MPF Scheme Brochure

For

My Choice

Mandatory Provident Fund Scheme

BOCI-Prudential Trustee Limited

Version date: 31 March 2020

Enquiry contact: (852) 2929 3366 (MPF Administration Hotline) or

(852) 2151 0999 / (852) 2530 4786 (facsimile)

Trustee website: www.bocpt.com

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 My Choice Core Accumulation Fund and the My Choice Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the My Choice Core Accumulation Fund and the My Choice 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 My Choice 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 July 2010. The Scheme has been registered by the MPFA under the MPFS Ordinance.

The Trustee is BOCI-Prudential Trustee Limited. Under the Trust Deed, subject to the approval of the SFC and the MPFA, the Trustee has the power to appoint one or more investment managers to manage the investments of the Scheme (or any portion of such investments) or any Constituent Fund.

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.

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 SFC and the MPFA respectively, such authorisation or approval does not imply official recommendation of the Scheme by the SFC or the MPFA. 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 SERVICE PROVIDERS

The Scheme:

Trustee and Custodian	**BOCI-Prudential Trustee Limited** Registered Address: 12/F & 25/F, Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong Customer Service Centre: 25/F, Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong
Investment managers of the Constituent Funds	**Schroder Investment Management (Hong Kong) Limited** Suite 3301, Level 33 Two Pacific Place 88 Queensway Hong Kong **State Street Global Advisors Asia Limited** 68/F, Two International Finance Centre 8 Finance Street Central Hong Kong **Allianz Global Investors Asia Pacific Limited** 27th Floor, ICBC Tower 3 Garden Road Central Hong Kong For details, please refer to section 3.2.
Auditors	**Ernst & Young** 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Legal advisors	**Baker & McKenzie** 14/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong

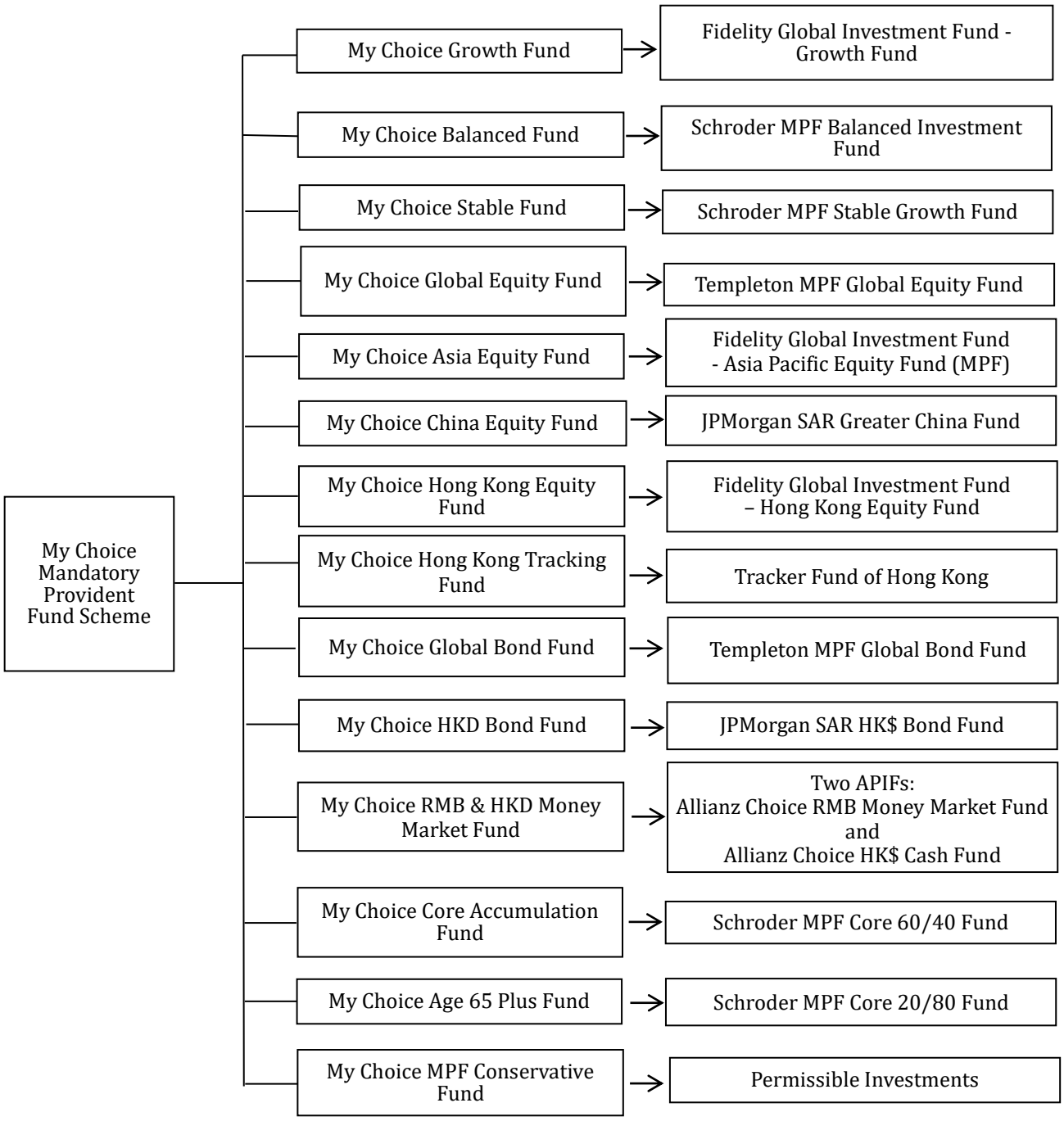
For further enquiries, please contact us by:

MPF Administration Hotline: (852) 2929 3366

Facsimile: (852) 2151 0999 / (852) 2530 4786

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

3.1. Structure of the Scheme



3.2. Constituent Funds

No.	Name of Constituent Fund	Investment manager	Fund structure	Fund description	Investment focus
1	My Choice Growth Fund	N/A	Feeder Fund	Mixed Assets Fund (Global) Maximum equity - around 90%	90% in equities, 7% in bonds and 3% in cash or cash equivalents
2	My Choice Balanced Fund	N/A	Feeder Fund	Mixed Assets Fund (Global) Maximum equity - 85%	45 - 85% in equities, 0 - 40% in bonds and 0 - 20% in cash or cash equivalents
3	My Choice Stable Fund	N/A	Feeder Fund	Mixed Assets Fund (Global) Maximum equity - 60%	30 - 60% in equities, 20 - 60% in bonds and 0 - 20% in cash or cash equivalents
4	My Choice Global Equity Fund	N/A	Feeder Fund	Equity Fund (Global)	Up to 100% in equities with balance in bonds, preferred stocks, convertible securities, fixed income securities and other publicly traded securities
5	My Choice Asia Equity Fund	N/A	Feeder Fund	Equity Fund	70 - 100% in equities and 0 - 30% in bonds
6	My Choice China Equity Fund	N/A	Feeder Fund	Equity Fund (China)	70 - 100% in Greater China equities, 0 - 30% in other equities and 0 - 30% in bonds
7	My Choice Hong Kong Equity Fund	N/A	Feeder Fund	Equity Fund (Hong Kong)	70 - 100% in Hong Kong equities and 0 - 30% in bonds
8	My Choice Hong Kong Tracking Fund	State Street Global Advisors Asia Limited	Feeder Fund	Equity Fund (Hong Kong)	Up to 100% in equities with balance in cash or cash equivalents
9	My Choice Global Bond Fund	N/A	Feeder Fund	Bond Fund (Global)	Up to 100% in bond market of the world with balance in cash or cash equivalents
10	My Choice HKD Bond Fund	N/A	Feeder Fund	Bond Fund (Hong Kong)	70 - 100% in Hong Kong dollar denominated bonds and 0 - 30% in US dollar denominated bonds

11	My Choice RMB & HKD Money Market Fund	Allianz Global Investors Asia Pacific Limited	Portfolio Management Fund	Money Market Fund (China and Hong Kong)	60 - 70% in RMB denominated certificates of deposit, bank deposits, fixed interest securities and other monetary instruments and balance in HKD denominated bank deposits, fixed interest securities and other monetary instruments
12	My Choice Core Accumulation Fund	Schroder Investment Management (Hong Kong) Limited	Feeder Fund	Mixed Assets Fund (Global) Maximum equity - 65%	55 - 65% in higher risk assets with balance in lower risk assets
13	My Choice Age 65 Plus Fund	Schroder Investment Management (Hong Kong) Limited	Feeder Fund	Mixed Assets Fund (Global) Maximum equity - 25%	15 - 25% in higher risk assets with balance in lower risk assets
14	My Choice MPF Conservative Fund	Schroder Investment Management (Hong Kong) 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 profiles are categorized into low, medium and high. The risk profiles are determined by the Trustee based on the volatility of the relevant Constituent Funds over the past three years while, for the relevant Constituent Fund(s) launched less than three years, the risk profile(s) is/are determined based on the investment mix. The risk profiles represent only the views of the Trustee. In general, Constituent Funds with high risk level aim at achieving a high long-term return and their volatility is expected to be high over short periods of time, having high chance of losing a significant portion of your capital over the term of the investment; Constituent Funds with medium risk level aim at achieving a medium long-term return and their volatility is expected to be medium over short periods of time, having medium chance of losing a significant portion of your capital over the term of the investment; while Constituent Funds with low risk level have a low expected long-term return and their volatility is expected to be low over short periods of time, having low chance of losing a significant portion of your capital over the term of the investment. The risk profiles will be reviewed and updated at least annually (if necessary).

The investment risk profiles are provided for reference only. They have not taken into account your own risk tolerance and financial circumstances and should not be regarded as investment advice. Whilst the risk profiles may be considered by you in your analysis of the Constituent Funds, it is nonetheless your obligation to ensure that a Constituent Fund is suitable for you. You cannot therefore substitute your own assessment of the Constituent Funds with the risk profiles. You should not solely rely on the investment risk profiles when making any investment decision.

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 agree or 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 agree or require) to the members.

3.4.1. Investment policies of the Constituent Funds

(a) My Choice Growth Fund

Investment objective

The My Choice Growth Fund is a mixed assets fund and seeks to build real wealth over the long term, but at the same time manage the volatility of returns in the short term. The My Choice Growth Fund seeks to achieve its investment objective by investing into the Growth Fund of the Fidelity Global Investment Fund, an APIF managed by FIL Investment Management (Hong Kong) Limited.

Balance of investments

The underlying APIF focuses on investment into the global equity markets and has the flexibility to invest in global bonds. It will maintain a broad geographical diversification with a bias towards Hong Kong. The underlying APIF intends to invest approximately 90% in equities, approximately 7% in bonds and approximately 3% in cash or cash equivalents. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions changes. The My Choice Growth Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice Growth Fund will not engage in security lending or enter into repurchase agreements, but the underlying APIF may, subject to the MPFS Ordinance and the Regulation, engage in security lending and enter into repurchase agreements.

Futures and options

The My Choice Growth Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice 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 key 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 risk
- Security risk
- Credit risk
- Concentration risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Hedging risk

(b) My Choice Balanced Fund

Investment objective

The My Choice Balanced Fund is a mixed assets fund and seeks to achieve long-term return in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong) by investing into the Schroder MPF Balanced Investment Fund of the Schroder MPF Umbrella Fund, an APIF managed by Schroder Investment Management (Hong Kong) Limited.

Balance of investments

The underlying APIF primarily invests in quoted securities, government and corporate bonds and cash deposits worldwide. It is a globally diversified portfolio with a bias towards Hong Kong. The underlying APIF intends to allocate 45% to 85% in equities, 0% to 40% in bonds and 0% to 20% in cash or cash equivalents. Actual allocation may vary from the above as market and other conditions change. The My Choice Balanced Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice Balanced Fund will not engage in security lending or enter into repurchase agreements. While the underlying APIF may enter into repurchase agreements for hedging purposes, it will not engage in security lending.

Futures and options

The My Choice Balanced Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice Balanced 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 key 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 risk
- Security risk
- Credit risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Downgrading risk
- Hedging Risk

(c) My Choice Stable Fund

Investment objective

The My Choice Stable Fund is a mixed assets fund and seeks to achieve a long-term return in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A) by investing into the Schroder MPF Stable Growth Fund of the Schroder MPF Umbrella Fund, an APIF managed by Schroder Investment Management (Hong Kong) Limited.

Balance of investments

The underlying APIF primarily invests in quoted securities, government and corporate bonds and cash deposits worldwide. The underlying APIF is a globally diversified portfolio with a bias towards Hong Kong. The underlying APIF intends to allocate 30% to 60% in equities, 20% to 60% in bonds and 0% to 20% in cash or cash equivalents. Actual allocation may vary from the above as market and other conditions change. The My Choice Stable Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice Stable Fund will not engage in security lending or enter into repurchase agreements. While the underlying APIF may enter into repurchase agreements for hedging purposes, it will not engage in security lending.

Futures and options

The My Choice Stable Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice 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 key 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 risk
- Security risk
- Credit risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Hedging Risk

(d) <u>My Choice Global Equity Fund</u>

Investment objective

The My Choice Global Equity Fund is an equity fund and seeks to achieve capital growth over the medium-to-longer term by investing into the Templeton MPF Global Equity Fund of The Templeton MPF Investment Funds, an APIF managed by Franklin Templeton Investments (Asia) Limited.

Balance of investments

The underlying APIF intends to primarily invest in equity securities (common stocks) of companies listed on stock markets globally. Other investment assets used by the underlying APIF include debt obligation (bonds) and other publicly traded securities, including preferred stocks, convertible securities and fixed income securities.

The underlying APIF has no prescribed allocations for investments in any single country or specified industry and may invest in a wide choice of securities in accordance with its global mandate. Under normal market conditions, the underlying APIF intends to invest a majority of its assets in equity securities. During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable to do so, the underlying APIF may, for temporary defensive purpose, hold cash or short-term fixed income investment without any limit. Such temporary measures in investment allocation will cease as and when the investment manager believes it is appropriate to do so in light of the then existing market conditions. The My Choice Global Equity Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

Neither the My Choice Global Equity Fund nor the underlying APIF will engage in security lending or enter into repurchase agreements.

Futures and options

The My Choice Global Equity Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice 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 key 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 risk
- Security risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Hedging risk

(e) My Choice Asia Equity Fund

Investment objective

The My Choice Asia Equity Fund is an equity fund and seeks to produce returns that are related to those achieved on the major stock market indices of Asia Pacific, but at the same time manage the volatility of returns in the short term. The My Choice Asia Equity Fund seeks to achieve its investment objective by investing into the Asia Pacific Equity Fund (MPF) of the Fidelity Global Investment Fund, an APIF managed by FIL Investment Management (Hong Kong) Limited.

Balance of investments

The underlying APIF focuses on investing (i.e. at least 70% of its NAV) into the equity markets of Asia Pacific, namely equities of companies listed, have their registered offices, or generate a predominate share of their sales and/or profits in Asia Pacific. Asia Pacific comprises countries and regions including, but not limited to, Australia, Mainland China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand, and have the flexibility to invest in bonds in a limited manner (i.e. less than 30% of its NAV). The underlying APIF targets to invest 100% in equity. Up to 10% of its NAV may be invested in shares listed on a stock exchange that is not an approved stock exchange. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions change. The My Choice Asia Equity Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice Asia Equity Fund will not engage in security lending or enter into repurchase agreements, but the underlying APIF may, subject to the MPFS Ordinance and the Regulation, engage in security lending and enter into repurchase agreements.

Futures and options

The My Choice Asia Equity Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice 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 key 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 risk
- Security risk
- Concentration risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Hedging risk

(f) My Choice China Equity Fund

Investment objective

The My Choice China Equity Fund is an equity fund and seeks to provide investors with long-term capital growth by investing in the JPMorgan SAR Greater China Fund, an APIF managed by JPMorgan Asset Management (Asia Pacific) Limited.

Balance of investments

The underlying APIF maintains a portfolio investing at least 70% of non-cash assets in securities of companies based or operating principally in the PRC, Hong Kong, Macau or Taiwan and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan. Other investment assets used by the underlying APIF include other equities and bonds (for cash management purpose only). The proposed asset allocation shall be 70% to 100% of non-cash assets in Greater China equities, 0% to 30% of non-cash assets in other equities and 0% to 30% of non-cash assets in bonds. The My Choice China Equity Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice China Equity Fund will not engage in security lending or enter into repurchase agreements, but the underlying APIF may, subject to the MPFS Ordinance and the Regulation, engage in security lending and enter into repurchase agreements.

Futures and options

The My Choice China Equity Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice 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 key 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 risk
- Security risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Risks relating to investing in a single market
- Hedging risk
- China market securities risk

(g) My Choice Hong Kong Equity Fund

Investment objective

The My Choice Hong Kong Equity Fund is an equity fund and seeks to produce returns that are related to those achieved on the major stock market indices of Hong Kong, by investing into the Hong Kong Equity Fund of the Fidelity Global Investment Fund, an APIF managed by FIL Investment Management (Hong Kong) Limited.

Balance of investments

The underlying APIF mainly invests (i.e. at least 70% of its NAV) in the equity market of Hong Kong, namely equities of companies listed in Hong Kong (including Greater China companies that are listed in Hong Kong) or companies which have a business connection with Hong Kong (including companies which are listed outside Hong Kong). Companies which have a business connection with Hong Kong include but are not limited to companies that are domiciled or incorporated in Hong Kong. The underlying APIF has the flexibility to invest in bonds in a limited manner (i.e. less than 30% of its NAV). The underlying APIF targets to invest 100% in equity. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions change. The investment manager of the underlying APIF will accept a high level of return volatility in the short term. Up to 10% of the underlying APIF's NAV may be invested in shares listed on a stock exchange that is not an approved stock exchange. The My Choice Hong Kong Equity Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice Hong Kong Equity Fund will not engage in security lending or enter into repurchase agreements, but the underlying APIF may, subject to the MPFS Ordinance and the Regulation, engage in security lending and enter into repurchase agreements.

Futures and options

The My Choice Hong Kong Equity Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice 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 key risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Security risk
- Concentration risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Risks relating to investing in a single market
- Hedging risk

(h) My Choice Hong Kong Tracking Fund

Investment objective

The My Choice Hong Kong Tracking Fund is an equity fund and seeks to track the performance of the Hang Seng Index of Hong Kong by investing into the Tracker Fund of Hong Kong, an ITCIS managed by State Street Global Advisors Asia Limited.

Balance of investments

The Hang Seng Index is a well-known index tracking the performance of some of the largest companies in market capitalisation terms listed on the main board of the SEHK. The Tracker Fund of Hong Kong holds stocks in the constituent companies of the Hang Seng Index in substantially similar composition and weighting as they appear in the Hang Seng Index.

The Hang Seng Index currently comprises 50 constituent stocks representing approximately 56.09% of the total market value of all main board primary listings. As of 31 May 2019, the top 10 constituent stocks of the Hang Seng Index are as follows:

	Company	Weighting (%)
1.	HSBC Holdings plc.	10.71
2.	AIA Group Limited	9.93
3.	Tencent Holdings Limited	9.71
4.	China Construction Bank Corporation	7.48
5.	Ping An Insurance (Group) Company of China, Ltd.	5.40
6.	China Mobile Limited	4.69
7.	Industrial and Commercial Bank of China Limited	4.61
8.	Hong Kong Exchanges & Clearing Limited	3.31
9.	Bank of China Limited	2.88
10.	CNOOC Limited	2.55

The Hang Seng Index is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name of Hang Seng Index are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Hang Seng Index by the Trustee in connection with the My Choice Hong Kong Tracking Fund (the "**Licensed Product**"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE LICENSED PRODUCT OR ANY OTHER PERSON: (I) THE ACCURACY OR COMPLETENESS OF THE HANG SENG INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (II) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE HANG SENG INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (III) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE HANG SENG INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE HANG SENG INDEX IS GIVEN OR MAY BE IMPLIED.**

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There is no assurance that the license granted to the Trustee for the use of, and reference to, the Hang Seng Index, will be granted for the operation of the My Choice Hong Kong Tracking Fund for as long as the Trustee deems necessary, and in the event that the license is terminated and that no substitute can be obtained, the My Choice Hong Kong Tracking Fund may have to be terminated. The Hang Seng Indexes Company Limited and the Hang Seng Data Services Limited are independent of the Trustee and the investment manager of the My Choice Hong Kong Tracking Fund, which is State Street Global Advisors Asia Limited. For more and the latest information regarding the Hang Seng Index including its methodology and constituent stocks, please visit the website of the Hang Seng Indexes Company Limited on www.hsi.com.hk..

The My Choice Hong Kong Tracking Fund will, through investing into the underlying ITCIS, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

Neither the My Choice Hong Kong Tracking Fund nor the underlying ITCIS will engage in security lending or enter into repurchase agreements.

Futures and options

The My Choice Hong Kong Tracking Fund will not enter into financial futures and options contracts, but the underlying ITCIS may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice Hong Kong 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 key risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Market risk
- Security risk
- Concentration risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Risks relating to investing in a single market
- Risks related to ITCIS
- Specific risks relating to the My Choice Hong Kong Tracking Fund

The specific risks which can be seen in part (b) of "II Specific risks on tracking the relevant benchmark index or specific index tracking funds" of "4.1 Risk factors" of section 4.

(i) <u>My Choice Global Bond Fund</u>

Investment objective

The My Choice Global Bond Fund is a bond fund and seeks to achieve investment return over the medium-to-longer term by investing into the Templeton MPF Global Bond Fund of The Templeton MPF Investment Funds, an APIF managed by Franklin Templeton Investments (Asia) Limited. The underlying APIF is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

Balance of investments

The underlying APIF intends to primarily invest in fixed income securities issued by governments and governmental agencies globally. Assets invested by the underlying APIF include debt obligations (bonds), preferred stocks, corporate debt obligations and convertible securities.

The underlying APIF has no prescribed allocations for investments in any single country or currency and may invest in a wide choice of investments in accordance with its global mandate. Under normal market conditions, the underlying APIF intends to invest a majority of its assets in fixed income securities. The My Choice Global Bond Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

Neither the My Choice Global Bond Fund nor the underlying APIF will engage in security lending or enter into repurchase agreements.

Futures and options

The My Choice Global Bond Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice Global 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 key risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risk
- Interest rate risk
- Market risk
- Emerging market risk
- Foreign exchange risk
- Credit risk
- Counterparty risk
- Risks relating to investing in a single APIF or ITCIS
- Downgrading risk
- Hedging risk

(j) <u>My Choice HKD Bond Fund</u>

Investment objective

The My Choice HKD Bond Fund is a bond fund and seeks to provide investors with long-term capital growth by investing into the JPMorgan SAR HK$ Bond Fund, an APIF managed by JPMorgan Asset Management (Asia Pacific) Limited.

Balance of investments

The underlying APIF maintains a portfolio consisting primarily of Hong Kong dollar denominated interest bearing securities. The value of the underlying APIF's holding of Hong Kong dollar denominated bonds shall be not less than 70% of its non-cash assets. The proposed asset allocation shall be 70% to 100% of non-cash assets in Hong Kong dollar denominated bonds and 0% to 30% of non-cash assets in US dollar denominated bonds. The My Choice HKD Bond Fund will, through investing into the underlying APIF, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

The My Choice HKD Bond Fund will not engage in security lending or enter into repurchase agreements, but the underlying APIF may, subject to the MPFS Ordinance and the Regulation, engage in security lending and enter into repurchase agreements.

Futures and options

The My Choice HKD Bond Fund will not enter into financial futures and options contracts, but the underlying APIF may enter into financial futures and options contracts for hedging purposes.

Risks

The risk profile of the My Choice HKD 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 key risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risk
- Interest rate risk
- Market risk
- Credit risk
- Counterparty risk
- Concentration risk
- Risks relating to investing in a single APIF or ITCIS
- Risks relating to investing in a single market
- Downgrading risk
- Hedging risk

(k) <u>My Choice RMB & HKD Money Market Fund</u>

Investment objective

The My Choice RMB & HKD Money Market Fund is a money market fund and seeks to achieve income and capital gains over the long run by investing in two APIFs, the Allianz Choice RMB Money Market Fund and the Allianz Choice HK$ Cash Fund, sub-funds of the Allianz Global Investors Choice Fund.

Balance of investments

The My Choice RMB & HKD Money Market Fund intends to allocate 60% to 70% of its NAV in the Allianz Choice RMB Money Market Fund and 30% to 40% of its NAV in the Allianz Choice HK$ Cash Fund. However, please note that the asset allocations may be temporarily varied at the discretion of the investment manager of the My Choice RMB & HKD Money Market Fund due to changing market conditions and fluctuation.

The underlying APIF, the Allianz Choice RMB Money Market Fund, aims to provide a convenient and realizable medium of investment and seek income and capital gains over the long run by investing at least 70% of its assets in RMB denominated certificates of deposit and bank deposits. The Allianz Choice RMB Money Market Fund can invest up to 30% of its assets in high quality RMB denominated fixed interest securities (e.g. bond/notes). The Allianz Choice RMB Money Market Fund can also invest up to 10% of its assets in fixed interest securities, bank deposits and other monetary instruments such as short term bills, commercial paper and treasury bills in non-RMB denominated currencies such as Hong Kong dollar and US dollar. The Allianz Choice RMB Money Market Fund invests (i) at least 90% of its assets in investments denominated and settled in RMB, issued in Hong Kong or outside the PRC, and (ii) up to 10% of its assets in investments denominated and settled in currencies other than RMB for various purposes including but not limited to diversification, market liquidity and fund liquidity purposes.

The underlying APIF, the Allianz Choice HK$ Cash Fund, aims to provide a convenient and easily realisable medium of investment for investors who require an income stream combined with a high degree of capital protection by investing in Hong Kong dollar denominated bank deposits and other high quality Hong Kong dollar denominated fixed interest and other monetary instruments.

Both APIFs, the Allianz Choice RMB Money Market Fund and the Allianz Choice HK$ Cash Fund, must respectively maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days. Specifically, the Allianz Choice RMB Money Market Fund must not purchase instruments with a remaining maturity of more than 397 days, or two years in the case of government and other public securities; whereas the

Allianz Choice HK$ Cash Fund must not invest in (a) Unrestricted Investments[#] having a remaining maturity period of more than two years or (b) debt securities (other than Unrestricted Investments[#]) with a remaining maturity period of more than 397 days or which do not satisfy the minimum credit rating set by the MPFA. Neither the My Choice RMB & HKD Money Market Fund nor the underlying APIFs will invest in any securities issued within the PRC through the Qualified Foreign Institutional Investor (QFII) program.

[#]"Unrestricted Investment" means any debt security permitted to be held by APIFs pursuant to the Regulation, and which is issued by, or the repayment of principal and the payment of interest on which is unconditionally guaranteed by, an exempt authority (as defined in the Regulation from time to time).

The My Choice RMB & HKD Money Market Fund will, through investing into the Allianz Choice HK$ Cash Fund, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its NAV.

Security lending and repurchase agreements

Neither the My Choice RMB & HKD Money Market Fund nor the underlying APIFs will engage in security lending or enter into repurchase agreements.

Futures and options

The My Choice RMB & HKD Money Market Fund will not enter into financial futures and options contracts, but the underlying APIFs may enter into financial futures or options contracts for hedging purposes.

Risks

The risk profile of the My Choice RMB & HKD Money Market 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 key risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Credit risk
- Concentration risk
- Liquidity risk
- Downgrading risk
- Specific risks relating to the My Choice RMB & HKD Money Market Fund

The specific risks relating to RMB and Chinese market which can be seen in"III Specific risks relating to the My Choice RMB & HKD Money Market Fund" of "4.1 Risk factors" of section 4.

Investment in the My Choice RMB & HKD Money Market Fund is not the same as placing funds on deposit with a bank or deposit taking company and that the Trustee has no obligation to redeem the investment at the subscription value. Neither the My Choice RMB & HKD Money Market Fund nor the underlying APIFs are subject to the supervision of the HKMA.

(l) <u>My Choice Core Accumulation Fund</u>

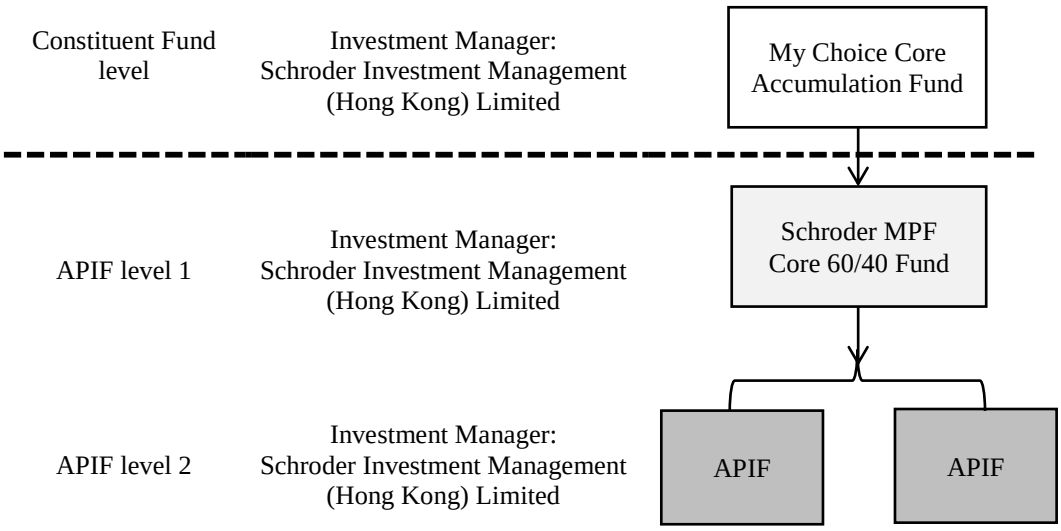
Investment objective

The My Choice Core Accumulation Fund seeks to provide capital growth to members by investing in a globally diversified manner.

The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the My Choice Core Accumulation Fund. The return of the My Choice Core Accumulation Fund over the long term is expected to be similar to the return of the Reference Portfolio.

Balance of investments

The My Choice Core Accumulation Fund shall be invested in an APIF, the Schroder MPF Core 60/40 Fund, which in turn invests in two APIFs as allowed under the Regulation. The investment structure of the My Choice Core Accumulation Fund is illustrated as follows:



Through its underlying investment, the My Choice Core Accumulation Fund holds 60% of its net assets in higher risk assets, with the remainder investing in lower risk assets.

The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the My Choice Core Accumulation Fund to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times vary as market, economic and other conditions change. In any case, the My Choice Core Accumulation Fund will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPFS Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 60/40 Fund in which the My Choice Core Accumulation Fund invests has discretion as to the asset allocation of the Schroder MPF Core 60/40 Fund.

The target geographical allocation of assets held under the My Choice Core Accumulation Fund is as follows:

Global equities	55% to 65%
Asia Pacific excluding Japan	0% to 32.5%
United States	5.5% to 45.5%
Japan	0% to 16.25%
Europe	5.5% to 32.5%
Others	0% to 19.5%
Fixed income securities and money market instruments	35% to 45%
US dollar	3.5% to 40.5%
Global currencies ex US dollar	3.5% to 40.5%

The two underlying APIFs in which the Schroder MPF Core 60/40 Fund invests are actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "**Constituent Index**") under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the NAV of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

The My Choice Core Accumulation Fund will, through investment in the underlying APIFs, maintain an effective currency exposure to Hong Kong dollar of not less than 30% of its NAV.

Security lending and repurchase agreements

Neither the My Choice Core Accumulation Fund nor the Schroder MPF Core 60/40 Fund (and its underlying APIFs) will engage in security lending or repurchase agreements.

Futures and options

The investment manager of the My Choice Core Accumulation Fund will not trade in currency forwards, futures contracts or options contracts but the investment manager of the Schroder MPF Core 60/40 Fund (and its underlying APIFs) may enter into currency forward contracts, futures contracts and options contracts for the account of the Schroder MPF Core 60/40 Fund (and its underlying APIFs) for hedging purposes.

Risks

The risk profile of the My Choice Core Accumulation Fund is medium and, as such, the My Choice Core Accumulation Fund is designed for investors with more than 10 years before retirement.

The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following key 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 risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Downgrading risk
- Hedging risk
- Key risks relating to the DIS

The key risks relating to the DIS (where investment in the My Choice Core Accumulation Fund is part of the DIS) which can be seen in "IV Key risks relating to the DIS" of "4.1 Risk factors" of section 4.

(m) <u>My Choice Age 65 Plus Fund</u>

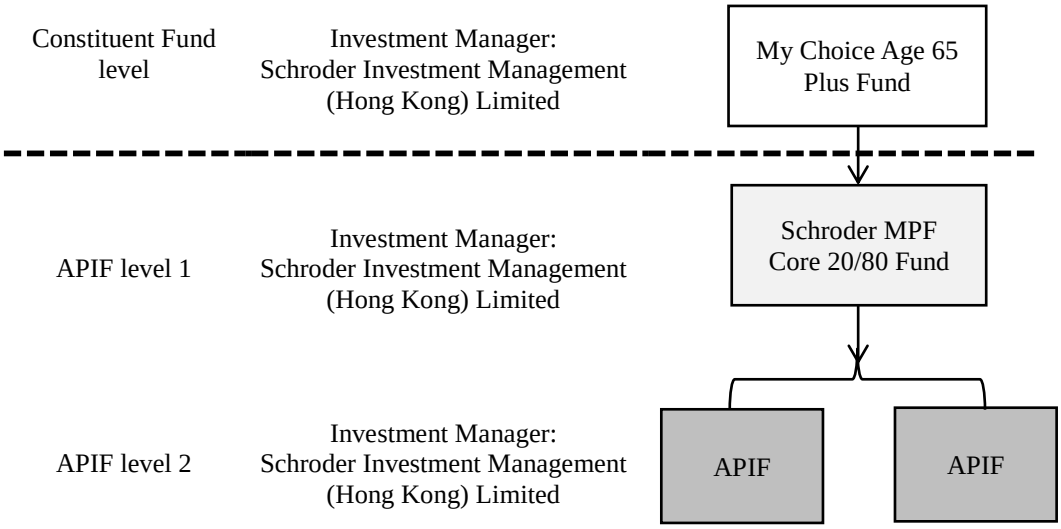
Investment objective

The My Choice Age 65 Plus Fund seeks to provide stable growth to members by investing in a globally diversified manner.

The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the My Choice Age 65 Plus Fund. The return of the My Choice Age 65 Plus Fund over the long term is expected to be similar to the return of the Reference Portfolio.

Balance of investments

The My Choice Age 65 Plus Fund shall be invested in an APIF, the Schroder MPF Core 20/80 Fund, which in turn invests in two APIFs as allowed under the Regulation. The investment structure of the My Choice Age 65 Plus Fund is illustrated as follows:



Through its underlying investment, the My Choice Age 65 Plus Fund holds 20% of its net assets in higher risk assets, with the remainder investing in lower risk assets.

The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the My Choice Age 65 Plus Fund to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times vary as market, economic and other conditions change. In any case, the My Choice Age 65 Plus Fund will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPFS Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 20/80 Fund in which the My Choice Age 65 Plus Fund invests has discretion as to the asset allocation of the Schroder MPF Core 20/80 Fund.

The target geographical allocation of assets held under the My Choice Age 65 Plus Fund is as follows:

Global equities	15% to 25%
Asia Pacific excluding Japan	0% to 12.5%
United States	1.5% to 17.5%
Japan	0% to 6.25%
Europe	1.5% to 12.5%
Others	0% to 7.5%
Fixed income securities and money market instruments	75% to 85%
US dollar	7.5% to 76.5%
Global currencies ex US dollar	7.5% to 76.5%

The two underlying APIFs in which the Schroder MPF Core 20/80 Fund invests are actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "**Constituent Index**") under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the NAV of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

The My Choice Age 65 Plus Fund will, through investment in the underlying APIFs, maintain an effective currency exposure to Hong Kong dollar of not less than 30% of its NAV.

Security lending and repurchase agreements

Neither the My Choice Age 65 Plus Fund nor the Schroder MPF Core 20/80 Fund (and its underlying APIFs) will engage in security lending or repurchase agreements.

Futures and options

The My Choice Age 65 Plus Fund will not trade in currency forward, futures contracts or options contracts but the investment manager of the Schroder MPF Core 20/80 Fund (and its underlying APIFs) may enter into currency forward contracts, futures contracts and options contracts for the account of the Schroder MPF Core 20/80 Fund (and its underlying APIFs) for hedging purposes.

Risks

The risk profile of the My Choice Age 65 Plus Fund is medium and, as such, the My Choice Age 65 Plus Fund is designed for investors with 15 or less years before retirement.

The general risk factors set out in section 4 (*Risks*) may apply. Members should be aware of the following key 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 risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing in a single APIF or ITCIS
- Downgrading risk
- Hedging risk
- Key risks relating to the DIS

The key risks relating to the DIS (where investment in the My Choice Core Accumulation Fund is part of the DIS) which can be seen in "IV Key risks relating to the DIS" of "4.1 Risk factors" of section 4.

(n) <u>My Choice MPF Conservative Fund</u>

Investment objective

The My Choice MPF Conservative Fund seeks to achieve a return higher than the interest rate in a Hong Kong dollar savings account.

Balance of investments

The My Choice MPF Conservative Fund will invest directly in deposits and debt securities with an average portfolio maturity of not exceeding 90 days and will have a total value of Hong Kong dollar currency investments equal to the total market value of the My Choice 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 My Choice MPF Conservative Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The My Choice MPF Conservative Fund will not enter into financial futures contracts and financial options contracts.

Risks

The risk profile of the My Choice 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 key risks, details of which can be seen in section 4 (*Risks*):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Credit risk
- Counterparty risk
- Downgrading risk

Investment in the My Choice MPF Conservative Fund is not the same as placing funds on deposit with a bank or deposit taking company and that the Trustee has no obligation to redeem the investment at the subscription value. The My Choice MPF Conservative Fund is not subject to the supervision of the HKMA.

3.5. Investment restrictions and guidelines

The assets in the Constituent Funds and their underlying funds (if applicable) 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 My Choice MPF Conservative Fund

Among others, section 37 of the Regulation prescribes certain investment restrictions and guidelines which are applicable to the My Choice MPF Conservative Fund. The following is a brief summary of such applicable investment restrictions and guidelines:

(a) The assets of the My Choice 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 My Choice MPF Conservative Fund must have an average portfolio remaining maturity period of not more than 90 days.

(c) The assets of the My Choice MPF Conservative Fund must have a total value of HKD currency investment equal to the total market value of the My Choice 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 underlying APIFs

The assets in the underlying APIFs of the Constituent Funds (where applicable) 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) where the APIF is also authorised under the UT Code, the applicable investment restrictions under the UT Code.

Subject to Part II to Schedule 1 to the Regulation, the assets in the underlying APIFs of the Constituent Funds may be engaged in security lending transactions.

3.5.4. The underlying ITCIS

An ITCIS is a collective investment scheme (as defined in the SFO) which has the sole investment objective of tracking a particular market index and: (i) which has been authorised by the SFC or is listed on a stock exchange approved by the MPFA; and (ii) has been approved by the MPFA.

Where the ITCIS is authorised under the UT Code, the ITCIS will also have to comply with the applicable investment restrictions under the UT Code.

3.5.5. Borrowing policy

Subject to sections 3 and 4 of Schedule 1 to the Regulation, borrowing may be effected by the Trustee for the account of the Constituent Funds.

3.6. Security lending and repurchase agreements

Although none of the Constituent Funds will engage in security lending or enter into repurchase agreements, the APIFs into which some of the Constituent Funds invest (as indicated in the investment policies in section 3.4) may do so.

3.6.1. Security lending

Where an APIF engages in security lending, it will be subject to the applicable requirements of the MPFS Ordinance and the Regulation, including the following:

(a) securities may only be lent in accordance with an agreement entered into by the custodian of the assets of the APIF and the borrower of the securities;

(b) the amount of consideration (including the value of any collateral security) given for the securities must exceed the value of those securities;

(c) no more than 10% of the assets of the APIF are subject to security lending agreements at any one time; and

(d) no more than 50% of securities of the same issue, or of the same kind, held in respect of the APIF are the subject of security lending agreements at any one time.

In relation to the following APIFs under the Fidelity Global Investment Fund: (i) the Growth Fund (APIF of the My Choice Growth Fund); (ii) the Asia Pacific Equity Fund (MPF) (APIF of the My Choice Asia Equity Fund); and (iii) the Hong Kong Equity Fund (APIF of the My Choice Hong Kong Equity Fund), the trustee of these APIFs will only enter into security lending agreements with counterparties which are rated "A" or above (or such other rating as the investment manager and the trustee of these APIFs may determine from time to time) by Standard & Poor's or Moody's (or an equivalent rating from another rating agency). The collateral to be received may be in the form of cash, government debt securities, and other public debt securities as required by the Regulation. Income (being either income earned from the collateral or income from the counterparty) from any security lending transaction, after the deduction of the security lending agent's fees, will be shared between the APIF and the trustee of the APIF. The APIF will retain not less than 50% of such income arising from the security lending transaction. The investment manager of the APIFs and its connected persons will not act as the security lending agent, but the trustee of the APIFs may act as security lending agent and the trustee is entitled to retain fees for acting as agent (which may include an amount calculated by reference to a portion of the income arising from the security lending transaction).

In relation to: (i) the JPMorgan SAR Greater China Fund (APIF of the My Choice China Equity Fund); and (ii) the JPMorgan SAR HK$ Bond Fund (APIF of the My Choice HKD Bond Fund), the trustee of the APIFs will only enter into security lending agreements with institutions of appropriate financial standing which engage in security lending arrangements and which are acceptable to the trustee of the APIFs. The collateral has to be in a form acceptable to the trustee of the APIFs. All fees payable by the counterparty under these arrangements in relation to the APIFs will be for the benefit of the APIFs.

3.6.2. Repurchase agreements

Where an APIF enters into a repurchase agreement, it will be subject to the applicable requirements of the MPFS Ordinance and the Regulation, including the following:

(i) the agreement has to be entered into by the custodian of the APIF;

(ii) the amount of the consideration (including the value of any collateral security) given for the relevant securities must exceed the value of the securities;

(iii) no more than 10% of the assets of the APIF are the subject of repurchase agreements at any one time; and

(iv) no more than 50% of the securities of the same issue held among the assets of the APIF are the subject of repurchase agreements at any one time.

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 a significant impact on the value of the investments. Where investments are made in emerging markets, such investments may be subject to risks which are more common or significant than in more developed markets. 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. There may be an increased risk in government intervention in emerging markets which may affect market conditions. The legal infrastructure and accounting, auditing and reporting standards in emerging markets may also not provide the same degree of protection and/or information to investors as would generally apply in more developed markets. The accounting, auditing and financial reporting standards in some of these markets are normally less stringent than international requirements. Investment decisions may be required to be made on less complete information than is customarily available.

(e) Foreign exchange risk

Investments (including, where applicable, any underlying APIF or ITCIS of a Constituent Fund) 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. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the performance of the investments.

(f) Security risk

Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.

(g) Credit risk

If the issuer of any of the fixed interest securities in which the underlying assets are invested defaults, the performance of the investments will be adversely affected. In addition, when economic conditions appear to be deteriorating, or where an adverse event happens to the issuer of such securities (e.g. credit rating downgrading), such securities may not be objectively priced and may decline in market value. Such securities may also decline in market value due to changing market conditions, other significant adverse market event affecting valuation or investors' heightened concerns and perceptions over credit quality.

(h) Counterparty risk

Investments in deposits, bonds and other financial instruments which involve a counterparty are subject to the credit risk or default risk of the counterparty.

(i) 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.

(j) 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.

(k) Risks relating to investing solely in a single APIF or ITCIS

Members should note that there is risk related to investing solely in a single APIF or ITCIS. In the event that the underlying APIF or ITCIS of a Constituent Fund is, for whatever reason, adversely affected or terminated, the feeding Constituent Fund will likewise be affected and may, in certain circumstances, be terminated.

(l) Risks relating to investing in a single market

Where investments are made in the assets or securities of a single market, such investments will be subject solely to the political, economical and social condition of that market and therefore achieving a very limited level of diversification of risk. In the event of any adverse market change, the Trustee may not be able to invest in other markets.

(m) Downgrading risk

Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the investment value in such security may be adversely affected.

(n) Hedging risk

The Investment Manager or the Investment Manager at the underlying APIF level is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired results.

(o) China market securities risk

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

Many of the PRC economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on foreign investment in joint stock companies in the PRC or in listed securities such as “A”, “B” and “H” shares.

II. Specific risks on tracking the relevant benchmark index or specific index tracking funds

(a) Risks related to ITCIS

Members should note that there is risk relating to the difference between the market price of units of an ITCIS 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 ITCIS but also by other factors such as the supply of and demand for the units in the relevant stock exchange(s), economic conditions in Hong Kong and investor confidence in the Hong Kong stock market. An ITCIS may not be actively managed. Manager may not take an active role in defending the position of the ITCIS in declining markets. The units of the ITCIS may trade at a discount or premium to the NAV of the units, depending on factors such as the supply of and demand of its units. There is also a tracking error risk and the ITCIS's returns may deviate from the performance of index to which it is tracking due to factors such as fees and charges, the investment strategies that it adopts.

(b) Specific risks relating to the My Choice Hong Kong Tracking Fund

Changes in the NAV of the ITCIS are unlikely to replicate exact changes in the Hang Seng Index. This is due to, among other things, the fees and expenses payable by the ITCIS and the transaction fees and stamp duty incurred in adjusting the composition of the ITCIS's portfolio because of changes in the Hang Seng Index and dividends received, but not distributed, by the ITCIS. In addition, as a result of the unavailability of index shares, the transaction costs in making an adjustment outweighing the anticipated benefits of such adjustment or for certain other reasons, there may be timing differences between changes in the Hang Seng Index and the corresponding adjustment to the shares which comprise the ITCIS's portfolio. During times when index shares are unavailable or when the Manager determines it is in the best interests of the ITCIS to do so, the ITCIS may maintain a small cash position or invest in other permitted contracts or investments until index shares become available. The ITCIS may also hold Future Index Shares (i.e. shares listed or to be listed on the SEHK and which Hang Seng Indexes Company Limited has announced will be included in the Hang Seng Index or which the Manager and the Trustee reasonably believe will be included in the Hang Seng Index within 30 days) and/or Former Index Shares (i.e. shares which were formerly, but have ceased to be, shares listed on the SEHK of companies which are for the time being the constituent companies of the Hang Seng Index). Such costs, expenses, cash balances, timing differences or holdings could cause the ITCIS's NAV to be lower or higher than the relative level of the Hang Seng Index.

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

There are particular risks involved in investing in an ITCIS which investors should note, and which include, but are not limited to, the following: (i) the performance of the My Choice Hong Kong Tracking Fund will be subject to a degree of tracking error which is attributable to various factors including, without limitation, the tracking error of the underlying ITCIS and the fees and charges payable in relation to the My Choice Hong Kong Tracking Fund; (ii) to the extent that the Hang Seng Index is concentrated in the securities of a single issuer or several issuers, or in a particular industry or several industries, the ITCIS will likewise be subject to the risks relating to such concentration; (iii) due to the inherent nature of index funds, the ITCIS lacks the discretion to adapt to market changes and falls in the index are expected to result in corresponding falls in the value of the ITCIS; and (iv) the composition of the index may change and securities may be delisted. There is no guarantee or assurance of exact replication at any time of the performance of the Hang Seng Index.

III. Specific risks relating to the My Choice RMB & HKD Money Market Fund

Members should note that only the underlying APIFs of the My Choice RMB & HKD Money Market Fund, the Allianz Choice RMB Money Market Fund, will be exposed to the risk specified in the sub-section below unless otherwise specified. The My Choice RMB & HKD Money Market Fund is exposed to the same risk as it invests in the Allianz Choice RMB Money Market Fund.

(a) Chinese Renminbi currency risk

Members should be aware that the RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. The Chinese Renminbi traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the Chinese government. The Chinese Renminbi traded in Hong Kong, on the other hand, is freely accessible to any corporations (including any institutional investors). In general, the daily exchange rates of the Chinese Renminbi against other currencies are allowed to float within a range above or below the central parity rates published by the People's Bank of China each day. Exchange rates against other currencies, including e.g. US dollars or Hong Kong dollars, are therefore susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely.

Currently, the Chinese government imposes certain restrictions on repatriation of Chinese Renminbi out of Mainland China. Such restrictions may limit the depth of the Chinese Renminbi market available outside of Mainland China, and thereby may reduce the liquidity of the underlying APIF.

The Chinese government's policies on exchange controls and repatriation restrictions are subject to change, and the underlying APIF and its investors' position may be adversely affected by such change.

Since 2005, the RMB exchange rate is no longer pegged to the US dollar. RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the People's Bank of China. RMB convertibility from offshore RMB (CNH) to onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government in coordination with the HKMA. The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions pursued by the Chinese government from time to time as well as other external market forces. The value of the underlying APIF which is calculated using the CNH rate will be affected accordingly.

There is no assurance that RMB will not be subject to devaluation, in which case, the value of investors' investments will be adversely affected.

In addition, the My Choice RMB & HKD Money Market Fund is denominated in HKD only and not in RMB. The performance of the My Choice 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 minimized to the extent that the My Choice 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.

The My Choice RMB & HKD Money Market Fund will subscribe for non-RMB class of units of the underlying APIF. Notably, such APIF will be subject to the risk of not having sufficient RMB for currency conversion prior to investment and also the foreign exchange risk as most of the assets or investments held by such APIF are denominated in a currency which is different from that of units held by the My Choice RMB & HKD Money Market Fund.

(b) China market risk

Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market. Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment

and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.

(c) Risk of limited pool of RMB investments

The underlying APIF is subject to the risk of limited pool of RMB instruments available for investment. In the absence of suitable securities available for investment, a significant portion of the RMB assets may have to be allocated in RMB negotiated term deposits until suitable securities are available in the market. This may adversely affect the underlying APIF's return and performance.

(d) Liquidity risk

Some of the RMB denominated fixed income securities are not listed and there may not be a liquid or active market for trading. The bid and offer spread of the price of these securities may be large. Therefore, the underlying APIF may incur significant trading and realization costs in these investments.

(e) Credit risk

RMB denominated fixed income securities are typically unsecured debt obligations and are not supported by any collateral. Investments in these securities will expose the underlying APIF to the credit/insolvency risk of its counterparties as an unsecured creditor. The issuers of money market instruments held by the underlying APIF may default on its obligation and the underlying APIF will not recover its investment. In addition, the underlying APIF may not get the interest payment to which it is entitled.

(f) Taxation risk

Investors should be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the underlying APIF. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

IV. 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 My Choice Age 65 Plus Fund which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

5. FEES AND CHARGES

5.1. Fee tables

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

(a) Joining fee & annual fee		
Type of fees	**Current amount**	**Payable by**
Joining fee[1]	Nil	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	N/A
Offer spread[4]	My Choice MPF Conservative Fund	N/A	N/A
	Other Constituent Funds	Nil	Member
Bid spread[5]	My Choice MPF Conservative Fund	N/A	N/A
	Other Constituent Funds	Nil	Member
Withdrawal charge[6]	All Constituent Funds	N/A	N/A

(c) Fund operating charges & expenses of Constituent Funds (including fees & charges payable out of the underlying funds)			
Type of charges & expenses	**Name of Constituent Fund**	**Current level (% of NAV per annum)**	**Deducted from**
Management fees[7]	My Choice Growth Fund	0.99%	Relevant Constituent Fund assets (which, where applicable, already reflects the charges and expenses paid at the underlying APIF/ITCIS level)
	My Choice Asia Equity Fund		
	My Choice Hong Kong Equity Fund		
	My Choice HKD Bond Fund		
	My Choice China Equity Fund		
	My Choice Balanced Fund	0.96%	
	My Choice Stable Fund		
	My Choice Global Equity Fund	0.97%	
	My Choice Global Bond Fund		
	My Choice RMB & HKD Money Market Fund	up to 0.79%	
	My Choice MPF Conservative Fund	0.79%	
	My Choice Core Accumulation Fund	0.74%	
	My Choice Age 65 Plus Fund		
	My Choice Hong Kong Tracking Fund	0.65% to 0.70%	
Other expenses and out-of-pocket expenses (g)	Each Constituent Fund would also bear various costs and expenses that are related to the operations and continuation of the Scheme and the Constituent Fund, such as compensation fund levy (if any), audit and legal fees, etc. (to the extent permitted by the MPFS Ordinance). (For details, please refer to item (d) of the Explanatory Notes below) (The establishment cost of each DIS Fund is estimated to be HKD10,000 which will be borne by each DIS Fund and amortised over the first three accounting periods following their launch.)		

(d) Other fees and charges for providing additional services	
Type of charges & expenses	**Current amount**
Handling fee for withdrawal of accrued benefits by instalments[(h)]	HKD100 per withdrawal*^# * 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 (*Withdrawal of accrued benefits)*. ^ 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. # Not applicable to TVC Benefits.
Copy of Trust Deed and constitutive documents	HKD300 per copy
Re-issuance of annual benefit statement: Per participating employer Per member (except SVC member)	 HKD200 per statement HKD100 per statement
Additional copy or re-issuance of statements and reports: Per participating employer Per member (except SVC member)	 HKD200 per statement/report HKD100 per statement/report
Handling returned cheque due to insufficient funds or other reasons[(h)]	HKD100 per transaction
Making special voluntary contribution	Nil
Withdrawal of special voluntary contribution	Nil

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

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.

4. **Offer spread** is charged by the trustee/sponsor upon subscription of units of a Constituent Fund by a member. 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. At present, no offer spread will be levied in respect of the issue of units in any Constituent Fund.

5. **Bid spread** is charged by the trustee/sponsor upon redemption of units of a Constituent Fund by a member. 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. At present, no bid spread will be levied in respect of the redemption of units in any Constituent Fund.

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.

7. **Management fees** include fees paid to the trustee and investment manager (where applicable) (including fees based on fund performance, if any) 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.

5.1.2. Explanatory notes

(a) In respect of any increase in fees and charges from the current level as stated, where the increase does not exceed the maximum levels as specified in this MPF Scheme Brochure, three months prior notice (or such shorter period as the SFC and the MPFA may agree) will be given to all members and participating employers.

(b) Breakdown of management fees (current level)

Management fees currently comprise trustee fee and investment management fee (where applicable) only. Breakdown of current level of management fees is as follows:

Constituent Funds level

Name of fund	Trustee fee[#]	Investment management fee	Management fees (in total)
	(% of NAV per annum)		
My Choice Growth Fund My Choice Asia Equity Fund My Choice Hong Kong Equity Fund My Choice HKD Bond Fund My Choice China Equity Fund	0.54%	N/A	0.54%
My Choice Balanced Fund My Choice Stable Fund My Choice Global Equity Fund My Choice Global Bond Fund	0.54%	N/A	0.54%
My Choice RMB & HKD Money Market Fund	0.54%	NIL	0.54%
My Choice MPF Conservative Fund	0.54%	0.25%	0.79%
My Choice Core Accumulation Fund My Choice Age 65 Plus Fund	0.54%	0.20%	0.74%
My Choice Hong Kong Tracking Fund	0.54%	0.06%	0.60%

Underlying fund level

Name of fund	Trustee fee	Investment management fee	Management fees (in total)
	(% of NAV per annum)		
My Choice Growth Fund My Choice Asia Equity Fund My Choice Hong Kong Equity Fund	0.1%	0.35%*	0.45%
My Choice HKD Bond Fund My Choice China Equity Fund	0.0295%	0.4205%*	0.45%
My Choice Balanced Fund My Choice Stable Fund	0.1%	0.32%*	0.42%
My Choice Global Equity Fund My Choice Global Bond Fund	0.02%	0.41%*	0.43%
My Choice RMB & HKD Money Market Fund	Up to 0.07%	0.18%*	up to 0.25%
My Choice MPF Conservative Fund^	N/A	N/A	N/A
My Choice Core Accumulation Fund My Choice Age 65 Plus Fund	NIL	NIL	NIL
My Choice Hong Kong Tracking Fund	0.025 - 0.050%	0.025 - 0.050%	0.050 - 0.10%

[#] The Trustee at Constituent Funds level also performs administration and custodian services. There is however no separate charge for administration and custodian services performed by the Trustee. Administration services include among others daily administration work of the Scheme, provision of customer services to participating employers and members, processing and recording of member data, handling contributions, redemption and switching requests from members and processing of investments and claims etc. 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.

[*] The current management fees of the APIFs/ITCISs consist of: (i) a trustee fee; and (ii) an investment management fee, to be charged at a level as agreed between the Trustee and the investment manager of each APIF/ITCIS. The original trustee and investment management fees of each APIF/ITCIS are higher than the agreed fees. The respective investment manager of the APIFs/ITCISs will rebate any amount of the investment management fee exceeding the agreed scale and all rebates will be credited into the respective Constituent Fund account.

^ As the My Choice MPF Conservative Fund will not invest in any underlying funds, the management fee charged at the underlying fund level is not applicable.

Maximum levels of fees, charges and expenses

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

(i)	Joining fee	HKD0
(ii)	Annual fee	HKD0 per member per annum
(iii)	Management fees	Same as the fees charged at current level
(iv)	Fee for making special voluntary contribution	HKD0 per transaction
(v)	Fee for withdrawal of special voluntary contribution	HKD0 per transaction

Subject to the approval of the SFC and the agreement of the MPFA: (i) the maximum levels of the above fees, charges and spreads may also be increased; and (ii) additional fees and charges may be imposed, in each case by giving three months' prior notice to the members (or such shorter period of notice as the SFC and the MPFA may agree).

(c) Management fees

The management fees (currently comprising trustee fee and investment management fee (where applicable) only) will be payable monthly in arrears and shall be accrued on each dealing day.

(d) Other Expenses

The charges, fees and expenses for the on-going operations, administration and maintenance of a Constituent Fund and APIFs/ITCISs may include fees and expenses of the custodians or sub-custodians of the assets of the Scheme, APIFs or ITCISs, charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges incurred by the Constituent Funds, APIF or ITCIS, and registrar's fee, conversion agent's fee and index licensing fees incurred by the ITCIS), 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 and their underlying APIFs/ITCISs, costs and expenses in effecting and maintaining adequate insurance as required by the MPFS Ordinance and the Regulation and compensation fund levy (if any).

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 (Application for participation).

Advertising expenses or charges incurred in relation to the Scheme (including the Constituent Funds) will not be charged to the assets of the Scheme.

(e) 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.

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

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 administrator, the investment managers 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.

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. 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 My Choice MPF Conservative Fund

Administrative expenses (i.e. trustee fee and investment management fee) may only be deducted from the My Choice MPF Conservative Fund in the following circumstances:

(a) if the amount of income and profits from the assets of the My Choice 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, an amount not exceeding the excess may be deducted from the My Choice 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.

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 My Choice MPF Conservative Fund uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.

5.4. Cash rebates and soft commission

The investment managers may purchase and sell investments for the account of a Constituent Fund as agent for the Trustee provided that the investment managers shall account for all rebates of brokerage and commission which they may derive from or in connection with any such purchase or sale.

The investment managers or their respective connected persons may enter into contractual arrangements with other persons (including any connected person of the investment managers 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 managers or their respective connected persons procuring that such other persons execute transactions to be entered into for the account of the Scheme.

The investment managers 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.

No cash rebates may be retained by the investment managers.

6. ADMINISTRATIVE PROCEDURES

6.1. Application for participation

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

In order to establish a participating plan or open an account under the Scheme, an applicant must: (a) complete the application form prescribed by the Trustee, (b) execute the relevant participation agreement (where required) and (c) agree to comply with the Trust Deed. In addition, depending on the nature of participation, the additional conditions set out in this section 6.1 must be met.

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 complete the enrolment form prescribed by the Trustee and agree in writing to comply with the Trust Deed.

6.1.2. Self-employed person

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

6.1.3. Personal account member

An employee under his employer's participating plan may, upon his cessation of employment with such employer, join the Scheme as a personal account member and establish a new participating plan by executing a participation agreement and transferring his accrued benefits under his employer's participating plan to such new participating plan 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 execute a participation agreement and become a personal account member of the Scheme. Any 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 plan in accordance with section 6.8 (*Transfer of accrued benefits*).

6.1.4. SVC member

Subject to the approval of the Trustee, 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 plan 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 plan 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 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 and employee 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 plan, pay to the Trustee a mandatory contribution of 5% of his relevant income on a monthly or yearly basis as specified in his application form unless his income falls below the statutory minimum level of relevant income*. The amount that a self-employed person must contribute will not exceed 5%* of the statutory maximum level of relevant income*.

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

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 application form. If an employee member or a self-employed person chooses to make standard voluntary contributions, he must notify the Trustee in writing of the amount of such contributions. In the case of an employee member, the notice must be submitted to the Trustee through his participating employer.

Subject to the relevant participation agreement, the participating employers and members may change the amount of their respective standard voluntary contributions by giving the Trustee three months' prior written notice (or such shorter period of notice as the Trustee may agree) 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 Trustee at least one month's written notice (or such shorter period of notice as the Trustee may agree) in a form prescribed by the Trustee. A member may make special voluntary contributions regardless of whether he is making any standard voluntary contributions.

An employee member's regular or ad-hoc special voluntary contribution may either be paid by the employee member from his own funds or deducted from his relevant income.

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. Ad-hoc special voluntary contribution may be paid in a lump sum amount by cheque or other methods as agreed by the Trustee.

The amount of regular special voluntary contributions must not be lower than HKD300. The amount of ad-hoc special voluntary contributions must not be lower than HKD1,000. The Trustee may determine from time to time such other limit of regular or ad-hoc special voluntary contributions. Currently, there is no upper limit on the amount of regular or ad-hoc special voluntary contributions. However, the Trustee reserves the right not to accept any regular or ad-hoc special voluntary contribution at any time by giving to the relevant member 14 days' prior notice in writing.

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. With effect from 1 April 2019, the Scheme offers TVC accounts to eligible persons. 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, the Trustee will provide a TVC summary 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 relevant application form and/or participation agreement sets out the minimum limit imposed on the amount or frequency of contribution made to the TVC account.

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 forward to the Trustee 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;

(b) *in respect of a personal account member,* before the first transfer of accrued benefits from another registered scheme to the Scheme;

(c) *in respect of a member (not being a TVC 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.

Under normal circumstances, as soon as the Trustee receives the contribution monies in respect of a member in cleared funds, the Trustee will validate such contribution monies and 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 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 switching instruction form and/or 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 by the Trustee, a member may submit:

- a new investment mandate meeting the requirements for a Specific Investment Instruction and request the Trustee to apply any future contributions which are paid to his account to invest or subscribe for units in one or more Constituent Funds in accordance with the new investment mandate; or

- a switching instruction form meeting the requirements for a Specific Investment Instruction to the Trustee to withdraw any investment or redeem any units in a Constituent Fund and to apply such redemption proceeds to invest or acquire units in other Constituent Funds in accordance with the switching instruction.

Subject to any limitation which may be imposed by the Trustee, a member may submit a new investment mandate and switching instruction meeting 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 Trustee shall be under no obligation to process such new investment mandate/switching instruction and the existing investment allocation will continue to apply. The Trustee will, under normal circumstances, process such new investment mandates/switching instruction meeting the requirements for a Specific Investment Instruction within a reasonable time after the Trustee has received and accepted the investment mandate/switching instruction and any other necessary and duly completed documentation.

In general, if the Trustee receives the investment mandate/switching instruction via facsimile, website, interactive voice response system or other electronic means 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. If such investment mandate/switching instruction is submitted by post, the instruction will be processed within two business days after the Trustee has received such instruction by post. 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, 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.

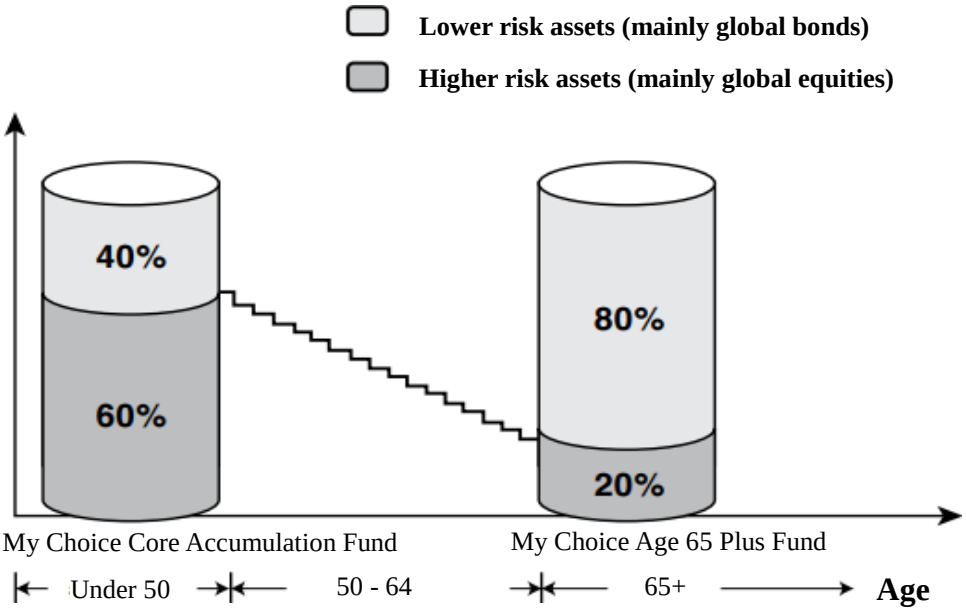
6.7.1. Asset allocation of the DIS

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 My Choice Core Accumulation Fund will invest around 60% in higher risk assets and 40% in lower risk assets of its NAV whereas the My Choice 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 (l) and (m) 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 My Choice Core Accumulation Fund and increasing the holding in the My Choice 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 My Choice Core Accumulation Fund to the My Choice 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 My Choice Core Accumulation Fund and the My Choice 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 My Choice 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 My Choice Age 65 Plus Fund;

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

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

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

(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 My Choice Age 65 Plus Fund without applying de-risking.

Diagram 2: DIS De-risking Table

Age	My Choice Core Accumulation Fund	My Choice 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.

The Trustee will, to the extent practicable, issue a notice to the relevant member at least 60 days prior to his 50th birthday informing him of the commencement of the de-risking process. Also, a confirmation statement will be sent to the relevant member no later than 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.bocpt.com or call the MPF Administration Hotline at (852) 2929 3366 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 Trustee of any information relating to his updated date of birth, then the Trustee will, 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, the Trustee receives an instruction which results in a redemption of units from a member on the date of de-risking for such member, the commencement of the de-risking process may be affected in the following ways:-

(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 the accrued benefits being invested into the DIS Funds, the de-risking process will take place at the time of rebalancing and hence the commencement of the de-risking process will not be affected.

The number of units of the 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) <u>New accounts set up on or after 1 April 2017</u>:

(i) 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:

(A) the DIS Funds; and/or

(B) 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 My Choice Core Accumulation Fund and the My Choice 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 My Choice Core Accumulation Fund or the My Choice 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)(A) 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 My Choice Core Accumulation Fund and/or the My Choice 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)(i)(B) or (a)(i)(A) and (a)(i)(B) 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. Existing accounts set up before 1 April 2017

There are special rules to be applied for Pre-existing Accounts and these rules only apply to member who is under or becoming 60 years of age on 1 April 2017:

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

If, as of 1 April 2017, the accrued benefits in a member's Pre-existing Account are only invested in the My Choice Stable Fund (i.e. the default investment arrangement of the Scheme), special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in the DIS. If the member's Pre-existing Account is the one described above, the DIS Re-investment Notice may be sent to the member within six months from 1 April 2017 explaining the impact on such account and giving the member an opportunity to give a Specific Investment Instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. Members should note that the risk inherent in the original default investment arrangement may be different from that of the DIS. They will also be subject to market risks during the redemption and reinvestment process. The following table summarises the risk levels of each original default investment arrangement, the My Choice Core Accumulation Fund and the My Choice Age 65 Plus Fund:

Name of the Constituent Fund	**Risk level**
Original default investment arrangement	
My Choice Stable Fund	Medium
Constituent Funds under the DIS	
My Choice Core Accumulation Fund	Medium
My Choice Age 65 Plus Fund	Medium

Note : The risk profile of each Constituent Fund is categorized into low, medium and high. The risk profiles are determined by the Trustee based on the volatility of the relevant Constituent Funds over the past three years while, for the relevant Constituent Fund(s) launched less than three years, the risk profile(s) is/are determined based on the investment mix. According to our risk level mechanism, the Constituent Funds with exposure to equities between 15% to 65% of NAV will be classified as medium risk. The My Choice Core Accumulation Fund and the My Choice Age 65 Plus Fund have fallen into the upper and lower bound of range of medium risk (i.e. 15% to 65%) respectively. The risk profiles represent only the views of the Trustee. The investment risk profiles are provided for reference only and will be reviewed and (if appropriate) updated at least annually taking into account the prevailing market circumstances.

For details of the arrangement, members should refer to the DIS Re-investment Notice.

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

(i) has part of the accrued benefits in it invested in the original default investment arrangement (as a result of no valid investment mandate being given in respect of that part of the accrued benefits) unless the Trustee has received any Specific Investment Instructions, or

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

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

(c) For a member's Pre-existing Account which as at 31 March 2017 has all or part of the accrued benefits in it invested in the original default investment arrangement after fund termination, unless the Trustee has received any Specific Investment Instructions, the member's accrued benefits as well as future contributions and accrued benefits transferred from another scheme paid to the member's Pre-existing Account on or after 1 April 2017 will be invested in the same manner as at 31 March 2017.

6.7.8. 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 Trustee has been notified of the termination of his employment, or

(b) the member has given instruction to transfer the accrued benefits from such employment to a personal account and his accrued benefits are therefore transferred to the personal account,

the accrued benefits transferred from the member's contribution account to the member's personal account will be invested in the same manner immediately before the transfer, and, unless the Trustee receives a Specific Investment Instruction from the member with regard to the member's personal account, any new contributions and accrued benefits transferred from another registered 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 or a mandatory provident fund scheme under the MPFS Ordinance with another service provider, 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 Trustee. At the request of such personal account member, the Trustee may accept a transfer payment from any scheme or arrangement of which that member was a member. 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 completing and returning to the Trustee the specified form. Please note that transferring the accrued benefits deriving from the voluntary contributions into the Scheme shall be subject to the governing rules of such another registered scheme.

If a person is already an employee 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 by submitting a transfer notice to the Trustee. 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 6.8.4 (*Cessation of employment)* will apply.

6.8.3. Transfer within the Scheme

If a member is entitled (whether under the terms of the Trust Deed or the relevant participating agreement or pursuant to applicable law) to transfer any of his accrued benefits (whether derived from mandatory contributions or voluntary contributions) under a participating plan to another participating plan (of which he is or will be a member), the member may make a written request to the Trustee in a prescribed form to transfer such benefits. The Trustee shall have the right to reject the request where: (a) any documents or information necessary for the transfer is outstanding; or (b) the transfer is prohibited under any applicable laws or regulations. For the avoidance of doubt: (i) no new units shall be issued or existing unit redeemed in effecting such transfer, and (ii) any investment mandate applicable to the receiving participating plan will not be applied to the transferred units, and if the member wishes to switch such units into units of other Constituent Funds, he must duly submit a switching instruction form in this regard.

6.8.4. 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 Trustee receives and approves the transfer request and any other necessary and duly completed documentation.

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

(a) the employee is re-employed by a new owner (in the case of change of business ownership) or an associated company of the previous 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.

6.8.5. 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 Trustee receives and approves the transfer request and any other necessary and duly completed documentation.

6.8.6. 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 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.

6.8.7. Member's Choice - Benefits in personal accounts

If a member has accrued benefits in a personal account of the Scheme, such member may 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.

6.8.8. 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.

6.8.9. Notification to the Trustee

A member who wishes to make a transfer should notify the trustee of the transferee scheme to which the accrued benefits will be transferred (the "New Trustee") of his election and provide necessary information in accordance with the rules of such scheme. The Trustee will, upon notification of the election by the New Trustee, take all practicable steps to ensure that all the accrued benefits concerned will be transferred in accordance with the election within 30 days after being notified. However, if an election is made by an employee member who has ceased to be employed by his 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 the 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 6.8.9 is not applicable to SVC members.

6.9. Vesting of benefits

6.9.1. Employee member

Except for any employer's voluntary contribution, all contributions made by, or in respect of, an employee member and all mandatory contributions made by an 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 of a participating plan 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 of a participating plan 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 at any time by giving to the Trustee prior written notice in a form acceptable to the Trustee. There is no limit on the number of withdrawals for each member in each calendar year.

In respect of withdrawal of accrued benefits by instalments, the Trustee will not charge any handling fee for payment of the first 12 instalments in each calendar year and the final instalment 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 (d) 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 under the above circumstances will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee 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 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 (if applicable)

4. Accrued benefits deriving from participating employer's mandatory contributions to the Scheme (if applicable)

This section 6.10 is not applicable to SVC members.

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

6.11.1. Standard voluntary contributions

Accrued benefits deriving from voluntary contributions made in respect of an employee member pursuant to a participation agreement 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 standard voluntary contributions and (ii) the total balance of the accrued benefits deriving from his own standard voluntary contributions. Under the circumstances specified above, an employee member may request to withdraw such accrued benefits by giving the Trustee at least 30 days' prior written notice (or such other shorter period the Trustee may agree). The accrued benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation. 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 voluntary contributions once in each financial year of the Scheme by giving 30 days' prior written notice to the Trustee (or such other shorter period of notice the Trustee may agree).

6.11.2. 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 giving to the Trustee at least 30 days' prior written notice (or such other shorter period of notice the Trustee may agree) in a form acceptable to the Trustee. There is no limit on the number of redemptions for each 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 Trustee from time to time, however, no minimum redemption limit will be applicable where such a member submits a withdrawal request for his entire SVC balance. Currently, there is no limit on the maximum amount withdrawn.

The redemption shall be effected on the dealing day immediately after the Trustee has received, reconciled and validated the written request for redemption submitted by the member. Any such withdrawal request must be made in a form as may be prescribed by the Trustee from time to time. The redemption proceeds will be paid by way of a cheque within 14 working days of the receipt of a valid withdrawal request. Currently, no withdrawal fee will be levied.

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

This subsection 6.11.2 is not applicable to TVC members.

6.12. Payment of accrued benefits

Subject to the Regulation, a member who is entitled to receive his accrued benefits under the Scheme may lodge with the Trustee a claim for the relevant accrued benefits by submitting a form as prescribed by the Trustee.

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.

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

Payment of 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.

6.13. Termination of participating scheme

6.13.1. Termination (other than a TVC account)

This subsection 6.13.1 is not applicable to TVC members.

A member may at any time cease to participate in the Scheme by giving a written notice, in such prescribed form and manner, to the Trustee.

Furthermore, the Trustee may terminate 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) 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 an immediate notice to him or, in the case of an employee member, to his participating employer.

The Trustee also reserves the right to terminate the membership of an SVC member at any time by giving an immediate notice to him.

In respect of a personal account member, the Trustee reserves the right to terminate his membership at any time by giving an immediate notice to him.

Upon termination of the participating plan, 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.

6.13.2. 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

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

(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 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 by giving to the members a 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 relevant investment manager (where applicable), having regard to the interests of the members, suspend the dealing of the units of any Constituent Fund and 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 relevant 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, in consultation with the relevant investment manager, be reasonably ascertained;

(iii) in the opinion of the Trustee, 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 realisation 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, be effected at normal rates of exchange; or

(v) circumstances exists as a result of which, in the opinion of the Trustee, it is not reasonably practical not to suspend dealing.

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 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.

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 from time to time. After the contribution monies in cleared funds have been received, reconciled and validated by the Trustee, the Trustee will issue to the relevant member the appropriate number of units of the relevant Constituent Funds in accordance with the member's investment mandate. The number of units issued shall be determined based on the issue price of the Constituent Funds as at the dealing day as soon as reasonably practicable after the subscription monies in cleared funds have been received, reconciled and validated by the Trustee. Prior to investment of the contribution monies in the Constituent Funds, the Trustee shall retain the monies in an interest bearing account and any interest derived therefrom shall be retained as income of the Scheme or for the payment of any administrative expenses of the Scheme for the benefits of the members. The Trustee has the discretion to accept an application for the issue of Units notwithstanding that the subscription monies are not in cleared funds and/or the exact subscription amount is not ascertainable until a later dealing day.

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

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

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 number of decimal places 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.

Units of any Constituent Fund of the Scheme will initially be issued at HKD10 unless otherwise determined by the Trustee.

Subject to the approval of the SFC and the agreement of the MPFA, the Trustee may change the methodology of determining the issue price of any Constituent Fund by giving to the members a 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 4 decimal places, or such other number of decimal places as the Trustee may determine from time to time)
P	-	is the redemption proceeds from the current Constituent Fund calculated in accordance with subsection 7.2.3. (*Redemption of units and redemption price*)
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.

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

7.2.3. 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 number of decimal places 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 down to two decimal places or in such other number of decimal places as the Trustee may determine.

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

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

Subject to the approval of the SFC and the agreement of the MPFA, the Trustee may change the methodology of determining the redemption price of any Constituent Fund by giving to the members a three months' prior notice.

7.3. Reports and accounts

The financial year end of the Scheme is 31 March each year. The Trustee will provide to each member an annual benefit statement 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 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 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 the My Choice MPF Conservative Fund

A document that illustrates the on-going costs on contributions to Constituent Funds in the Scheme (except for the My Choice MPF Conservative Fund) and an illustrative example for the My Choice 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 Trustee's website www.bocpt.com.

7.6. Documents for inspection

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

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).

The Trustee will notify the members by giving them prior written notice over such notice period in accordance with the Trust Deed (or such other period as the SFC and the MPFA may agree or require) before any modification made to the Trust Deed takes effect.

7.7. Duration

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

7.8. 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.

It is our understanding that:

(i) A participating employer will be able to deduct its mandatory and voluntary contributions to its participating plan from its taxable income of up to 15% of the total yearly emoluments of its participating employees under the plan.

(ii) Employees and self-employed persons will be entitled to a deduction for their mandatory contributions to the Scheme, respectively for salaries tax and profit tax purposes, subject to a maximum deduction per year as specified in the IRO.

(iii) Benefits from mandatory contributions are tax exempt. Benefits received from voluntary contributions made by participating employers may be subject to tax, depending on how and when they are paid.

(iv) 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.

7.9. 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, it shall be forfeited to the Trustee unless:

(a) otherwise provided for in the relevant participation agreement;

(b) such benefit has been charged to the participating employer against any debts owed to the participating employer; or

(c) 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 Trustee as at the date of the bankruptcy order unless:

(i) otherwise provided for in the relevant participation agreement (where applicable);

(ii) such benefit has been charged to the participating employer against any debts owed to the participating employer; or

(iii) the Trustee in its discretion decides to pay it in case of hardship to the employee member or to his spouse or dependant.

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

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

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

GLOSSARY

"APIF(s)"	means (a) collective investment scheme(s) approved by the MPFA pursuant to the MPFS Ordinance for investment by registered schemes.
"approved stock exchange"	means an approved stock exchange, as defined in section 2 of the Regulation.
"BOC(HK)"	means Bank of China (Hong Kong) Limited.
"BOCI"	means BOC International Holdings Limited.
"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 relevant 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.
"dealing day"	means every business day or such other day(s) as the Trustee and relevant investment manager may from time to time determine.
"DIS Funds"	means the My Choice Core Accumulation Fund and the My Choice Age 65 Plus Fund, and each a "DIS Fund".
"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.
"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.
"HKMA"	means the Hong Kong Monetary Authority.
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China.
"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).
"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.
"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.
"Pre-existing Accounts"	means accounts which exist or are set up before 1 April 2017.
"Prudential"	means Prudential Corporation Holdings Limited.
"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 My Choice Core Accumulation Fund and the My Choice 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.
"RMB"	means Renminbi, the lawful currency of the PRC.
"Scheme"	means The MY 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: (i) an instruction by a member to invest contributions and/or accrued benefits (including accrued benefits transferred from another scheme) (as the case may be), in such manner as prescribed by the Trustee, and meeting the following requirements: • the total percentage for all the selected Constituent Funds (including DIS as an investment choice) (or, in the case of a switching instruction, the switch-in total) should add up to 100%, and • the allocated percentage for each selected Constituent Fund and/or DIS must be an integer and should be not less than 5%, or (ii) a confirmation (whether in the form of hard copy or online submission of the relevant administration forms prescribed by the Trustee or through mobile apps) by a member with regard to any investment arrangement of the existing accrued benefits and/or future contributions and accrued benefits transferred from another scheme.
"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.
"US" 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.
"US dollar"	means the lawful currency of US.
"UT Code"	means the Code on Unit Trusts and Mutual Funds issued by the SFC.

ILLUSTRATIVE EXAMPLE FOR
MY CHOICE MPF CONSERVATIVE FUND OF THE
MY CHOICE MANDATORY PROVIDENT FUND SCHEME

Issue date: 28 Sep 2012

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$35**.

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.

中銀國際 BOC INTERNATIONAL

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ON-GOING COST ILLUSTRATIONS FOR
My Choice Mandatory Provident Fund Scheme

Issued: 31 March 2020

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 03/2019	Cost on each HK$1,000 contributed		
		After 1 year (HK$)	After 3 years (HK$)	After 5 years (HK$)
My Choice Growth Fund	1.07%	11	35	61
My Choice Balanced Fund	1.00%	11	33	57
My Choice Stable Fund	1.03%	11	34	58
My Choice Global Equity Fund	1.13%	12	37	64
My Choice Asia Equity Fund	1.05%	11	34	60
My Choice China Equity Fund	1.10%	12	36	62
My Choice Hong Kong Equity Fund	1.17%	12	38	66
My Choice Hong Kong Tracking Fund	0.71%	7	23	41
My Choice Global Bond Fund	1.09%	11	36	62
My Choice HKD Bond Fund	1.05%	11	34	60
My Choice RMB & HKD Money Market Fund	0.35%	4	12	20
My Choice Core Accumulation Fund	0.86%	9	28	49
My Choice Age 65 Plus Fund	0.84%	9	28	48

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.

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