited. |
| “BOCI” | means BOC International Holdings Limited. |
| “Bond Connect” | means a mutual bond market access scheme between Mainland China and Hong Kong. Under the Northbound trading of the Bond Connect, eligible foreign investors can invest in the China interbank bond market. |
| “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. |
| “Constituent Fund” | means a separate pool of assets of the Scheme, which is invested and administered separately from other assets of the Scheme. |
| “contribution period” | means each period during which income is paid or should be paid to each employee member. |
| “CSI” | means China Securities Index Co., Ltd. |
| “dealing day” | means every business day or such other day(s) as the Trustee and Investment Manager may from time to time determine. |
| “DIS Funds” | means the BOC-Prudential Core Accumulation Fund and the BOC-Prudential Age 65 Plus Fund, and each a “DIS Fund” . |
| “eMPF Platform” | means an electronic MPF system administered and operated by the Platform Company. |
| “employee member” | means a member who has been admitted to participate in the Scheme as an employee member in accordance with the Trust Deed. |
| “Feeder Fund” | means a Constituent Fund with its assets invested in a single APIF/ITCIS. |
| “FTSE” | means FTSE International Limited. |
| “higher risk assets” | has the meaning given to it in the MPFS Ordinance, including without limitation 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 MPFA from time to time. |
| “HKD” or “Hong Kong dollar” | means the lawful currency of Hong Kong. |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China. |
| “Investment Manager” | means BOCI-Prudential Asset Management Limited, the investment manager of the Scheme. |

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| “investment mandate” | means, in respect of a member, an instruction setting out how contributions made by or on behalf of the member are to be invested. For the purposes of this MPF Scheme Brochure, each reference to “investment mandate” means an investment mandate meeting the requirements for a Specific Investment Instruction, unless otherwise specified. |
| “IRO” | means the Inland Revenue Ordinance (Cap. 112). |
| “ITCIS” | means an index-tracking collective investment scheme, as defined in section 1(1) of Schedule 1 to the Regulation, approved by the MPFA for the purposes of section 6A of Schedule 1 to the Regulation. |
| “lower risk assets” | means those assets not being higher risk assets, including without limitation global bonds or fixed income securities and money market instruments. |
| “member” | means a member who has been admitted to participate in the Scheme in accordance with the Trust Deed and includes an employee member, a self-employed member, a personal account member, a TVC member and an SVC member. |
| “MPF Default Investment Strategy” or “DIS” | means the default investment strategy that complies with part 2 of Schedule 10 to the MPFS Ordinance. |
| “MPFA” | means the Mandatory Provident Fund Schemes Authority. |
| “MPFS Ordinance” | means the Mandatory Provident Fund Schemes Ordinance (Cap. 485). |
| “NAV” | means net asset value. |
| “ORSO” | means the Occupational Retirement Schemes Ordinance (Cap. 426). |
| “OTC” | means over-the-counter. |
| “Other Authorized Unit Trusts or Authorized Mutual Funds” | means other authorized unit trusts or authorized mutual funds as permitted under section 8(2)(c) of Schedule 1 to the Regulation (including exchange traded funds (ETF)) (up to 10% of its total NAV). |
| “Other Permitted Securities” | means other securities as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines issued by the MPFA 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 NAV of each sub-fund). |
| “participating employer” | means an employer who participates in the Scheme. |
| “personal account member” | means a member who has been admitted to participate in the Scheme as a personal account member in accordance with the Trust Deed. |
| “Platform Company” | means eMPF Platform Company Limited. |
| “Portfolio Management Fund” | means a Constituent Fund with its assets invested in more than one APIF and/or ITCIS. |
| “PRC” or “China” | means the People’s Republic of China. |
| “Prudential” | means Prudential Corporation Holdings Limited. |

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| “Reference Portfolio” | means, in respect of each DIS 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). |
| “registered scheme” | has the meaning given to it in the MPFS Ordinance. |
| “Regulation” | means the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485A). |
| “Relevant Circumstances” | means (i) the Trustee having reason to know that information and documents provided to him are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering or tax reporting; and/or (iii) other circumstances which the Trustee may consider appropriate. |
| “Relevant Recipient” | means: <ul style="list-style-type: none"> (i) the eMPF Platform, where the transferee scheme has been onboarded to the eMPF Platform by the time of submission of the instruction as referred to in sub-section "6.8.8 Notifications" in the sub-section “6.8. Transfer of accrued benefits” in the section “6. ADMINISTRATIVE PROCEDURES”; or (ii) the trustee of the transferee scheme, where the transferee scheme does not meet the requirement in (i) above. |
| “RMB” | means Renminbi, the lawful currency of the PRC. |
| “Scheme” | means The BOC-PRUDENTIAL EASY-CHOICE MANDATORY PROVIDENT FUND SCHEME. |
| “SEHK” | means Stock Exchange of Hong Kong Limited. |
| “self-employed member” | means a member who has been admitted to participate in the Scheme as a self employed member in accordance with the Trust Deed. |
| “SFC” | means the Securities and Futures Commission. |
| “SFO” | means the Securities and Futures Ordinance (Cap. 571). |
| “Specific Investment Instruction” | is either an investment mandate or a switching instruction, setting out: <ul style="list-style-type: none"> (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) and meeting the following requirements: <ul style="list-style-type: none"> • 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 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. |

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| “Stock Connect” | means Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. Each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong. |
| “sub-fund” | means a pooled investment fund of the Umbrella Unit Trust that has been approved by the MPFA and the SFC as an APIF in accordance with section 6 of the Regulation and section 104 of the SFO. |
| “SVC member” | means a member who has been admitted to participate in the Scheme as an SVC member in accordance with the Trust Deed. |
| “switching instruction” | means an instruction to switch investments of accrued benefits. For the purposes of this MPF Scheme Brochure, each reference to “switching instruction” means a switching instruction meeting the requirements for a Specific Investment Instruction, unless otherwise specified. |
| “Trust Deed” | means the master trust deed dated 27 January 2000 governing the Scheme and its subsequent deeds of amendment. |
| “Trustee” | means BOCI-Prudential Trustee Limited, the trustee of the Scheme. |
| “TVC” | means tax deductible voluntary contributions as defined in the MPFS Ordinance. |
| “TVC account” | has the meaning given to it in the MPFS Ordinance. |
| “TVC Benefits” | means all accrued benefits, in respect of a TVC member, derived from TVC of such TVC member paid or transferred into the TVC account of such TVC member in the Scheme, and payable in accordance with the Trust Deed. |
| “TVC member” | means a member who has been admitted to participate in the Scheme as a TVC member in accordance with the Trust Deed. |
| “Umbrella Unit Trust” | means the BOC-Prudential Unit Trust Fund, which is an umbrella unit trust. |
| “Unpresented Cheque(s)” | a cheque payment of accrued benefits paid to a member but not being presented after 6 months from the date of issuance. |
| “U.S.” or “United States” | means the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia. |
| “U.S. dollar” | means the lawful currency of U.S. |

**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.

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

Issued: 30 September 2024

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 03/2024 | Cost on each HK\$1,000 contributed | | |
|--|---|------------------------------------|----------------------|----------------------|
| | | After 1 year (HK\$) | After 3 years (HK\$) | After 5 years (HK\$) |
| BOC-Prudential China Equity Fund | 1.75299% | 18 | 57 | 98 |
| BOC-Prudential Hong Kong Equity Fund | 1.67262% | 18 | 54 | 94 |
| BOC-Prudential Japan Equity Fund | 1.66542% | 17 | 54 | 93 |
| BOC-Prudential Asia Equity Fund | 1.71286% | 18 | 56 | 96 |
| BOC-Prudential Global Equity Fund | 1.68591% | 18 | 55 | 94 |
| BOC-Prudential CSI HK 100 Tracker Fund | 1.00394% | 11 | 33 | 57 |
| BOC-Prudential European Index Tracking Fund | 1.04498% | 11 | 34 | 59 |
| BOC-Prudential North America Index Tracking Fund | 1.02314% | 11 | 34 | 58 |
| BOC-Prudential Growth Fund | 1.68803% | 18 | 55 | 95 |
| BOC-Prudential Balanced Fund | 1.67593% | 18 | 55 | 94 |
| BOC-Prudential Stable Fund | 1.66777% | 18 | 54 | 93 |
| BOC-Prudential Hong Kong Stable Retirement Fund | 1.46284% | 15 | 48 | 82 |
| BOC-Prudential Bond Fund | 1.51236% | 16 | 49 | 85 |
| BOC-Prudential MPF RMB & HKD Money Market Fund | 0.31098% | 3 | 10 | 18 |
| BOC-Prudential Core Accumulation Fund | 0.76212% | 8 | 25 | 44 |
| BOC-Prudential Age 65 Plus Fund | 0.77027% | 8 | 25 | 44 |

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 MPF Scheme Brochure of the scheme.