Manulife 宏利

MPF Scheme Brochure for Manulife Global Select (MPF) Scheme

Trustee: Manulife Provident Funds Trust Company Limited
Sponsor: Manulife (International) Limited

March 2024

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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 to note:

- **You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds or the Default Investment Strategy, you are in doubt as to whether a certain constituent fund or the Default Investment Strategy is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and make investment choices most suitable for you taking into account your circumstances.**
- **The asset allocation of the DIS CFs in the DIS and some of the constituent funds which are referred to as the Retirement Funds will change over time and hence the risk profile and return will also change over time. The DIS CFs or the Retirement Funds may not be suitable for all Members. You should understand the relevant risks involved before investment and consider factors other than age and review your own investment objectives.**
- **The Manulife MPF Interest Fund and the Manulife MPF Stable Fund (collectively the "Guaranteed Funds") under the Scheme each invests solely in APIFs in the form of insurance policy provided by Manulife (International) Limited. The guarantee is also given by Manulife (International) Limited. Your investments in the Guaranteed Funds, if any, are therefore subject to the credit risks of Manulife (International) Limited. Please refer to sections 3.4.2 (Manulife MPF Stable Fund (the "Stable Fund")) and 7.2.4(b) (Manulife MPF Stable Fund) and sections 3.4.1 (Manulife MPF Interest Fund (the "Interest Fund")) and 7.2.4(c) (Manulife MPF Interest Fund) of this MPF Scheme Brochure for details of the credit risks, guarantee features and qualifying conditions.**
- **The Manulife MPF Retirement Income Fund (the "Retirement Income Fund") does not guarantee distribution of dividend, the frequency of distribution, and the dividend amount/yield. Dividends may be paid out of the realised capital gains, capital and/or gross income while charging/paying all or part of the fees, charges and expenses to/out of the capital, resulting in an increase in distributable income available for dividend distribution. Payment of dividends out of capital and/or effectively out of capital represent a withdrawal of part of the original investment or from any capital gains attributable to that original investment. Distribution of dividends will result in an immediate decrease or adjustment in the net asset value per unit of the Retirement Income Fund on the ex-dividend date.**
- **Members who are below age 65 should note that the regular and frequent distribution of dividends and reinvestment of such dividends into the Retirement Income Fund will inevitably involve an investment time-lag during which dividends are not reinvested and it is subject to out-of-market risk on a recurring basis (currently, on a monthly basis). With the feature of dividend distribution, the return of the Retirement Income Fund for these Members may be impacted negatively or positively as its net asset value per unit may have gone up or down at the time when dividends are reinvested. Therefore the return of the Retirement Income Fund for these Members may deviate from that of a constituent fund with similar investment portfolio without such arrangement and may not always be advantageous to these Members.**
- **Investment involves risks and not each of the constituent funds would be suitable for everyone. You should consider the risks associated with each of the constituent funds and the Default Investment Strategy and your investments/accrued benefits may suffer loss.**

1. INTRODUCTION

Manulife Global Select (MPF) Scheme (the "**Scheme**") is a master trust scheme registered with the MPFA under the MPF Ordinance and authorised by the SFC. Although the Scheme has been registered with and authorised by the MPFA and the SFC respectively, such registration and authorisation do not imply official recommendation of the Scheme by the MPFA and the SFC.

SFC authorisation is not a recommendation or endorsement of the Scheme. It does not guarantee the commercial merits of the Scheme, or its performance. It does not mean the MPF Scheme is suitable for all scheme participants or fund holders. It is also not an endorsement of its suitability for any particular scheme participant or fund holder.

The Scheme is constituted by the Trust Deed and is governed by the laws of Hong Kong. The Scheme is designed to provide retirement benefits to Members under the Scheme.

The Scheme commenced on December 1, 2000. The Scheme financial year end is March 31.

Manulife Financial Corporation ("MFC") is a leading international financial services group with principal operations in Asia, Canada and the United States. The group provides financial advice, insurance, as well as wealth and asset management solutions for individuals, groups and institutions. Manulife has been in Hong Kong for over 120 years and its experience in managing pension plans can be traced back to 1936 when Manulife sold its first provident fund plan. With its wealth of experience and financial strength, Manulife provides professional provident funds services of superb quality to both employers and the workforce of Hong Kong.

Manulife Provident Funds Trust Company Limited accepts responsibility for the accuracy of the information contained in this MPF Scheme Brochure as at the date of publication.

2. DIRECTORY OF APPROVED TRUSTEE AND OTHER SERVICE PROVIDERS

Sponsor	Manulife (International) Limited	22/F, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
Trustee and Custodian	Manulife Provident Funds Trust Company Limited	22/F, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
Investment Manager	MIMHK	10/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Administrator	Manulife (International) Limited	22/F, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
Auditors	Ernst & Young	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Guarantor in relation to the Guaranteed Funds	Manulife (International) Limited	22/F, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong

2.1 Sponsor

The Scheme is promoted by Manulife (International) Limited in its capacity as the Sponsor. As the Sponsor, Manulife (International) Limited is responsible for promoting, distributing and procuring sales of the Scheme, providing advice in relation to the product design and features of the Scheme, and providing ancillary and support services, including but not limited to business development, marketing, product development and any other support services to the Trustee as may be agreed between the Trustee and the Sponsor from time to time. The Sponsor is also the Guarantor of the Guaranteed Funds.

2.2 Trustee and custodian

Manulife Provident Funds Trust Company Limited is the Trustee of the Scheme. The Trustee is capitalised in excess of statutory requirements and supported by Manulife (International) Limited under the Manulife Financial Group. The Trustee assumes the investment management function of the Scheme.

2.3 Investment manager

MIMHK manages all the constituent funds of the Scheme and the underlying APIF(s) of certain constituent funds. MIMHK, a wholly-owned subsidiary of MFC, conducts its global asset management business under the brand name of Manulife Investment Management. The investment division of MFC has been operating for over 100 years[†], and has global expertise around the world in wealth management. MIMHK is licensed with the SFC to carry out asset management activities in Hong Kong.

Subject to the prior approval of the SFC and agreement of the MPFA, MIMHK may from time to time delegate any or all of its investment management functions to one or more sub-investment managers who may or may not be within the Manulife Group.

[†] A wholly owned subsidiary of MFC, The Manufacturers Life Insurance Company, was incorporated on June 23, 1887, and has been operating for over 100 years, providing a wide range of financial, insurance and investment management services to individuals, families, businesses and groups.

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

3.1 Scheme structure

Constituent funds		Underlying APIF(s)/ITCIS(s)
Manulife MPF Interest Fund	→	Interest Fund Policy
Manulife MPF Stable Fund	→	Stable Fund Policy
Manulife MPF Retirement Income Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF Growth Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF Aggressive Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF Conservative Fund	→	Manulife Conservative Fund
Manulife MPF Hong Kong Equity Fund	→	Two or more APIFs
Manulife MPF International Equity Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF Pacific Asia Equity Fund	→	Two or more APIFs
Manulife MPF European Equity Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF North American Equity Fund	→	Two or more APIFs
Manulife MPF Japan Equity Fund	→	Manulife Japan Equity Fund
Manulife MPF Hong Kong Bond Fund	→	Manulife Hong Kong Medium Term Bond Fund
Manulife MPF RMB Bond Fund	→	Two or more APIFs
Manulife MPF Sustainable Pacific Asia Bond Fund	→	Manulife Sustainable Pacific Asia Bond Fund
Manulife MPF International Bond Fund	→	Manulife International Bond Fund
Manulife MPF China Value Fund	→	Two or more APIFs
Manulife MPF Healthcare Fund	→	Two or more APIFs
Manulife MPF Hang Seng Index ESG Fund	→	ChinaAMC HSI ESG ETF
Manulife MPF Fidelity Growth Fund	→	Fidelity Global Investment Fund – Growth Fund
Manulife MPF Fidelity Stable Growth Fund	→	Fidelity Global Investment Fund – Stable Growth Fund
Manulife MPF Core Accumulation Fund	→	Amundi Moderate Growth Fund
Manulife MPF Age 65 Plus Fund	→	Amundi Income Fund
Manulife MPF Smart Retirement Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF 2025 Retirement Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF 2030 Retirement Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF 2035 Retirement Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF 2040 Retirement Fund	→	Two or more APIF(s) and/or ITCIS(s)
Manulife MPF 2045 Retirement Fund	→	Two or more APIF(s) and/or ITCIS(s)

3.2 Table for constituent funds

The Scheme currently consists of the following constituent funds. The Trustee may at any time establish a new constituent fund, subject to the approval by the MPFA and the SFC.

No.	Name of constituent fund	Investment Manager	Fund structure	Fund descriptor	Investment focus
1.	Manulife MPF Interest Fund	MIMHK	Investing in a single APIF	Guaranteed Fund – Capital Guarantee	At least 70% in HKD fixed income instruments and up to 30% in other investments
2.	Manulife MPF Stable Fund	MIMHK	Investing in a single APIF	Guaranteed Fund – Interest Guarantee	Up to 40% in equities and equity related investments, and remainder in bonds, deposits and other investments
3.	Manulife MPF Retirement Income Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – around 20% to 60% in equity and equity related investments	Around 20% to 60% in equities and equity-related investments, and remainder in bonds, deposits and other investments
4.	Manulife MPF Growth Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – around 50% to 90% in equities and equity related investments	Around 50% to 90% in equities and equity-related investments, and remainder in bonds, deposits and other investments
5.	Manulife MPF Aggressive Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – mainly in equities and equity-related investments	Mainly equities and equity-related investments, and up to 30% in bonds, deposits and other investments
6.	Manulife MPF Conservative Fund	MIMHK	Investing in a single APIF	Money Market Fund – Hong Kong	Fixed income instruments
7.	Manulife MPF Hong Kong Equity Fund	MIMHK	Investing in two or more APIFs##	Equity Fund – Hong Kong	At least 70% in Hong Kong equities and equity-related investments (less than 30% in shares of companies listed in mainland China), and up to 30% in bonds, deposits and other investments
8.	Manulife MPF International Equity Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Equity Fund – Global	Global equities and equity-related investments, and up to 30% in bonds, deposits and other investments
9.	Manulife MPF Pacific Asia Equity Fund	MIMHK	Investing in two or more APIFs##	Equity Fund – Pacific Asia	Mainly equities, and up to 30% in bonds, deposits and other investments
10.	Manulife MPF European Equity Fund	MIMHK	Investing in two or more APIF(s) ## and/or ITCIS(s)	Equity Fund – Europe	Mainly equities, and up to 30% in bonds, deposits and other investments

No.	Name of constituent fund	Investment Manager	Fund structure	Fund descriptor	Investment focus
11.	Manulife MPF North American Equity Fund	MIMHK	Investing in two or more APIFs##	Equity Fund – North America	Mainly equities, and up to 30% in bonds, deposits and other investments
12.	Manulife MPF Japan Equity Fund	MIMHK	Investing in a single APIF	Equity Fund – Japan	Mainly equities, and up to 30% in bonds, deposits and other investments
13.	Manulife MPF Hong Kong Bond Fund	MIMHK	Investing in a single APIF	Bond Fund – Hong Kong	At least 70% in HKD denominated permitted deposits and debt securities, and up to 30% in other investments
14.	Manulife MPF RMB Bond Fund	MIMHK	Investing in two or more APIFs##	Bond Fund – China	At least 70% in RMB denominated debt securities, and up to 30% in other RMB or non-RMB denominated investments
15.	Manulife MPF Sustainable Pacific Asia Bond Fund	MIMHK	Investing in a single APIF	Bond Fund – Pacific Asia	At least 85% in USD-denominated fixed income and fixed income-related securities of companies domiciled in, traded in and/or with substantial business interests in the Asia Pacific region and/or (if eligible) governments and government-related issuers located in the Asia Pacific region, who demonstrate strong sustainability attributes, and up to 30% in other investments
16.	Manulife MPF International Bond Fund	MIMHK	Investing in a single APIF	Bond Fund – Global	Mainly in permitted deposits, debt securities issued by any government, central bank or multilateral international agency, and up to 30% in other investments
17.	Manulife MPF China Value Fund	MIMHK	Investing in two or more APIFs##	Equity Fund – Greater China	Mainly in shares of companies covering different sectors of the economy in the Greater China region, and up to 30% in bonds, deposits and other investments

No.	Name of constituent fund	Investment Manager	Fund structure	Fund descriptor	Investment focus
18.	Manulife MPF Healthcare Fund	MIMHK	Investing in two or more APIFs##	Equity Fund – Healthcare Sector	Mainly in equity related investments and equities of companies in health care and related industries and which are listed on any stock exchange, and up to 30% in bonds, deposits and other investments
19.	Manulife MPF Hang Seng Index ESG Fund	MIMHK	Investing in a single ITCIS	Equity Fund – Hong Kong	Shares of constituent companies of the HSI ESG Enhanced Index
20.	Manulife MPF Fidelity Growth Fund	MIMHK	Investing in a single APIF	Mixed Assets Fund – Global – approximately 90% in equities	Approximately 90% of the underlying APIF in global equities
21.	Manulife MPF Fidelity Stable Growth Fund	MIMHK	Investing in a single APIF	Mixed Assets Fund – Global – approximately 50% in equities	Approximately 50% of the underlying APIF in global equities and 45% in global bonds and remainder of 5% in cash deposits
22.	Manulife MPF Core Accumulation Fund	MIMHK	Investing in a single APIF	Mixed Assets Fund – Global – around 60% in higher risk assets and 40% in lower risk assets	Approximately 60% in higher risk assets and remainder in lower risk assets
23.	Manulife MPF Age 65 Plus Fund	MIMHK	Investing in a single APIF	Mixed Assets Fund – Global – around 20% in higher risk assets and 80% in lower risk assets	Approximately 20% in higher risk assets and remainder in lower risk assets
24.	Manulife MPF Smart Retirement Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – maximum 50% in equities	Around 30% to 50% in equities and equity-related investments, and remainder in bonds, deposits and other investments
25.	Manulife MPF 2025 Retirement Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – maximum 95% in equities	Initially 75% to 95% in equities and equity-related investments and remainder in bonds, deposits and other investments, and gradually contain more fixed-income securities according to the Glide Path

No.	Name of constituent fund	Investment Manager	Fund structure	Fund descriptor	Investment focus
26.	Manulife MPF 2030 Retirement Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – maximum 95% in equities	Initially 75% to 95% in equities and equity-related investments and remainder in bonds, deposits and other investments, and gradually contain more fixed-income securities according to the Glide Path
27.	Manulife MPF 2035 Retirement Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – maximum 100% in equities	Initially 80% to 100% in equities and equity-related investments and remainder in bonds, deposits and other investments, and gradually contain more fixed-income securities according to the Glide Path
28.	Manulife MPF 2040 Retirement Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – maximum 100% in equities	Initially 80% to 100% in equities and equity-related investments and remainder in bonds, deposits and other investments, and gradually contain more fixed-income securities according to the Glide Path
29.	Manulife MPF 2045 Retirement Fund	MIMHK	Investing in two or more APIF(s)## and/or ITCIS(s)	Mixed Assets Fund – Global – maximum 100% in equities	Initially 80% to 100% in equities and equity-related investments and remainder in bonds, deposits and other investments, and gradually contain more fixed-income securities according to the Glide Path

These APIFs are managed by MIMHK and/or managed by other investment managers.

3.3 MPF Default Investment Strategy (the "DIS")

The DIS 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. With effect from April 1, 2017, the default investment arrangement of the Scheme is the DIS. For those Members who do not make an investment choice, their contributions and accrued benefits transferred from another scheme ("**transferred monies**") 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.

The fund performance of each DIS CF will be reported against its respective Reference Portfolio. Each Reference Portfolio is subject to review on regular basis and may change. For more and the latest information about the reference portfolios, please visit the website of the Hong Kong Investment Funds Association at www.hkifa.org.hk.

3.3.1 Key features about the DIS

(a) Asset allocation of the DIS

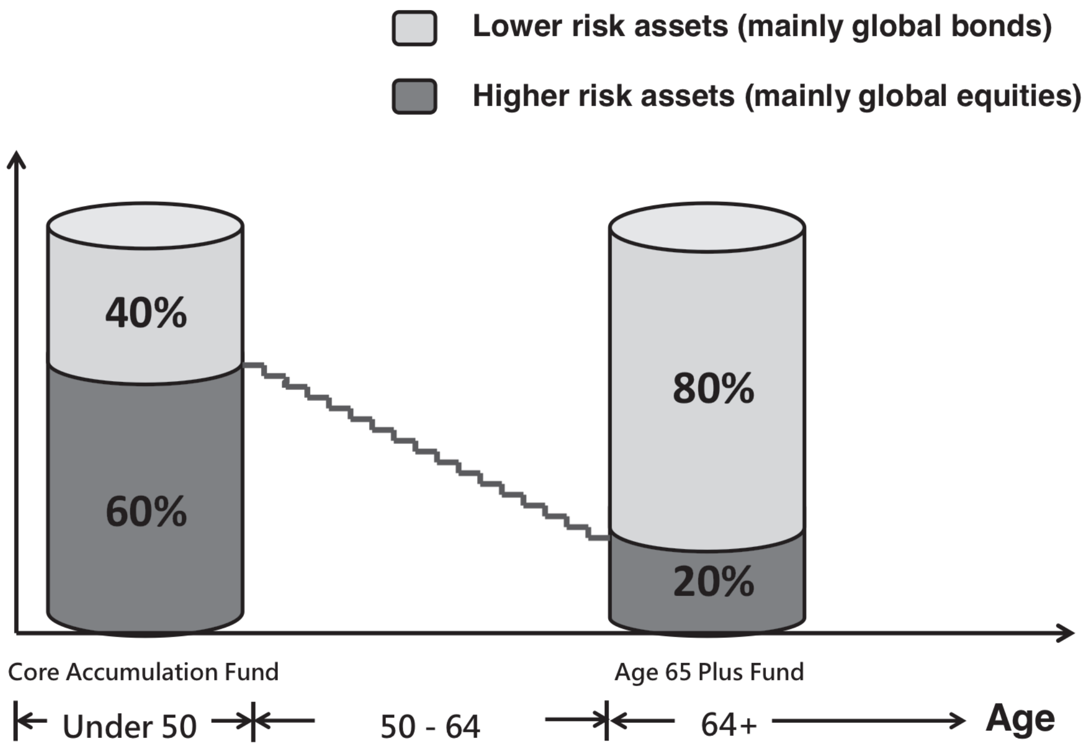
The DIS aims to balance the long-term effects of investment risk and return through investing in the DIS CFs, namely the Manulife MPF Core Accumulation Fund (the "**Core Accumulation Fund**" or "**CAF**") and the Manulife MPF Age 65 Plus Fund (the "**Age 65 Plus Fund**" or "**A65F**") according to the pre-set allocation percentages depending upon the Member's age. The CAF will invest around 60% in higher risk assets and 40% in lower risk assets of its NAV whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. Both constituent funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market instruments and cash, and other types of assets allowed under the MPF legislation.

(b) 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 CAF and increasing the holding in the A65F 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 the age of 64, after which it stays steady again.

Members should refer to section 4.26 (Additional key risks relating to the DIS) for further information on the risks associated with investing in accordance with the DIS.

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 mainly due to market fluctuations.

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the CAF to the A65F under the DIS. Switching of the existing accrued benefits among the CAF and the A65F will be automatically carried out each year ("**Annual De-risking**") on a Member's birthday and according to the allocation percentages in the DIS de-risking table as shown in Diagram 2 below.

3.3.2 Dealing day of Annual De-risking

If a Member's birthday is not on a dealing day, then the Annual De-risking will be moved to the next available dealing day. If the birthday of the relevant Member falls on February 29 and in the year which is not a leap year, then the Annual De-risking will be moved to March 1 or the next available dealing day. Members should also note that as the de-risking process involves switching between the two DIS CFs, rounding differences in the number of units may arise and please refer to section 6.6 (Switching) on how the number of units will be calculated. **When one or more instructions from Members, such as subscription, redemption or switching instructions, are being processed, and units are to be issued/redeemed (in the case of the Interest Fund where investment is to be made in or monies to be withdrawn from) on the dealing day same as the dealing day scheduled for the Annual De-risking for a relevant Member, the instruction(s) and the Annual De-risking in respect of such Member will take place on the same day although the Annual De-risking will only take place after processing the instruction(s).** A Member can visit our website at www.manulife.com.hk for the relevant information on our MPF services. To the extent practicable, a notice will be sent to those Members who invest in the DIS at least 60 days prior to their 50th birthday to notify them of the commencement of the first de-risking. A confirmation of de-risking details will also be sent to the Member within five Business Days after the de-risking process has been completed. **Member should be aware that the above de-risking will not apply where a Member has chosen the CAF and the A65F as individual fund choices (rather than as part of the DIS).**

In summary, under the DIS:

- When a Member is below the age of 50, all his contributions and transferred monies will be invested in the CAF.
- When a Member is between the ages of 50 and 64, all his contributions and transferred monies will be invested according to the allocation percentages between the CAF and the A65F as shown in the DIS de-risking table in Diagram 2 below. The de-risking on the existing accrued benefits will be automatically carried out as described above.
- When a Member reaches the age of 64, all his contributions and transferred monies will be invested in the A65F.

If the Trustee does not have the full date of birth of the relevant Member, the Annual De-risking will be carried out as follows:

- If only the year and month of birth is available, the Annual De-risking will take place on the last calendar day of the birth month or the next available dealing day if such day is not a dealing day.
- If only the year of birth is available, the Annual De-risking will take place on the last calendar day of the year or the next available dealing day if such day is not a dealing day.

When the relevant Member provides or rectifies his date of birth and the allocation percentages between the CAF and the A65F for the DIS at the Member's age is different from the current allocation percentages for such Member in the Trustee's record, the Trustee will adjust the allocation percentages between the CAF and the A65F for the accrued benefits and update the allocation percentages applicable to the new contributions according to the allocation percentages in the DIS de-risking table shown in Diagram 2 below as soon as practicable. The Annual De-risking of a Member will discontinue when the Trustee has received sufficient confirmation regarding the death of the Member.

Diagram 2: DIS de-risking table

Age	Core Accumulation Fund	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 CAF and the A65F is made at the point of Annual De-risking and the proportion of the CAF and the A65F in the DIS portfolio may vary during the year due to market fluctuations.

Please refer to sections 3.4.22 (Manulife MPF Core Accumulation Fund (the "Core Accumulation Fund" or "CAF")) and 3.4.23 (Manulife MPF Age 65 Plus Fund (the "Age 65 Plus Fund" or "A65F")) for the investment policies of the CAF and the A65F and sections 6.5 (Contribution investment instruction), 6.6 (Switching), 6.7 (Circumstances for accrued benefits to be invested in the DIS) and 6.8 (Transfer) about specific administrative arrangements for the DIS.

3.4 Statements of Investment Policies

The risk factors listed under each constituent fund are provided for reference only and intended to show the most relevant risk factors associated with each constituent fund. Members are advised to read section 4 (Risk factors) for details of all risk factors, which may be interrelated to each other.

3.4.1 Manulife MPF Interest Fund (the "Interest Fund")

(a) Objective

The Interest Fund is a non-unitised bond fund that provides a capital guarantee and aims to provide Members with interest each month at a rate that is equal to or exceeds the prescribed savings rate published by the MPFA. The interest rate (which shall not be less than zero) shall be declared by the Trustee on a monthly basis at its sole discretion at the recommendation of Manulife (International) Limited at the end of the month, based on economic and market conditions during that month. Please refer to section 7.2.4(c) (Manulife MPF Interest Fund) for details.

The Interest Fund is designed to provide capital guarantee and short-term growth for Members who wish to invest conservatively, are close to the age of retirement or are seeking a temporary safe-haven during more turbulent economic times.

(b) Balance of investments

It is intended that the underlying investments of the Interest Fund will invest at least 70% of its NAV in HKD fixed income instruments. The underlying portfolio may also include other investments as permitted under the General Regulation, up to 30% of the NAV of the Interest Fund.

At the end of each month, interest to be calculated and credited for the month (which shall not be less than zero) shall be equal to the aggregate of daily interest for the month. Each daily interest within the month shall be calculated at month-end by reference to the minimum balance recorded for such respective day multiplied by the interest rate declared by the Trustee and will be credited to the Interest Fund at the end of each month. For details, please refer to section 7.2.4(c) (Manulife MPF Interest Fund).

The insurer (as the guarantor) of the Interest Fund Policy provides a guarantee. The "capital" to be guaranteed shall comprise of the accrued benefits standing to the Member's account at any given time (inclusive of any contributions net of redemption and any credited interest, minus any applicable service fees). In order to provide the capital guarantee and return, a reserve account funded solely by a smoothing provision will be maintained at the Interest Fund Policy level to provide for systematic funding for the cost of the guarantee. The guarantee feature will therefore lead to a dilution of performance of the Interest Fund. In addition, Manulife (International) Limited will use its own assets to ensure that the guarantee is fulfilled over the term of the Scheme if assets of the Interest Fund prove inadequate. Please refer to section 7.2.4(c) (Manulife MPF Interest Fund) for a detailed explanation of the smoothing provision.

Investments in the Interest Fund Policy are held as the assets of Manulife (International) Limited. Where Manulife (International) Limited is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in the Interest Fund, you should consider the risk posed by Manulife (International) Limited, the insurer of the Interest Fund Policy, under the circumstances set out above and, if necessary, seek additional information or advice. The Interest Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The portfolio of any underlying APIF under the Interest Fund will not engage in security lending and will not enter into repurchase agreements.

(d) Futures and options

The portfolio of any underlying APIF under the Interest Fund may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Credit risk and credit rating risk
- Political, economic and social risks
- Counterparty and settlement risk
- Risks related to futures and options
- Derivatives
- Interest rate risk
- Risks associated with investment in underlying funds
- Valuation and accounting risk
- Early termination risk

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.2 Manulife MPF Stable Fund (the "Stable Fund")

(a) Objective

The Stable Fund is a unitised balanced fund that aims to provide relatively stable medium- to long-term growth. Members are also provided with an interest guarantee upon the occurrence of one of the pre-determined events or on the ground of terminal illness provided that the qualifying condition is satisfied (see section 3.4.2(b) (Balance of investments)). The guaranteed rate of interest for each month will be equal to the prescribed savings rate published by the MPFA.

The guarantee provides a comfort zone for Members upon the occurrence of a pre-determined event or terminal illness (see section 3.4.2 (b) (Balance of investments)), during an unfavourable investment climate which may temporarily jeopardise investment returns.

The Stable Fund provides a conservative investment for Members who are prepared to accept modest fluctuations in the value of their investment in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investment will be made on a diversified basis. Up to 40% of the portfolio of the Stable Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in any region such as America, Pacific Asia, Japan, Europe, etc., with a relative bias towards Hong Kong. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

Units issued as a result of contributions made to the Stable Fund can notionally be classified as "qualifying units" or "non-qualifying units". Units acquired by contributions that satisfy the qualifying condition below will be classified as qualifying units. Those acquired by contributions that do not satisfy the qualifying condition below will be classified as non-qualifying units.

The insurer (as the guarantor) of the Stable Fund Policy provides a guarantee. Upon redemption of units in the Stable Fund, Members may receive either an amount as calculated in accordance with section 7.2.4(a) (Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund) or a "guaranteed" amount, whichever is higher, provided that:

(i) the qualifying condition as set out below is satisfied; and

(ii) the redemption is effected as a result of a certain pre-determined event or on the ground of terminal illness.

<u>Qualifying condition</u>

Where contributions are received in cleared funds **before the Member's 55th birthday** (the "**qualifying condition**"), qualifying units will be issued. In other cases, non-qualifying units will be issued.

<u>Pre-determined events</u>

The guaranteed amount in respect of the qualifying units of a Member will be payable in any of the following pre-determined events:

- the Member reaching the normal retirement age of 65;
- the Member becoming totally incapacitated; or
- the Member's death.

The Stable Fund will be operated on a dual-account basis. In respect of each sub-scheme of a Member, each Member holding units in the Stable Fund will have an "actual" account and a "guaranteed" account. The "actual" account is an account holding the units in the Stable Fund, under which sub-accounts are maintained for the purpose of holding accrued benefits deriving from various types of mandatory and voluntary contributions. The "guaranteed" account is a notional account, with corresponding sub-accounts, in which a balance will be maintained and calculated on the basis that respective contribution monies (that satisfy the qualifying condition) are invested at the guaranteed rate of interest. Please refer to section 7.2.4(b) (Manulife MPF Stable Fund) for details.

A reserve account funded by a provision for guarantee, which is deducted from the assets value of the Stable Fund Policy in which the Stable Fund invests, will be maintained at the Stable Fund Policy level to provide for systematic funding for the cost of the guarantee. The guarantee features will therefore lead to a dilution of performance of the Stable Fund. In addition, Manulife (International) Limited provides a third party guarantee and will use its own assets to ensure that the guarantee is fulfilled over the term of the Scheme if assets of the Stable Fund is proved to be inadequate.

Investments in the Stable Fund Policy are held as the assets of Manulife (International) Limited. Where Manulife (International) Limited is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in the Stable Fund, you should consider the risk posed by the Manulife (International) Limited, the insurer of the Stable Fund Policy, under the circumstances set out above and, if necessary, seek additional information or advice. The Stable Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The portfolio of any underlying APIF under the Stable Fund will not engage in security lending and will not enter into repurchase agreements. The underlying ITCIS may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The portfolio of any underlying APIF under the Stable Fund may acquire financial futures contracts and financial option contracts for hedging purposes. The underlying ITCIS may acquire financial futures contracts and financial option contracts.

(e) Risks

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

- Market and investment risks
- Emerging market risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Risks related to futures and options
- Equity investment risk and volatility risk
- Derivatives
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Valuation and accounting risk
- Early termination risk

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.3 Manulife MPF Retirement Income Fund (the "Retirement Income Fund")

(a) Objective

The Retirement Income Fund is a unitised balanced fund which is designed to seek to provide regular and stable income by way of distribution of dividend to Members' account/sub-account, with the secondary objective of generating long-term capital growth, for Members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long-term returns. The dividends distributed to Members' account/sub-account will be invested in the Retirement Income Fund or the Manulife MPF Interest Fund ("**Interest Fund**") based on the Member's age as at the record date as explained under section 3.4.3 (f) (Distribution of dividend).

(b) Balance of investments

It is intended that the underlying investments of the Retirement Income Fund will be made on a diversified basis. Around 20% to 60% of the NAV of the Retirement Income Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may invest in any region such as America, Pacific Asia, Japan, Europe, etc. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate.

The Retirement Income Fund will maintain an effective currency exposure to HKD of not less than 30% of its NAV in accordance with section 16 of Schedule 1 to the General Regulation through investments in HKD or currency hedging. The Retirement Income Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the Retirement Income Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Retirement Income Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The Retirement Income Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the Retirement Income Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Risk related to securities lending and repurchase agreements
- RMB currency risk
- Mainland Chinese assets risk
- Equity investment risk and volatility risk
- Emerging market risk
- Risks associated with Stock Connect programmes
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risks related to the Manulife MPF Retirement Income Fund
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk Factors) for a detailed description of each of the risks listed.

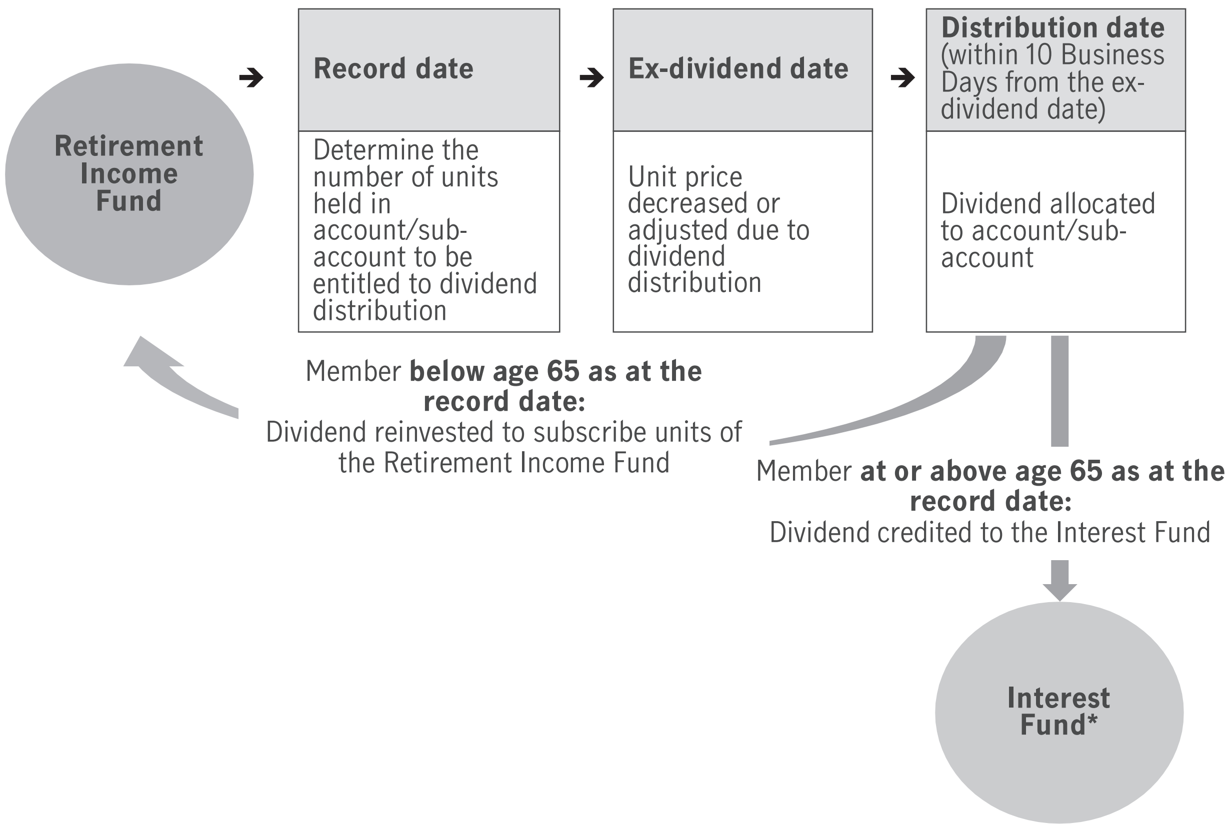
(f) Distribution of dividend

The Retirement Income Fund aims to distribute dividend on a regular basis. Currently, it is intended that the Retirement Income Fund will distribute dividend on a monthly basis starting from the seventh month (or earlier as advised by MIMHK if it considers appropriate) after the launch date of September 21, 2020. Prior to the first month commencing distribution of dividend in each calendar year, a dealing day of each month for that calendar year will be pre-determined as the record date ("**record date**").The NAV per unit of the Retirement Income Fund on the next dealing day immediately following the record date ("**ex-dividend date**") will be decreased or adjusted to reflect the distribution of dividend. The schedule of the pre-determined record dates and ex-dividend dates of each month for each calendar year will be made available at www.manulife.com.hk as soon as practicable prior to the first record date of that calendar year. If any date becomes a non-dealing day, such date and the corresponding following dates in relation to the dividend distribution process will be postponed to the respective next dealing day accordingly without notice.

The amount of dividend per unit of the Retirement Income Fund shall be determined by the Trustee at the recommendation of MIMHK. The number of units of the Retirement Income Fund held in the account/sub-account of a Member as at the record date will be entitled to the dividend as determined and applicable to such record date. For the avoidance of doubt, the number of units which are to be redeemed or switched out (if any) from the Retirement Income Fund as at the record date will not be entitled to dividend distribution. Further, the number of units which are to be subscribed for or switched into (if any) the Retirement Income Fund as at the record date will be entitled to dividend distribution.

The amount of dividend will be allocated to the account/sub-account of the relevant Members and reinvested in either the Retirement Income Fund or invested the Interest Fund based on the Member's age as at the record date. Such reinvestment or investment will be made on a dealing day within 10 Business Days from the ex-dividend date ("**distribution date**"). The amount of dividend per unit and the distribution date corresponding to each record date will be published at www.manulife.com.hk within six Business Days after the distribution date.

A one-off reminder will be issued to those Members at the time when dividend will start to be invested in the Interest Fund. Please refer to the chart below for the dividend distribution process:



* Please refer to section 3.4.1 (Manulife MPF Interest Fund) for details of the Interest Fund, particularly the investment objective and risks.

Members should note that dividends will not be paid out directly in cash but will be allocated to Members' account/sub-account. If Members are at or above age 65, dividends will be credited to and invested in the Interest Fund, which will be subject to relevant risks such as the credit risks of the guarantor as well as fees and charges applicable to the Interest Fund.

Members should also note that their investments in the Retirement Income Fund (including dividends distributed) are subject to the same vesting, preservation and withdrawal requirements applicable to mandatory and voluntary contributions (as applicable).

<u>Notes:</u>

The Trustee may, after consulting and agreeing with MIMHK and the sponsor, and having regard to the interests of the Members, amend the schedule of any future record dates and ex-dividend dates by updating the website as soon as practicable without notice to Members. Members should check the latest information available at the website.

The Trustee may, at the recommendation of MIMHK, determine whether or not to make any distribution of dividend for any month and the amount of dividend. The Trustee and MIMHK may consider various factors such as economic and market conditions and outlook, investment environment and performance of the Retirement Income Fund, etc. and in any case the dividend shall be determined by the Trustee at its sole discretion. The dividend will be allocated to the account/sub-account of the relevant Members as mentioned above or, having regard to the interests of the relevant Members, made in such other manner as the Trustee considers appropriate.

The Trustee may, at the recommendation of MIMHK, determine if and to what extent dividends are paid out of the realised capital gains, capital and/or gross income while charging/paying all or part of the fees, charges and expenses to/out of the capital, resulting in an increase in distributable income available for dividend distribution. Subject to prior approval of the MPFA and the SFC, the Trustee may amend the aforementioned dividend policy by giving one month's prior notice to Members.

Members should note that payment of dividends out of capital and/or effectively out of capital represent a withdrawal of part of the original investment or from any capital gains attributable to that original investment. Distribution of dividends will result in an immediate decrease or adjustment in the NAV per unit of the Retirement Income Fund on the ex-dividend date. Despite the above, dividends will be allocated to Members' account/sub-account for investment as provided under section 3.4.3(f) (Distribution of dividend).

The amount of dividend per unit and the composition of dividend distribution (i.e. the percentages of dividend being made out of net distributable income and capital) for the last 12 months will be made available at www.manulife.com.hk or on request.

Members who are below age 65 should note that the regular and frequent distribution of dividends and reinvestment of such dividends into the Retirement Income Fund will inevitably involve an investment time-lag (i.e. within 10 Business Days from the ex-dividend date) during which dividends are not reinvested and it is subject to out-of-market risk on a recurring basis (currently, on a monthly basis). With the feature of dividend distribution, the return of the Retirement Income Fund for these Members may be impacted negatively or positively as its NAV per unit may have gone up or down at the time when dividends are reinvested. Therefore the return of the Retirement Income Fund for these Members may deviate from that of a constituent fund with similar investment portfolio without such arrangement and may not always be advantageous to these Members. These members should consider carefully whether the Retirement Income Fund is suitable for them and, if necessary, seek independent professional advice.

Members should note that the Retirement Income Fund does not provide any guarantee on the capital or investment return or dividend amount/yield. There is no assurance on the dividend distribution frequency and the dividend amount/yield may fluctuate.

3.4.4 Manulife MPF Growth Fund (the "Growth Fund")

(a) Objective

The Growth Fund is a unitised balanced fund which is designed to provide medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the Growth Fund will be made on a diversified basis. Around 50% to 90% of the NAV of the Growth Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in any region such as America, Pacific Asia, Japan, Europe, etc. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Growth Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the Growth Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Growth Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The Growth Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

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

- Market and investment risks
- Currency risk
- Derivatives
- Risks associated with Stock Connect Programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Equity investment risk and volatility risk
- Emerging market risk
- Growth Enterprise Market
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Risks related to futures and options
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.5 Manulife MPF Aggressive Fund (the "Aggressive Fund")

(a) Objective

The Aggressive Fund is a unitised equity fund aiming to provide long-term capital growth. The Aggressive Fund is designed for Members who hold a long-term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the Aggressive Fund will be made on a diversified basis. The Aggressive Fund will be indirectly invested mainly in equities and equity- related investments. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the Aggressive Fund. The investment manager may at its discretion invest in any region such as America, Pacific Asia, Japan, Europe, etc., with a relative bias towards Hong Kong and Pacific Asia region markets. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Aggressive Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the Aggressive Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Aggressive Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The Aggressive Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

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

- Market and investment risks
- Currency risk
- Derivatives
- Risks associated with Stock Connect Programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Equity investment risk and volatility risk
- Emerging market risk
- Growth Enterprise Market
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Risks related to futures and options
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.6 Manulife MPF Conservative Fund (the "Conservative Fund")

(a) Objective

The Conservative Fund, mandated by the MPF Ordinance, aims to provide a rate of return to match the prescribed savings rate published by the MPFA but with no guarantee of capital or interest.

(b) Balance of investments

The Conservative Fund invests solely in an APIF (Manulife Conservative Fund). It is intended that the underlying investments will invest in fixed income instruments that comply with section 37 and Schedule 1 to the General Regulation. The underlying assets of the Conservative Fund must have an average portfolio remaining maturity period of not more than 90 days. The Conservative Fund must also maintain a total value of HKD currency investment equal to the total market value of the constituent fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation.

Members should note that an investment in the Conservative Fund is not the same as placing funds on deposit with a bank or deposit taking company and that there is no obligation on the part of the Trustee to redeem the investment at the subscription value. In addition, Members should note that the Conservative Fund is not subject to the supervision of the Hong Kong Monetary Authority.

(c) Security lending and repurchase agreements

The Conservative Fund and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Conservative Fund and its underlying APIF may not acquire financial futures contracts and financial option contracts.

(e) Risks

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

- Market and investment risks
- Early termination risk
- Interest rate risk
- Risks associated with investment in underlying funds
- Liquidity risk
- Custodial risk
- Currency risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Counterparty and settlement risk
- Valuation and accounting risk

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.7 Manulife MPF Hong Kong Equity Fund (the "Hong Kong Equity Fund")

(a) Objective

The Hong Kong Equity Fund is a unitised equity fund which is designed to provide medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments will be made on a diversified basis with at least 70% in shares of companies listed on the Hong Kong Stock Exchange or companies covering different sectors of the economy in Hong Kong and which are listed on any stock exchange. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the Hong Kong Equity Fund. The underlying portfolio may also, via the Stock Connect, invest less than 30% of the Hong Kong Equity Fund's NAV in shares of companies listed in mainland China. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Hong Kong Equity Fund will invest in two or more APIFs which will be selected from those available in the market that will allow the Hong Kong Equity Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Hong Kong Equity Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Hong Kong Equity Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Emerging market risk
- Growth Enterprise Market
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Mainland Chinese assets risk
- Risks associated with investment in underlying funds
- Equity investment risk and volatility risk
- RMB currency risk
- Derivatives
- Risks associated with Stock Connect programme
- Concentration risk
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.8 Manulife MPF International Equity Fund (the "International Equity Fund")

(a) Objective

The International Equity Fund is a unitised equity fund aiming to provide medium to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments will be made on a diversified basis. The International Equity Fund will invest indirectly in global equities and equity-related investment. The investment manager may at its discretion invest in any region such as North America, Japan, Europe, other Pacific Asia region markets and Hong Kong. At least 30% of the International Equity Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the International Equity Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The International Equity Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the International Equity Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The International Equity Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The International Equity Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

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

- Market and investment risks
- Currency risk
- Derivatives
- Risks associated with Stock Connect Programme
- Risks related to ITCIS
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Risks associated with investment in underlying funds
- Equity investment risk and volatility risk
- Emerging market risk
- Growth Enterprise Market
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risk associated with the SME board, ChiNext market and/or the STAR Board
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.9 Manulife MPF Pacific Asia Equity Fund (the "Pacific Asia Equity Fund")

(a) Objective

The Pacific Asia Equity Fund is a unitised equity fund which is designed to provide medium- to long-term capital growth for Members who hold a long-term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the Pacific Asia Equity Fund will be made on a diversified basis in shares of companies covering different sectors of the Asia Pacific markets, excluding Japan, and which are listed on any stock exchange. At least 30% of the NAV of the Pacific Asia Equity Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the Pacific Asia Equity Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Pacific Asia Equity Fund will invest in two or more APIFs which will be selected from those available in the market that will allow the Pacific Asia Equity Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Pacific Asia Equity Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Pacific Asia Equity Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Emerging market risk
- Growth Enterprise Market
- Political, economic and social risks
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Mainland Chinese assets risk
- Equity investment risk and volatility risk
- RMB currency risk
- Derivatives
- Risks associated with Stock Connect programme
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risks associated with the SME board ChiNext market and/or the STAR Board
- Risks associated with investment in underlying funds

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.10 Manulife MPF European Equity Fund (the "European Equity Fund")

(a) Objective

The European Equity Fund is a unitised equity fund which seeks to achieve medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the European Equity Fund will be made on a diversified basis in shares of companies covering different sectors of the economy in Europe and which are listed on any stock exchange. At least 30% of the NAV of the European Equity Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the European Equity Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The European Equity Fund invests in two or more APIF(s) and/or ITCIS(s).

(c) Security lending and repurchase agreements

The European Equity Fund and any of its underlying APIF(s) may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS(s) (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The European Equity Fund and any of its underlying APIF(s) and/or ITCIS(s) may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Political, economic and social risks
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Risks associated with investment in underlying funds
- Equity investment risk and volatility risk
- Derivatives
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risks related to ITCIS

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.11 Manulife MPF North American Equity Fund (the "North American Equity Fund")

(a) Objective

The North American Equity Fund is a unitised equity fund aiming to provide medium- to long-term capital growth for Members who hold a long-term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the North American Equity Fund will be made on a diversified basis in shares of companies covering different sectors of the economy in North America and which are listed on any stock exchange. At least 30% of the NAV of the North American Equity Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the North American Equity Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The North American Equity Fund will invest in two or more APIFs which will be selected from those available in the market that will allow the North American Equity Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The North American Equity Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The North American Equity Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Political, economic and social risks
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Equity investment risk and volatility risk
- Derivatives
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risks associated with investment in underlying funds

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.12 Manulife MPF Japan Equity Fund (the "Japan Equity Fund")

(a) Objective

The Japan Equity Fund is a unitised equity fund which is designed to provide medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the Japan Equity Fund will be made on a diversified basis in shares of companies covering different sectors of the economy in Japan and which are listed on any stock exchange. At least 30% of the NAV of the Japan Equity Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the Japan Equity Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Japan Equity Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The Japan Equity Fund and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Japan Equity Fund may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risks associated with investment in underlying funds
- Equity investment risk and volatility risk
- Derivatives
- Concentration risk
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.13 Manulife MPF Hong Kong Bond Fund (the "Hong Kong Bond Fund")

(a) Objective

The Hong Kong Bond Fund is a unitised bond fund which is designed to provide a competitive overall rate of return for Members who hold a conservative investment view.

(b) Balance of investments

It is intended that the underlying investments of the Hong Kong Bond Fund will be made on a diversified basis with at least 70% of the NAV of the Hong Kong Bond Fund invested in HKD denominated permitted deposits and debt securities (in a portfolio with a range of maturity periods) issued by the Government of Hong Kong or any government, central bank or multilateral international agency. It may also purchase debt securities which satisfy the minimum credit rating stipulated by the MPFA or those which are listed on any approved stock exchange, being a security issued by, or guaranteed by, a company whose shares are so listed. In addition, the underlying portfolio may include other investments as permitted under the General Regulation, up to 30% of the NAV of the Hong Kong Bond Fund. The intended asset allocation above is for reference only, and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Hong Kong Bond Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The Hong Kong Bond Fund and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Hong Kong Bond Fund may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risks associated with investment in underlying funds
- Equity investment risk and volatility risk
- Derivatives
- Interest rate risk
- Concentration risk
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.14 Manulife MPF RMB Bond Fund (the "RMB Bond Fund")

(a) Objective

The RMB Bond Fund is a unitised bond fund which is designed to provide competitive overall rate of returns for Members who hold a longer-term investment view and want to seek returns through capital appreciation and income generation.

(b) Balance of investments

Both the RMB Bond Fund and its underlying APIFs are denominated in HKD and not in RMB. The underlying investments will be made on a diversified basis (in terms of issuers and geographical distribution of such issuers) with at least 70% of the NAV of the RMB Bond Fund invested in RMB denominated debt securities that are issued, traded or distributed by any government, central bank, supra-nationals, multilateral international agencies and corporate issuers. It may also purchase RMB denominated debt securities which satisfy the minimum credit rating stipulated by the MPFA or those which are listed on any approved stock exchange being a security issued by, or guaranteed by, a company whose shares are so listed. These RMB denominated debt securities include but are not limited to bonds and convertible debt securities.

The RMB Bond Fund may also, through the underlying APIF(s), invest up to 30% of its NAV in other RMB or non-RMB denominated investments including money market instruments, certificates of deposits, cash and deposits, and non-RMB denominated debt securities, as permitted under the General Regulation. The non-RMB denominated investments are primarily denominated in HKD or US dollars, but may also be denominated in other currencies in the Asia Pacific region, as the investment manager deems appropriate having regard to various market conditions. It is intended that the non-RMB denominated investment exposure may help to mitigate the risks arising from RMB exchange rate fluctuations, provide flexibility to achieve steady growth over the long term in different market conditions and/or reduce the cost of currency hedging.

The RMB Bond Fund will maintain an effective currency exposure to HKD of not less than 30% of its NAV in accordance with section 16 of Schedule 1 to the General Regulation through investments in HKD or currency hedging.

The target ranges of asset allocation of the RMB Bond Fund are as follows:

By investment type:	
Debt securities	70%-100%
Other instruments including money market instruments, certificates of deposits, cash and deposits	0%-30%
By currency:	
RMB denominated investments	70%-100%
Non-RMB denominated investments	0%-30%

The asset allocation of the RMB Bond Fund may, at the discretion of its investment manager, deviate from the above target ranges during the period when there may be adverse impacts to the performance of the RMB Bond Fund due to market, political, structural, economic and other conditions change as determined by the investment manager acting in good faith and in areasonable manner. The RMB Bond Fund will invest in two or more APIFs which will be selected from those available in the market that will allow the RMB Bond Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The RMB Bond Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The RMB Bond Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

The performance of the RMB Bond Fund is subject to a number of risks, including the following:

- Market and investment risks
- RMB currency risk
- Derivatives
- Interest rate risk
- Concentration risk
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Currency risk relating to RMB valuation
- Mainland Chinese assets risk
- Risks associated with investment in underlying funds
- Currency risk
- Emerging market risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in RMB denominated debt securities
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.15 Manulife MPF Sustainable Pacific Asia Bond Fund (the "Sustainable Pacific Asia Bond Fund")

(a) Objective

The Sustainable Pacific Asia Bond Fund is a unitised bond fund which is designed to provide competitive overall rate of returns for Members who hold a longer-term investment view and want to seek returns through income and capital appreciation. The underlying investments of the Sustainable Pacific Asia Bond Fund will be made on a diversified basis.

(b) Balance of investments

It is intended that the underlying investments of the Sustainable Pacific Asia Bond Fund will invest at least 85% of its net assets in USD-denominated fixed income and fixed income-related securities of companies domiciled in, traded in and/or with substantial business interests in the Asia Pacific region and/or (if eligible) governments and government-related issuers located in the Asia Pacific region, who demonstrate strong sustainability attributes. The Sustainable Pacific Asia Bond Fund invests solely in an APIF. At least 30% of the NAV of the Sustainable Pacific Asia Bond Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation.

Sustainability attributes may include but are not limited to an issuer's performance on and management of certain environmental factors, such as climate change and natural resource use, social factors, such as labor standards and diversity considerations, and governance factors, such as board composition and business ethics, ("**ESG**"). Issuers with strong sustainability attributes are those that are avoiding harm to these factors while positively contributing to the sustainability of these factors.

In order to select securities of issuers with strong sustainability attributes, the investment manager of the underlying fund will, with respect to the investment universe: (i) apply positive screening; (ii) adhere to an exclusion framework; and (iii) remove securities with the lowest internal ESG rankings.

Further information about the balance of investments of the Sustainable Pacific Asia Bond Fund can be found in **Appendix D**.

(c) Security lending and repurchase agreements

The Sustainable Pacific Asia Bond Fund and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Sustainable Pacific Asia Bond Fund may not acquire financial futures contract and financial option contracts. Its underlying APIF may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

The performance of the Sustainable Pacific Asia Bond Fund is subject to a number of risks, including the following:

- Market and investment risks
- RMB currency risk
- Derivatives
- Interest rate risk
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Mainland Chinese assets risk
- Risks associated with investment in underlying funds
- Additional risks related to the Manulife MPF Sustainable Pacific Asia Bond Fund
- Currency risk
- Emerging market risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.16 Manulife MPF International Bond Fund (the "International Bond Fund")

(a) Objective

The International Bond Fund is a unitised bond fund which is designed to provide competitive overall rates of return for Members who want to have a stable return.

(b) Balance of investments

It is intended that the underlying investments of the International Bond Fund will be made on a diversified basis mainly in permitted deposits and debt securities issued by any government, central bank or multilateral international agency. It may also purchase debt securities which satisfy the minimum credit rating stipulated by the MPFA or those which are listed on any approved stock exchange being a security issued by, or guaranteed by, a company whose shares are so listed. At least 30% of the NAV of the International Bond Fund will be exposed to HKD currency investments, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The investment manager may at its discretion invest in any region such as North America, Europe, United Kingdom and Asia. The underlying portfolio may also include other investments as permitted under the General Regulation, up to 30% of the NAV of the International Bond Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The International Bond Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The International Bond Fund and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The International Bond Fund may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

The performance of the International Bond Fund is subject to a number of risks, including the following:

- Market and investment risks
- Emerging market risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Mainland Chinese assets risk
- RMB currency risk
- Custodial risk
- Derivatives
- Interest rate risk
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Additional risk factors relating to investment in debt securities in on shore and offshore China market
- Risks associated with investment in underlying funds

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.17 Manulife MPF China Value Fund (the "China Value Fund")

(a) Objective

The China Value Fund is a unitised equity fund which is designed to provide medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the China Value Fund will be made on a diversified basis mainly in shares of companies covering different sectors of the economy in the Greater China region, which includes the People's Republic of China ("**PRC**"), Hong Kong and Taiwan, and which are listed on any stock exchange subject to the restrictions in the General Regulation and which have a value or growth proposition. At least 30% of the NAV of the China Value Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the China Value Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The China Value Fund will invest in two or more APIFs which will be selected from those available in the market that will allow the China Value Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The China Value Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The China Value Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

The performance of the China Value Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Emerging market risk
- Growth Enterprise Market
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Mainland Chinese assets risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Equity investment risk and volatility risk
- RMB currency risk
- Derivatives
- Risks associated with Stock Connect programme
- Concentration risk
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Risks associated with investment in underlying funds

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.18 Manulife MPF Healthcare Fund (the "Healthcare Fund")

(a) Objective

The Healthcare Fund is a unitised equity fund which is designed to provide long-term capital growth for Members who hold a long-term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the Healthcare Fund will be made on a diversified basis mainly consisting of equity-related investments and equities of companies in health care and related industries and which are listed on any stock exchange. The underlying portfolio may invest in share of companies covering mainly in pharmaceutical, healthcare equipment and services, food and drug retails, managed care business and biotechnology sectors. At least 30% of the NAV of the Healthcare Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The investment manager may at its discretion invest in any region such as North America (including Canada), Europe (including the United Kingdom), Asia and Japan. The underlying portfolio may also include bonds, deposits and other investments as permitted under the General Regulation, up to 30% of the NAV of the Healthcare Fund. The intended asset allocation above is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Healthcare Fund will invest in two or more APIFs which will be selected from those available in the market that will allow the Healthcare Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Healthcare Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Healthcare Fund and any of its underlying APIFs may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Derivatives
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Risks associated with investment in underlying funds
- Equity investment risk and volatility risk
- Emerging market risk
- Political, economic and social risks
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.19 Manulife MPF Hang Seng Index ESG Fund (the "Hang Seng Index ESG Tracking Fund")

(a) Objective

The Hang Seng Index ESG Tracking Fund is a unitised equity fund which is designed to provide medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve long-term returns.

The Hang Seng Index ESG Tracking Fund seeks to track the performance of the HSI ESG Enhanced Index (the "**Index**"). However, Members should note that there is no guarantee or assurance of exact or identical replication at any time of the performance of the Index.

(b) Balance of investments

It is intended that the underlying investments of the Hang Seng Index ESG Tracking Fund will invest in securities included in the Index in substantially the same weightings in which they are included in the Index through an ITCIS (currently, the ChinaAMC HSI ESG ETF managed by China Asset Management (Hong Kong) Limited). The Index is a free float adjusted market capitalization weighted index. It aims to measure the overall performance of the Hong Kong stock market combined with ESG initiatives from international lens based on internationally recognized ESG principles, data, research and ratings. It is expected that the overall ESG Risk Ratings from Sustainalytics (the "**ESG Risk Ratings**") of the underlying fund of the Hang Seng Index ESG Tracking Fund will be at least 20% better than the Hang Seng Index (the "**Base Index**"). Information about the Index can be found in **Appendix A**.

(c) Security lending and repurchase agreements

The Hang Seng Index ESG Tracking Fund may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS may enter into securities lending transactions.

(d) Futures and options

The Hang Seng Index ESG Tracking Fund may not acquire financial futures contracts and financial option contracts. The underlying ITCIS may acquire financial futures contracts and financial option contracts for the purpose of hedging and non-hedging (i.e. investment) purposes.

(e) Risks

The performance of the Hang Seng Index ESG Tracking Fund is subject to a number of risks, including the following:

- Market and investment risks
- Emerging market risk
- Political, economic and social risks
- Risks related to ITCIS
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Equity investment risk and volatility risk
- Derivatives
- Concentration risk
- Risks relating to investing solely in a single ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risks related to the Manulife MPF Hang Seng Index ESG Fund

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.20 Manulife MPF Fidelity Growth Fund (the "Fidelity Growth Fund")

(a) Objective

The Fidelity Growth Fund is designed to provide long-term capital growth for Members who hold a long-term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve a long-term return. The underlying investments of the Fidelity Growth Fund will focus its investments into the global equity markets while enjoying the flexibility of investing in global bonds. It will be managed with a view to limiting the volatility of returns in the short term.

(b) Balance of investments

The assets of the Fidelity Growth Fund will be invested as a feeder fund into the respective APIF operated within an umbrella unit trust structure currently managed by FIL Investment Management (Hong Kong) Limited.

It is intended that the investments of the APIF will be on a geographically diversified basis with a bias towards Hong Kong. Approximately 90% of the portfolio of the underlying APIF will be invested in global equities in the markets of Hong Kong, Europe, Japan, America and the Asia Pacific region. The Fidelity Growth Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The Fidelity Growth Fund and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Fidelity Growth Fund may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Derivatives
- Emerging market risk
- RMB currency risk
- Mainland Chinese assets risk
- Equity investment risk and volatility risk
- Growth Enterprise Market
- Credit risk and credit rating risk
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Early termination risk
- Risks related to futures and options
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Additional risk factors relating to investment in debt securities in onshore and offshore China market
- Risks related to ITCIS

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.21 Manulife MPF Fidelity Stable Growth Fund (the "Fidelity Stable Growth Fund")

(a) Objective

The Fidelity Stable Growth Fund is designed to provide medium- to long-term capital growth for Members who hold a medium to longer term investment view and who are prepared to accept fluctuations in the value of their investments in order to achieve a medium- to long-term return. The underlying investments of the Fidelity Stable Growth Fund will diversify its investment between equities and bonds and will be managed with a view to limiting the volatility of returns in the short term.

(b) Balance of investments

The assets of the Fidelity Stable Growth Fund will be invested as a feeder fund into the respective APIF operated within an umbrella unit trust structure currently managed by FIL Investment Management (Hong Kong) Limited.

It is intended that the investments of the APIF will be on a geographically diversified basis with a bias towards Hong Kong. Approximately 50% of the portfolio of the underlying APIF will be invested in global equities and 45% of the portfolio of the underlying APIF will be invested in global bonds in the markets of Hong Kong, Europe, Japan, America and the Asia Pacific region, with the remainder of 5% of the assets being in cash deposits as permitted under the General Regulation. The Fidelity Stable Growth Fund invests solely in an APIF.

(c) Security lending and repurchase agreements

The Fidelity Stable Growth and its underlying APIF may not engage in security lending and may not enter into repurchase agreements.

(d) Futures and options

The Fidelity Stable Growth may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

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

- Market and investment risks
- Currency risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Derivatives
- Emerging market risk
- RMB currency risk
- Mainland Chinese assets risk
- Equity investment risk and volatility risk
- Growth Enterprise Market
- Credit risk and credit rating risk
- Political, economic and social risks
- Liquidity risk
- Custodial risk
- Early termination risk
- Risks related to futures and options
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Additional risk factors relating to investment in debt securities in onshore and offshore China market
- Risks related to ITCIS

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.22 Manulife MPF Core Accumulation Fund (the "Core Accumulation Fund" or "CAF")

(a) Objective

The investment objective of the Core Accumulation Fund is to provide capital growth to Members by investing in a globally diversified manner. The Core Accumulation Fund is a unitised fund and is intended for Members who hold a medium- to long-term investment view and want to seek returns through capital appreciation and modest income generation. Members should be prepared to accept fluctuations in the value of investments.

(b) Balance of investments

The CAF invests as a feeder fund into an underlying APIF, currently the Amundi Moderate Growth Fund (the "**underlying APIF**").

Constituent fund	→	Underlying APIF (Unit Trust Fund)
Manulife MPF Core Accumulation Fund		Amundi Moderate Growth Fund (managed by Amundi Hong Kong Limited)

Through the underlying investment, it is intended that the NAV of the CAF will be invested approximately 60% in higher risk assets, with the remainder invested 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 investments of the underlying APIF will be made globally in securities listed on approved stock exchanges, government bonds, money market instruments, ITCIS and other investments as permitted under the applicable laws and regulations including the General Regulation and guidelines issued by the MPFA.

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

The CAF will adopt a passive investment strategy (through investing in the underlying APIF) in order to reduce the deviation of performance from the CAF Reference Portfolio. The investment manager will use sampling techniques in its passive investment strategy to select securities for investment for efficient portfolio management. Sampling is an approach whereby the investment manager tracks the CAF Reference Portfolio by investing in a representative portion, or "sample", of the full list of securities contained in the CAF Reference Portfolio, such that the overall characteristics of the portion of securities would be similar to those of the full list of securities contained in the CAF Reference Portfolio. Applying sampling techniques to the underlying APIF, the investment manager will seek to hold a range of securities that, in the aggregate, approximate the CAF Reference Portfolio in terms of the key characteristics:

(i) in respect of the equity investments, the securities will consist of a broadly-diversified collection of stocks that approximate those included in the CAF Reference Portfolio in terms of factors such as country weightings, industry weightings, market capitalization and other financial characteristics of stocks; and

(ii) in respect of the bond investments, the securities will be made in consideration of factors such as country weightings, duration and cash flow.

Under the sampling techniques, the vast majority of the holdings of the underlying APIF will be constituent securities that are within the universe of the CAF Reference Portfolio, except in limited circumstances for efficient portfolio management. Such limited circumstances may include but not limited to where:

(A) it is not possible or it is difficult to buy or hold constituent securities (e.g. due to liquidity or restrictions of ownership of such constituent securities);

(B) the holding of non-constituent securities which were originally constituent securities is, in the opinion of the investment manager, more cost efficient to reflect the overall characteristics of the CAF Reference Portfolio;

(C) investment in the constituent securities is not the most efficient way to reflect the performance of the CAF Reference Portfolio (e.g. when it is more cost efficient to invest in the non-constituent securities which reflect the overall characteristics of the CAF Reference Portfolio);

(D) the non-constituent securities which are, in the reasonable opinion of the investment manager, likely to form part of the CAF Reference Portfolio within six months of acquisition;

(E) the non-constituent securities which the investment manager considers to be an appropriate substitute for the constituent securities of the CAF Reference Portfolio having regard to the investment objectives of the underlying APIF; and

(F) to gain exposure to permissible securities under the General Regulation in countries where such access is otherwise limited.

The CAF will, through the underlying APIF, maintain an effective currency exposure to HKD of not less than 30% of its NAV in accordance with section 16 of Schedule 1 to the General Regulation through investments in HKD or currency hedging. The CAF invests solely in an APIF.

(c) Security lending and repurchase agreements

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

(d) Futures and options

The CAF may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire currency forward contracts, financial futures contracts and financial option contracts for hedging purposes.

(e) Risks

The performance of the Core Accumulation Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Derivatives
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional key risks relating to the DIS
- Equity investment risk and volatility risk
- Emerging market risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Additional risks related to the DIS CFs

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.23 Manulife MPF Age 65 Plus Fund (the "Age 65 Plus Fund" or "A65F")

(a) Objective

The investment objective of the Age 65 Plus Fund is to provide stable growth to Members by investing in a globally diversified manner. The Age 65 Plus Fund is a unitised fund of the Scheme and is intended for Members who hold a medium- to long-term investment view and want to seek returns through some capital appreciation and current income generation. Members should be prepared to accept fluctuation in the value of investments.

(b) Balance of investments

The A65F invests as a feeder fund into an underlying APIF, currently the Amundi Income Fund (the "**underlying APIF**").

Constituent fund		Underlying APIF (Unit Trust Fund)
Manulife MPF Age 65 Plus Fund	→	Amundi Income Fund (managed by Amundi Hong Kong Limited)

Through the underlying investment, it is intended that the net assets of the A65F will be invested approximately 20% in higher risk assets, with the remainder invested 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 investments of the underlying APIF will be made globally in securities listed on approved stock exchanges, government bonds, money market instruments, ITCIS and other investments as permitted under the applicable laws and regulations including the General Regulation and the guidelines issued by the MPFA.

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

The A65F will adopt a passive investment strategy (through investing in the underlying APIF) in order to reduce the deviation of performance from the A65F Reference Portfolio. The investment manager will use sampling techniques in its passive investment strategy to select securities for investment for efficient portfolio management. Sampling is an approach whereby the investment manager tracks the A65F Reference Portfolio by investing in a representative portion, or "sample", of the full list of securities contained in the A65F Reference Portfolio, such that the overall characteristics of the portion of securities would be similar to those of the full list of securities contained in the A65F Reference Portfolio. Applying sampling techniques to the underlying APIF, the investment manager will seek to hold a range of securities that, in the aggregate, approximate the A65F Reference Portfolio in terms of the key characteristics:

(i) in respect of the equity investments, the securities will consist of a broadly diversified collection of stocks that approximate those included in the A65F Reference Portfolio in terms of factors such as country weightings, industry weightings, market capitalization and other financial characteristics of stocks; and

(ii) in respect of the bond investments, the securities will be made in consideration of factors such as country weightings, duration and cash flow.

Under the sampling techniques, the vast majority of the holdings of the underlying APIF will be constituent securities that are within the universe of the A65F Reference Portfolio, except in limited circumstances for efficient portfolio management. Such limited circumstances may include but not limited to where:

(A) it is not possible or it is difficult to buy or hold constituent securities (e.g. due to liquidity or restrictions of ownership of such constituent securities);

(B) the holding of non-constituent securities which were originally constituent securities is, in the opinion of the investment manager, more cost efficient to reflect the overall characteristics of the A65F Reference Portfolio;

(C) investment in constituent securities is not the most efficient way to reflect the performance of the A65F Reference Portfolio (e.g. when it is more cost efficient to invest in the non-constituent securities which reflect the overall characteristics of the A65F Reference Portfolio);

(D) the non-constituent securities which are, in the reasonable opinion of the investment manager, likely to form part of the A65F Reference Portfolio within six months of acquisition;

(E) the non-constituent securities which the investment manager considers to be an appropriate substitute for the constituent securities of the A65F Reference Portfolio having regard to investment objectives of the underlying APIF; and

(F) to gain exposure to permissible securities under the General Regulation in countries where such access is otherwise limited.

The A65F will, through the underlying APIF, maintain an effective currency exposure to HKD of not less than 30% of its NAV in accordance with section 16 of Schedule 1 to the General Regulation through investments in HKD or currency hedging. The A65F invests solely in an APIF.

(c) Security lending and repurchase agreements

The A65F will not engage in security lending and will not enter into repurchase agreements.

(d) Futures and options

The A65F may not acquire financial futures contracts and financial option contracts. Its underlying APIF may acquire currency forward contracts, financial futures contracts, and financial option contracts for hedging purposes.

(e) Risks

The performance of the Age 65 Plus Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Derivatives
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional key risks relating to the DIS
- Equity investment risk and volatility risk
- Emerging market risk
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Additional risks related to the DIS CFs

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

<u>Retirement Funds</u>

3.4.24 Manulife MPF Smart Retirement Fund (the "Smart Retirement Fund")

(a) Objective

The Smart Retirement Fund is a unitised fund and is a matured Retirement Fund designed to enable accrued benefits investing in any other Retirement Funds upon their maturity to be switched to the Smart Retirement Fund. The Smart Retirement Fund aims to provide medium- to long-term capital growth for Members who hold a longer term investment view and who are prepared to accept significant fluctuations in the value of their investments in order to achieve potential medium- to long-term returns.

(b) Balance of investments

It is intended that the underlying investments of the Smart Retirement Fund will be made on a diversified basis. Around 30% to 50% of the NAV of the Smart Retirement Fund will be indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. The Smart Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the Smart Retirement Fund to achieve the stated investment objective.

At least 30% of the NAV of the Smart Retirement Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The intended asset allocation above and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that the investment manager deems appropriate. The Smart Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the Smart Retirement Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The Smart Retirement Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The Smart Retirement Fund and any of its underlying APIFs may acquire financial future contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the Smart Retirement Fund is subject to a number of risks, including the following:

- Market and investment risks
- Emerging market risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in the Retirement Funds
- RMB currency risk
- Mainland Chinese assets risk
- Additional risk factors relating to investment in debt securities in onshore and offshore China market
- Equity investment risk and volatility risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- Currency risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.25 Manulife MPF 2025 Retirement Fund (the "2025 Retirement Fund")

(a) Objective

The 2025 Retirement Fund is a unitised fund designed for Members expecting to attain their normal retirement age around 2025. The 2025 Retirement Fund aims to provide long-term capital growth while lowering the risk of loss as the Members approach their normal retirement age.

The 2025 Retirement Fund is designed for Members who hold a long-term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long-term returns.

The 2025 Retirement Fund has a maturity date which is either (i) the last Business Day of 2025, or where, in the reasonable opinion of the Trustee, the last Business Day of 2025 is not feasible to be the maturity date for whatever reason, then the next Business Day; or (ii) such other date as approved by the MPFA. Subject to the approval of the MPFA and the SFC, upon reaching its maturity date, the 2025 Retirement Fund will be closed with Member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to section 3.6 (Termination of the Retirement Funds (other than the Smart Retirement Fund)) for details.

(b) Balance of investment

It is intended that the underlying investments of the 2025 Retirement Fund will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2025 Retirement Fund was around 75% to 95% of the NAV of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2025 Retirement Fund gets closer to its maturity date, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain increasing allocation of fixed-income securities as described in the illustrative Glide Path in section 3.5 (Glide Path for Retirement Funds). This rebalancing to the Glide Path is carried out by MIMHK automatically on a regular basis.

At least 30% of the NAV of the 2025 Retirement Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The intended asset allocation above and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that MIMHK deems appropriate. The 2025 Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the 2025 Retirement Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The 2025 Retirement Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The 2025 Retirement Fund and any of its underlying APIFs may acquire financial future contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the 2025 Retirement Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Equity investment risk and volatility risk
- Emerging market risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in the Retirement Funds
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.26 Manulife MPF 2030 Retirement Fund (the "2030 Retirement Fund")

(a) Objective

The 2030 Retirement Fund is a unitised fund designed for Members expecting to attain their normal retirement age around 2030. The 2030 Retirement Fund aims to provide long-term capital growth while lowering the risk of loss as the Members approach their normal retirement age.

The 2030 Retirement Fund is designed for Members who hold a long-term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long-term returns.

The 2030 Retirement Fund has a maturity date which is either (i) the last Business Day of 2030, or where, in the reasonable opinion of the Trustee, the last Business Day of 2030 is not feasible to be the maturity date for whatever reason, then the next Business Day; or (ii) such other date as approved by the MPFA. Subject to the approval of the MPFA and the SFC, upon reaching its maturity date, the 2030 Retirement Fund will be closed with Member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to section 3.6 (Termination of the Retirement Funds (other than the Smart Retirement Fund)) for details.

(b) Balance of investments

It is intended that the underlying investments of the 2030 Retirement Fund will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2030 Retirement Fund was around 75% to 95% of the NAV of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2030 Retirement Fund gets closer to its maturity date, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain increasing allocation of fixed-income securities as described in the illustrative Glide Path in section 3.5 (Glide Path for Retirement Funds). This rebalancing to the Glide Path is carried out by MIMHK automatically on a regular basis.

At least 30% of the NAV of the 2030 Retirement Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The intended asset allocation above and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that MIMHK deems appropriate. The 2030 Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the 2030 Retirement Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The 2030 Retirement Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The 2030 Retirement Fund and any of its underlying APIFs may acquire financial future contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the 2030 Retirement Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Equity investment risk and volatility risk
- Emerging market risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in the Retirement Funds
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.27 Manulife MPF 2035 Retirement Fund (the "2035 Retirement Fund")

(a) Objective

The 2035 Retirement Fund is a unitised fund designed for Members expecting to attain their normal retirement age around 2035. The 2035 Retirement Fund aims to provide long-term capital growth while lowering the risk of loss as the Members approach their normal retirement age.

The 2035 Retirement Fund is designed for Members who hold a long-term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long-term returns.

The 2035 Retirement Fund has a maturity date which is either (i) the last Business Day of 2035, or where, in the reasonable opinion of the Trustee, the last Business Day of 2035 is not feasible to be the maturity date for whatever reason, then the next Business Day; or (ii) such other date as approved by the MPFA. Subject to the approval of the MPFA and the SFC, upon reaching its maturity date, the 2035 Retirement Fund will be closed with Member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to section 3.6 (Termination of the Retirement Funds (other than the Smart Retirement Fund)) for details.

(b) Balance of investments

It is intended that the underlying investments of the 2035 Retirement Fund will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2035 Retirement Fund was around 80% to 100% of the NAV of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2035 Retirement Fund gets closer to its maturity date, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain increasing allocation of fixed-income securities as described in the illustrative Glide Path in section 3.5 (Glide Path for Retirement Funds). This rebalancing to the Glide Path is carried out by MIMHK automatically on a regular basis.

At least 30% of the NAV of the 2035 Retirement Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The intended asset allocation above and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that MIMHK deems appropriate. The 2035 Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the 2035 Retirement Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The 2035 Retirement Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The 2035 Retirement Fund and any of its underlying APIFs may acquire financial future contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the 2035 Retirement Fund is subject to a number of risks, including the following:

- Market and investment risks
- Custodial risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Equity investment risk and volatility risk
- Emerging market risk
- Risks associated with Stock Connect programmes
- Interest rate risk

- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in the Retirement Funds
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.28 Manulife MPF 2040 Retirement Fund (the "2040 Retirement Fund")

(a) Objective

The 2040 Retirement Fund is a unitised fund designed for Members expecting to attain their normal retirement age around 2040. The 2040 Retirement Fund aims to provide long-term capital growth while lowering the risk of loss as the Members approach their normal retirement age.

The 2040 Retirement Fund is designed for Members who hold a long-term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long-term returns.

The 2040 Retirement Fund has a maturity date which is either (i) the last Business Day of 2040, or where, in the reasonable opinion of the Trustee, the last Business Day of 2040 is not feasible to be the maturity date for whatever reason, then the next Business Day; or (ii) such other date as approved by the MPFA. Subject to the approval of the MPFA and the SFC, upon reaching its maturity date, the 2040 Retirement Fund will be closed with Member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to section 3.6 (Termination of the Retirement Funds (other than the Smart Retirement Fund)) for details.

(b) Balance of investments

It is intended that the underlying investments of the 2040 Retirement Fund will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2040 Retirement Fund was around 80% to 100% of the NAV of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2040 Retirement Fund gets closer to its maturity date, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain increasing allocation of fixed-income securities as described in the illustrative Glide Path in section 3.5 (Glide Path for Retirement Funds). This rebalancing to the Glide Path is carried out by MIMHK automatically on a regular basis.

At least 30% of the NAV of the 2040 Retirement Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The intended asset allocation above and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that MIMHK deems appropriate. The 2040 Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the 2040 Retirement Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The 2040 Retirement Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The 2040 Retirement Fund and any of its underlying APIFs may acquire financial future contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the 2040 Retirement Fund is subject to a number of risks, including the following:

- Market and investment risks
- Currency risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Equity investment risk and volatility risk
- Emerging market risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in the Retirement Funds
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.4.29 Manulife MPF 2045 Retirement Fund (the "2045 Retirement Fund")

(a) Objective

The 2045 Retirement Fund is a unitised fund designed for Members expecting to attain their normal retirement age around 2045. The 2045 Retirement Fund aims to provide long-term capital growth while lowering the risk of loss as the Members approach their normal retirement age.

The 2045 Retirement Fund is designed for Members who hold a long-term investment view up to and even beyond their normal retirement age and who are prepared to accept significant fluctuations in the value of their investments even up to their normal retirement age in order to achieve a potential of long-term returns.

The 2045 Retirement Fund has a maturity date which is either (i) the last Business Day of 2045, or where, in the reasonable opinion of the Trustee, the last Business Day of 2045 is not feasible to be the maturity date for whatever reason, then the next Business Day; or (ii) such other date as approved by the MPFA. Subject to the approval of the MPFA and the SFC, upon reaching its maturity date, the 2045 Retirement Fund will be closed with Member's accumulation being invested into the Smart Retirement Fund (or an equivalent fund available at that time). Please refer to section 3.6 (Termination of the Retirement Funds (other than the Smart Retirement Fund)) for details.

(b) Balance of investments

It is intended that the underlying investments of the 2045 Retirem ent Fund will be made on a diversified basis. At launch in 2011, the target mix of the underlying portfolio of the 2045 Retirement Fund was around 80% to 100% of the NAV of the underlying portfolio indirectly invested in equities and equity-related investments, with the remainder of the assets being indirectly invested in bonds, deposits and other investments as permitted under the General Regulation. The investment manager may at its discretion invest in regions such as America, Pacific Asia, Japan and Europe, etc. When the 2045 Retirement Fund gets closer to its maturity date, the asset allocation strategy of the underlying portfolio will become less aggressive and will contain increasing allocation of fixed-income securities as described in the illustrative Glide Path in section 3.5 (Glide Path for Retirement Funds). This rebalancing to the Glide Path is carried out by MIMHK automatically on a regular basis.

At least 30% of the NAV of the 2045 Retirement Fund will be exposed to HKD currency investments as measured by the effective currency exposure in accordance with section 16 of Schedule 1 to the General Regulation. The intended asset allocation above and the Glide Path are for reference only and may be changed as and when market, political, structural, economic and other conditions change that MIMHK deems appropriate. The 2045 Retirement Fund will invest in two or more APIF(s) and/or ITCIS(s) which will be selected from those available in the market that will allow the 2045 Retirement Fund to achieve the stated investment objective.

(c) Security lending and repurchase agreements

The 2045 Retirement Fund and any of its underlying APIFs may not engage in security lending and may not enter into repurchase agreements. The underlying ITCIS (if any) may engage in security lending and may enter into repurchase agreements.

(d) Futures and options

The 2045 Retirement Fund and any of its underlying APIFs may acquire financial future contracts and financial option contracts for hedging purposes. The underlying ITCIS (if any) may acquire financial futures contracts and financial option contracts.

(e) Risks

The performance of the 2045 Retirement Fund is subject to a number of risks, including the following:

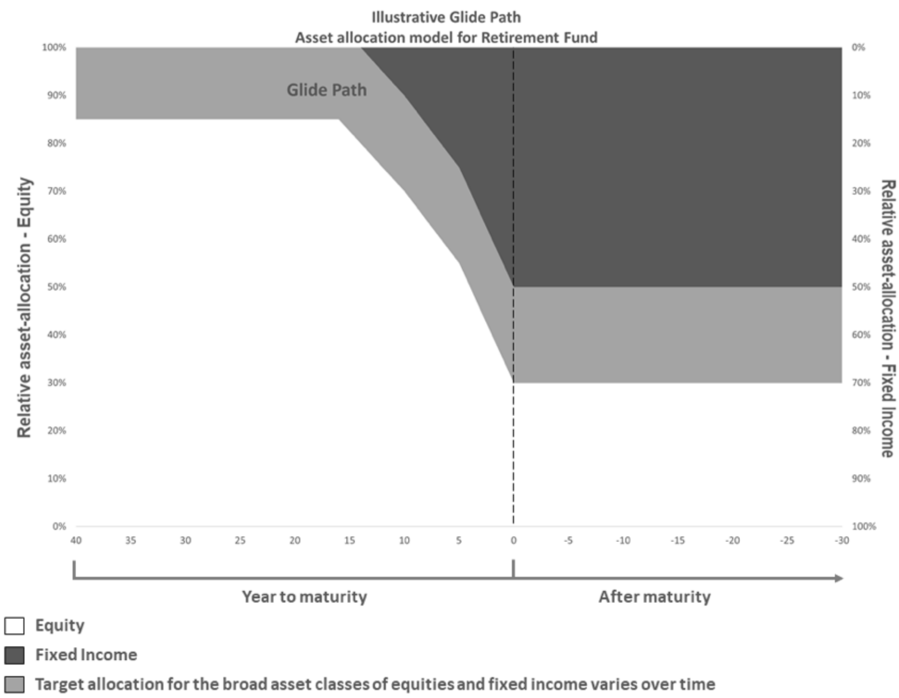
- Market and investment risks
- Currency risk
- Derivatives
- Credit risk and credit rating risk
- Political, economic and social risks
- Risks associated with investment in underlying funds
- Counterparty and settlement risk
- Valuation and accounting risk
- Early termination risk
- RMB currency risk
- Mainland Chinese assets risk
- Risks associated with the SME board, ChiNext market and/or the STAR Board
- Equity investment risk and volatility risk
- Emerging market risk
- Risks associated with Stock Connect programme
- Interest rate risk
- Risks related to ITCIS
- Liquidity risk
- Custodial risk
- Risks related to futures and options
- Additional risk factors for investment in the Retirement Funds
- Additional risk factors relating to investment in debt securities in onshore and offshore China market

Please refer to section 4 (Risk factors) for a detailed description of each of the risks listed.

3.5 Glide Path for Retirement Funds

The asset allocation strategy of all Retirement Funds will change according to a pre-determined “glide path” shown in the following illustrative Glide Path. The Glide Path represents the shifting of asset classes over time. As the Glide Path shows, each Retirement Fund’s asset mix becomes less aggressive as time elapses. This reflects the need to reduce investment volatility as retirement approaches.

The allocations reflected in the Glide Path are also referred to as “neutral” allocations because they do not reflect tactical decisions made by the investment manager of the Retirement Funds. Each Retirement Fund has a target allocation for the broad asset classes of equities and fixed income. The target allocations are not expected to vary significantly from the prescribed glide path formula (the neutral allocations) except for circumstances where the investment manager of the Retirement Funds determines to adjust significantly, in light of market or economic conditions, in order to achieve the investment objective of the relevant Retirement Fund.



The Glide Path will be reviewed regularly by the investment manager of the Retirement Funds and can be changed at any time as the investment manager of the Retirement Funds deems appropriate. Notwithstanding that, subject to the approval of the MPFA and the SFC, three months' notice period or such other shorter notice (as agreed with the MPFA and following any SFC regulatory requirements) will be given to the Members for any change that will affect the investment policy of any Retirement Fund.

3.6 Termination of the Retirement Funds (other than the Smart Retirement Fund)

3.6.1 General

Subject to the approval of the MPFA and the SFC, each Retirement Fund (other than the Smart Retirement Fund) will be terminated on or after its maturity date. On the maturity date, the Retirement Fund will be closed for both subscription and redemption purposes and all units of the Retirement Fund held by the Members as at the maturity date will be automatically redeemed by the Trustee, and the redemption proceeds shall be applied by the Trustee to invest in and subscribe for units of the Smart Retirement Fund. The Trustee shall effect all such redemptions and subscriptions as at the maturity date of the relevant Retirement Fund.

Three months prior to the maturity date of a Retirement Fund (other than the Smart Retirement Fund), notice will be given to the existing Members investing in such Retirement Fund either bymail or via electronic means, so as to remind any existing Members concerned of the forthcoming maturity date and the transfer to the Smart Retirement Fund as described below. Such notice will also be posted at our website at www.manulife.com.hk. Any new Member enrolled within the three months' period will also be reminded of the forthcoming maturity date.

3.6.2 Closure of subscription and treatment of redemption requests prior to the maturity date

Closure of subscription

In order to facilitate the termination of a Retirement Fund (other than the Smart Retirement Fund) at or after its maturity date, subscription for units (whether for the purpose of investing contribution monies or implementing a contribution investment instruction or fund switching instruction) in the Retirement Fund will be closed for a period of seven Business Days ("**Subscription Closure Period**") prior to the maturity date (inclusive of the maturity date). During the Subscription Closure Period, no new contribution may be invested in, and no unit in other constituent fund may be switched into, such Retirement Fund.

If the Trustee receives a request prior to the Subscription Closure Period for subscription for units in such Retirement Fund (whether for the purpose of investing contribution monies or implementing a contribution investment instruction or fund switching instruction), the Trustee will use its reasonable endeavours to implement such subscription prior to the Subscription Closure Period. If the subscription cannot be implemented prior to the Subscription Closure Period, the subscription monies will be used to invest in the Smart Retirement Fund.

Likewise, if the Trustee receives a request for subscription for units in a Retirement Fund (other than the Smart Retirement Fund) during its Subscription Closure Period (whether for the purpose of investing contribution monies or implementing a contribution investment instruction or fund switching instruction), the subscription monies will be used to invest in the Smart Retirement Fund.

Redemption requests

If the Trustee receives a redemption request which includes units of a Retirement Fund (other than the Smart Retirement Fund) that will soon reach its maturity date, then:

- where an individual relevant employee member wishes to make a withdrawal of units of the Retirement Fund from his Flexi Retirement Contribution account balance under section 6.10.4 (Withdrawal of accrued benefits attributable to Flexi Retirement Contribution), or an employee member wishes to make a withdrawal of units of the Retirement Fund under section 6.10.3 (Withdrawal of accrued benefits attributable to non-regular voluntary contribution), the Trustee may use its reasonable endeavours to process the redemption of the relevant units on or before the maturity date, provided that if the actual redemption of such units cannot be effected on or before the maturity date, the redemption request of such units will not be further processed and the units of the Retirement Fund will be automatically switched to units of the Smart Retirement Fund as at the maturity date. The Trustee shall notify the Member concerned of the result of the withdrawal request;

- where the redemption request submitted is a result of the Member withdrawing his accrued benefits under section 6.11 (Payment of accrued benefits) or transferring his accrued benefits under section 6.8.3 (Transfer out of the Scheme), or a self-employed person wishes to make a withdrawal of units in the Retirement Fund under section 6.10.3 (Withdrawal of accrued benefits attributable to non-regular voluntary contribution), the Trustee shall use its reasonable endeavours to process the redemption of such units on or before the maturity date of the Retirement Fund, and if the actual redemption of such units cannot be effected on or before the maturity date, such units shall be automatically switched to units of the Smart Retirement Fund as at the maturity date, and the Trustee shall continue to process the redemption request after the maturity date on such units of the Smart Retirement Fund within reasonable timeframe.

Switching Instruction

If a new fund switching instruction for switching out from the Retirement Fund to other constituent fund(s) submitted to the Trustee above cannot be implemented by the Trustee on or prior to the maturity date of such Retirement Fund, then,

- any units of such Retirement Fund held by each Member as at the maturity date shall be automatically switched to units of the Smart Retirement Fund;

- the Trustee shall not have any further obligation to implement such new fund switching instruction.

3.6.3 On the maturity date

On the maturity date of a Retirement Fund (other than the Smart Retirement Fund), the Trustee shall make a best estimate of all fees, charges and expenses that shall accrue to the Retirement Fund up to and including its maturity date and deduct them from the redemption proceeds of the Retirement Fund before such proceeds are applied to invest in and subscribe for units of the other constituent funds. The best estimate should include all trustee fees, custodian fees, management fees, all other fees and charges, and out of pocket expenses which are to be charged to the Retirement Fund. If the estimated amount deducted by the Trustee is not sufficient to cover the final actual amount of fees, charges and expenses payable by the Retirement Fund, the amount of shortfall shall be borne by the Trustee. Alternatively, if the estimated amount deducted exceeds the final actual amount of fees, charges and expenses payable by the Retirement Fund, the Trustee shall credit the residual amount to the Scheme to defray general Scheme expenses.

For the purpose of redemption of units of a Retirement Fund (other than the Smart Retirement Fund) and investing the redemption proceeds in the Smart Retirement Fund, the Trustee may transfer any investments held by the relevant Retirement Fund in specie to the Smart Retirement Fund.

In the event a Retirement Fund is closed upon reaching its maturity date and units held by a Member in this closed Retirement Fund has been automatically invested to the Smart Retirement Fund, a statement will be provided to the Member to show such transfer so as to alert the Member of this transaction.

3.6.4 After the maturity date

If the Trustee receives a request for subscription for units of a Retirement Fund (other than the Smart Retirement Fund) after its maturity date for the purpose of investing contribution monies (other than in the course of implementing a new contribution investment instruction or a fund switching instruction), the subscription monies will be used to invest in the Smart Retirement Fund.

If the Trustee receives a contribution investment instruction after the maturity date which contains an investment in a terminated Retirement Fund:

(a) where the instruction was given by a newly enrolled Member, the investment instruction which relates to the terminated Retirement Fund will be regarded as invalid and the allocation percentage to the terminated Retirement Fund will be made to the DIS; or

(b) where the instruction was given by an existing Member, the instruction will be rendered invalid and will not be implemented and the prevailing contribution investment instruction of the Member will continue to be applicable and the Member will be notified about the arrangement.

Any new fund switching instruction in respect of a Retirement Fund received by the Trustee after its maturity date shall not be accepted or implemented by the Trustee. Members will be notified if the new fund switching instruction has not been implemented by the Trustee.

No redemption request shall be accepted by the Trustee in respect of a Retirement Fund (other than the Smart Retirement Fund) after its maturity date.

3.7 Investment restrictions and guidelines

The assets in the constituent funds may be invested in any investments, securities, pooled investment funds or any other properties, and may hold cash and deposits, in accordance with Part V and Schedule 1 to the General Regulation and any codes and guidelines issued by the MPFA or the SFC from time to time.

The Trustee, the trustee(s) of the underlying trust-based APIFs and Manulife (International) Limited, as the Insurer of the first level insurance policy based APIFs, may in their sole discretion retain certain amount of cash for any other purposes which the Trustee, the trustee(s) and/or Manulife (International) Limited (as the case may be) consider appropriate.

3.8 Borrowing policy

Each constituent fund, and its underlying funds, are required to comply with the borrowing restrictions stipulated in section 65 and Schedule 1 to the General Regulation, where applicable.

3.9 Changes to constituent funds

Subject to the approval of the MPFA and the SFC, the Trustee may, by giving to the Members a three months' notice, or such other shorter notice as agreed with the MPFA and following any SFC regulatory requirements:

(a) change the investment policy of any constituent fund;

(b) terminate any constituent fund (other than the Conservative Fund);

(c) close any constituent fund (other than the Conservative Fund) to any future contributions; or

(d) merge or sub-divide the Scheme or any constituent fund.

In addition, the Trustee may at any time, in its sole discretion change the distribution of the investments of any constituent fund, provided that the relevant investment policy is maintained.

3.10 Selected constituent fund is terminated

If any constituent fund is terminated, any Member who has accrued benefits in the terminating constituent fund or future contributions to be invested in the terminating constituent fund may, subject to the rules of the Scheme, submit a fund switching instruction and/or new contribution investment instruction (as applicable) to the Trustee before the termination of the terminating constituent fund or within such timeframe as stipulated by the Trustee in the relevant notice of termination, whichever is earlier. Such instruction(s) will be implemented by the Trustee within 30 days of the receipt of such instruction(s). If the Member fails to submit to the Trustee such instruction(s) within the above specified time, the Member will be considered to have elected to invest all such accrued benefits or future contributions/transferred monies (as applicable) into:

(a) the DIS, in the case where the terminating constituent fund is not a Retirement Fund; or

(b) the Smart Retirement Fund, in the case where the terminating constituent fund is a Retirement Fund; or

(c) such other constituent fund as stipulated by the Trustee in the relevant notice of termination and approved by the MPFA.

Notwithstanding the above, if the terminating constituent fund is the Manulife MPF Interest Fund,future dividends distributed by the Manulife MPF Retirement Income Fund in respect of the relevant Members at or above the age of 65 will be invested to acquire units of the Manulife MPF Retirement Income Fund or, subject to the approval by the MPFA and the SFC, be invested into another constituent fund designated by the Trustee.

3.11 Change of guarantee features

Subject to the approval of the MPFA and the SFC, the Trustee may change or cancel any guarantee features in respect of the Stable Fund or the Interest Fund by giving a three months' prior notice to the Members. Such changes, however, will not affect any guaranteed entitlement accrued prior to the effective date of change and the guaranteed entitlement will be calculated based on the "pre-change" provisions up to the day before the effective date.

4. RISK FACTORS

The performance of the constituent funds may be subject to a number of risk factors, including but not limited to those set out in this section.

In this section, the term "fund" is used to describe, as the case may be, any constituent fund and/or its respective underlying APIF(s), insurance policy(ies), ITCIS(s) and/or pooled investment fund(s).

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 at our website at www.manulife.com.hk.

4.1 Market and investment risks

Investments involve risks. Each constituent fund is subject to market fluctuations and to the risk inherent in all investments and markets of the underlying investment portfolios. As a result, the price of units may go up as well as down.

There can be no assurance that a fund or the underlying fund(s) in which it invests in will achieve its investment objectives. There is no guarantee that in any time period, particularly in the short term, a fund will achieve appreciation in terms of capital growth. The value of units may rise or fall, as the capital value of the securities in which the underlying portfolio invests may fluctuate. Past performance is not necessarily a guide to future performance and investments should be regarded as medium to long term. The investment income of a fund is based on the income earned from its underlying investment portfolios, less expenses incurred. Therefore, the investment income may be expected to fluctuate in response to changes in such expenses or income.

4.2 Equity investment risk and volatility risk

A fund may invest directly or indirectly in equities and is therefore, subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the fund to losses.

Further, all markets are subject to volatility based on prevailing economic conditions. Securities in emerging or developing markets may involve a higher degree of risk due to the small current size of the markets for securities of emerging or developing market issuers and the currently low or non-existent volume of trading, which could result in price volatility. Certain economic and political events in emerging or developing economies, including changes in foreign exchange policies and current account positions, could also cause greater volatility in exchange rates.

Investments in non-approved stock exchanges will be subject to the restrictions stipulated in the General Regulation.

4.3 Currency risk

A fund that invests in securities denominated in currencies other than the base currency of the fund may be exposed to currency exchange risk. Any income or redemption proceeds received by the fund from such investments will be made in such other currencies. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a fund's investments to diminish or increase. If the currency in which a fund's portfolio security is denominated appreciates against the base currency of the fund, the value of security in the base currency will increase. Conversely, depreciation of the denomination of the currency of the portfolio security would adversely affect the value of the security expressed in the base currency of the fund. In addition, foreign exchange control in any country may cause difficulties in the repatriation of funds from such countries.

4.4 RMB currency risk

The RMB currency risk is applicable to funds with exposure to RMB. RMB is currently not a freely convertible currency and is subject to foreign exchange controls and repatriation restrictions imposed by the Chinese government. There is no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the NAV of the fund(s).

While the fund(s) are denominated in HKD but not in RMB, the underlying assets may be primarily denominated in RMB. Therefore, the performance of the fund(s) may be adversely affected by changes in HKD to RMB exchange rate if RMB depreciates against HKD.

4.5 Emerging market risk

A fund may invest in securities of companies domiciled in or conducting their principal business activities in emerging markets (including markets in the Asia Pacific region or Greater China). Investing in emerging markets poses certain risks.

As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. In particular those markets with characteristics such as authoritarian governments, political instability, or high taxation. Securities in these markets may be more volatile, less liquid, and more costly to participate in, and information about investments may be incomplete or unreliable. Accounting, auditing and financial reporting standards in some of the emerging markets may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies. In many cases, governments of emerging markets retain a high degree of direct control over the economy and may take actions having sudden and widespread effects such as suspension of trade and moratorium which may affect valuation of assets. Investments in emerging market products may also become illiquid which may constrain a fund's ability to realise some or all of the portfolio and thus affect the repatriation of capital. Because of these market conditions, the fund's strategic analysis, or the execution of it, could be flawed. Certain securities could become hard to value, or sell at a desired time and price. Such investment environment may bring negative impact on the fund's NAV.

Stock markets in emerging markets may be subject to special risks, including higher stock price volatility, lower liquidity of stocks, political considerations, loss of registration of shareholdings and currency risks, which are substantially higher than the risks normally associated with the world's established major stock markets. The trading volume on some of the markets may be substantially less than that in the world's leading stock markets. Accordingly, the accumulation and disposal of holdings in some investments may be time-consuming and may need to be conducted at unfavourable prices.

A fund investing in emerging markets may invest in, but is not restricted to, the securities of small- and medium-sized companies. This can involve greater risk than is customarily associated with investment in larger and more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and their management may be dependent on a few key individuals.

4.6 Derivatives

Subject to the investment restrictions under the relevant legislation and codes of the MPFA, derivatives may be used for hedging purposes. However, there is no guarantee that such technique will achieve the desired result. There are certain investment risks in using derivatives. The value or return of these types of instruments is based on the performance of an underlying asset. These instruments may be volatile and involve various risks, which may include market risk, the risk of lack of correlation, the inability to close out a derivative contract caused by the non-existence of a liquid secondary market, the high leverage pricing and/or time decay of the option/warrant premium. Moreover, if the techniques and instruments being employed are incorrect, or the counterparty for such instruments default, the relevant fund may suffer a substantial loss.

4.7 Growth Enterprise Market ("GEM")

Funds that invest into Hong Kong market may invest in companies which are listed on the GEM. The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. Companies listed on the GEM may neither have a track record of profitability nor any obligation to forecast future profitability. There are potential risks of investing in such companies and Members should make the decision to invest in a constituent fund only after due and careful consideration. This risk disclosure statement does not purport to disclose all the risks and other significant aspects of the GEM.

Information on GEM stocks may be obtained from the internet website operated by the Hong Kong Stock Exchange. GEM companies are usually not required to issue paid announcements in gazetted newspapers.

4.8 Risks associated with Stock Connect programmes ("Stock Connect")

Investment in shares of companies listed in mainland China ("**China A-Shares**") may be made via the Stock Connect (as described below).

The Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Stock Connect enables the relevant funds to trade eligible China A-Shares listed on the relevant stock exchange(s) in mainland China.

The relevant regulations of the Stock Connect are untested and subject to change. The programme is subject to quota limitations which may restrict the ability of the relevant funds to invest in China A-Shares through the programme on a timely basis and as a result, the ability of the relevant funds to access the China A-

Shares market (and hence to pursue its investment strategy) will be adversely affected. The mainland China regulations impose certain restrictions on selling and buying. Hence the relevant funds may not be able to dispose of holdings of China A-Shares in a timely manner. Also, a stock may be recalled from the scope of eligible stocks for trading via the Stock Connect. This may adversely affect the investment portfolio or strategies of the relevant funds in which a fund invests, for example, when the investment manager or the sub-investment manager(s) (as the case may be) wishes to purchase a stock which is recalled from the scope of eligible stocks. Due to the differences in trading days, the relevant funds may be subject to a risk of price fluctuations in China A-Shares on a day that the mainland China markets is open for trading but the Hong Kong market is closed. The fund which has access to the China A-Shares market via Stock Connect may therefore be adversely affected by the above factors.

4.9 Credit risk and credit rating risk

A fund may invest directly or indirectly in bonds or other fixed income instruments and therefore, subject to credit risk (i.e. the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay). This is broadly gauged by the credit ratings of the securities in which the fund invests. Credit ratings may however not always be an accurate or reliable measure of the strength of the debt securities being invested in. Where such credit ratings prove inaccurate or unreliable losses may be incurred by the fund.

Further, the credit rating of the debt security issuer or the debt securities directly or indirectly held by a fund may fall. This usually leads to drops in the price of the debt securities which may surpass those caused by general market fluctuations. A lowering of the credit rating of a debt security may also affect the debt security's liquidity, making it more difficult to sell.

4.10 Interest rate risk

The prices of fixed income securities tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity the greater such variations. To the extent a fund holds long-term debt securities, its NAV will be subject to a greater degree of fluctuation than if it held debt securities of a shorter duration.

4.11 Political, economic and social risks

The performance of a fund and its ability to pay redemption proceeds may be affected by changes in economic conditions and uncertainties such as change in political conditions including strikes and curfew and government policies, the imposition of restrictions on the transfer of capital and changes in laws or regulatory requirements.

4.12 Concentration risk

Certain funds may invest in a single country or industry only. Although the funds will be well diversified in terms of the number of holdings, Members should be aware that the funds are likely to be more volatile than a more broad-based fund, such as a global or regional equity fund due to their limitations to a relatively narrow segment of the economy. The funds can be significantly affected by events relating to those industries, such as international, political and economic developments, energy conservation, the success of exploration projects, tax and other government regulations, as well as other factors. The funds may tend to be more volatile than other funds and their portfolio values may fluctuate more rapidly. Due to higher volatility in nature, the funds may be subject to greater speculation and concentration risks. The performance of the funds may differ in direction and degree from that of the overall equity market. Members are reminded to maintain a well-diversified portfolio of selected funds.

4.13 Risks related to ITCIS

(a) General risks relating to ITCIS

The market price of the units in an ITCIS 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 and demand of the units in the relevant stock exchange(s). An ITCIS may not be actively managed.Its manager may not take an active role in defending the position of the ITCIS in declining markets. Therefore, any fall in the underlying index will result in corresponding fall in the value of the ITCIS and hence the relevant funds. There is also a tracking error risk and the positive return of the ITCIS may be lower or the negative return of the ITCIS may be worse than the performance of the index to which it is tracking due to factors such as fees and charges, the investment strategies that it adopts.

Further, since an underlying index may focus on a particular market, geographical region or industry, investments of an ITCIS may be concentrated in the securities of a single issuer or several issuers when the ITCIS endeavours to match as closely as practicable its holdings of constituent stocks of the index. Therefore, the ITCIS and the funds involving in it may be subject to the additional risks of concentration in these markets, regions or industries.

(b) Risk of market makers for listed ITCIS

Certain listed ITCIS might only have a very small number of market makers to provide pricing, and the pricing might not be close to the NAV of the ITCIS. This could result in performance deviation of the ITCIS from the true NAV. Furthermore, market makers could resign from providing pricing for ITCIS in a relatively short period of time, and as a result, the listed ITCIS may be traded without market makers.

(c) Index related risk

The process and basis of computing and compiling the relevant underlying index and any of its related formulae constituent companies and factors may be changed or altered by the index provider at any time without notice. There is also no warranty, representation or guarantee given to Members as to the accuracy or completeness of the relevant underlying index, its computation or any related information related thereto. There may be errors in index data which may not be identified or corrected for a period of time. This may have an adverse impact on the underlying funds/ITCIS. The index provider may change the securities which comprise the index from time to time and the securities may be delisted. The relevant regulator may withdraw its authorisation (or approval, as applicable) of the underlying funds/ITCIS if the index is no longer considered acceptable.

4.14 Risks relating to investing solely in a single ITCIS

Members should note that there is risk related to investing solely in a single ITCIS. Members should note that there is risk relating to the difference between the market price of units of an ITCIS and the NAV of the fund where the fund invests solely in a single ITCIS. The units of the ITCIS may trade at a discount or premium to the NAV of the units of the fund, depending on factors such as the supply and demand of its units. In the event that the underlying ITCIS is, for whatever reason, adversely affected or terminated, the relevant fund will likewise be affected and may, in certain circumstances, be terminated.

4.15 Risks associated with investment in underlying funds

Certain funds may invest as feeder funds or portfolio management funds (i.e. fund of funds). Members should be aware of the specific features of a feeder fund or portfolio management fund and the consequences of investing in a feeder fund or portfolio management fund.

Funds which are feeder funds or portfolio management funds may be exposed to risks affecting the underlying fund(s) that they invest in.

Further, the performance of a fund may depend on the investment selection made by the investment managers of the underlying fund(s). Investment decisions of the underlying fund(s) are made at the level of such underlying fund(s). There is no or limited ability to control the manner in which the investment managers of such underlying fund(s) will make investments. There is also no assurance that the selection of each underlying fund(s) will result in an effective diversification of investment styles and that positions taken by the underlying fund(s) will always be consistent. No assurance can also be given that the strategies employed by the investment managers of the underlying fund(s) will be able to achieve the investment objective of the underlying fund(s) or the fund or achieve attractive returns.

Members may bear the recurring expenses of a fund in addition to the expenses of the underlying fund(s) and therefore the returns that they may obtain may not reflect the returns by investing directly in the underlying fund(s). Also, given investment decisions of the underlying fund(s) are made at the level of such underlying fund(s), it is possible that different investment managers of such underlying fund(s) will take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Consequently there is a possibility that one underlying fund may purchase an asset at about the same time as another underlying fund may sell it. Transaction costs will have been incurred in effecting the relevant transactions.

The underlying fund(s) may impose redemption limit and thus the underlying fund(s) may not be able to promptly meet the redemption requests of the relevant constituent fund(s) as and when made.

4.16 Liquidity risk

Some of the markets in which a fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of the securities that the fund invests. Certain securities may be difficult or impossible to sell at the time that the fund would like or at a price that the fund believes the security is currently worth. Difficulties may be encountered in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. This may affect the NAV of the fund.

4.17 Counterparty and settlement risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a fund and settle a transaction in accordance with market practice. A fund may be exposed to the risk of a counterparty through investments such as bonds, financial futures and options. To the extent that a counterparty defaults on its obligations and a fund is delayed or prevented from exercising its rights with respect to the investment in its portfolio, the fund may experience a decline in the value of the security, lose income and incur costs associated with its rights attached to the security.

A fund will be exposed to the risk of settlement default. Market practices in certain emerging markets in relation to the settlement of securities transactions and custody of assets may increase such risk. The clearing, settlement and registration systems available to effect trades on emerging markets may be significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the value and liquidity of a fund.

4.18 Custodial risk

Custodians or sub-custodians of the underlying funds may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the funds invest in markets where custodial and/or settlement systems are immature or are not fully developed, the assets of the funds may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the funds may take a longer time to recover their assets. In the worst case scenario, such as the retroactive application of legislation and fraud or improper registration of title, the funds may even be unable to recover all of their assets. The cost borne by the funds in investing and holding investment in such markets will be generally higher than in organised securities markets.

4.19 Valuation and accounting risk

The funds intend to adopt HKFRS (i.e. Hong Kong Financial Reporting Standards) in drawing up their annual accounts. However, Members should note that the underlying funds intend to amortise the preliminary expenses and costs of a fund, if any, over the first three financial years of the fund, as applicable, commencing on the close of the initial offer period or over such other period as the investment manager shall consider fair. This policy of amortisation is not in accordance with HKFRS and may accordingly result in either a different NAV being reflected in the annual audited accounts or the auditors qualifying a fund's accounts. However, the investment manager believes that the policy of capitalising and amortising preliminary costs is fairer and more equitable to the Members.

Valuation of the funds' investment may involve uncertainties and judgmental determinations. For example, securities held by the funds may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. The market value of such securities may become more difficult or impossible to ascertain. Under this circumstance, the investment manager may apply valuation methods to ascertain the fair value of such securities. If such valuation turns out to be incorrect, this may affect the NAV calculation of the funds.

4.20 Risks related to futures and options

The funds and/or their underlying funds may invest in futures and options which are volatile. The prices of futures and options may be affected by many other factors apart from the values of the underlying assets. Investment in financial derivative instruments is subject to key risk factors including counterparty and liquidity risks. To maintain the required amount of margin deposits, the funds and/or their underlying funds may have to liquidate their investments at unfavourable prices and incur significant loss as a result.

4.21 Early termination risk

A constituent fund may be terminated in accordance with section 3.9 (Changes to constituent funds). It is possible that at the time of such termination, certain investments may be worth less than their acquisition cost, resulting in Members having to switch to other constituent fund(s) at a loss. Any underlying fund may also be terminated early according to its constitutive document. In the event of termination of an underlying fund, the assets of such fund will be realised and the net proceeds thereof which are available for distribution will be distributed to its corresponding constituent fund(s) in proportion to the number of units held by them. It is possible that at the time of such sale or distribution, certain investments held by the underlying fund may be worth less than their acquisition cost, resulting in a loss to the relevant constituent fund(s).

4.22 Additional risk factors for investment in RMB denominated debt securities

Fund(s) that invest in the RMB denominated debt securities may be subject to additional risks.

(a) Mainland China tax considerations

Funds investing in RMB denominated corporate and government bonds issued by tax residents in mainland China may be subject to withholding and other taxes imposed in mainland China. Under current mainland China tax policy, there are certain tax incentives available to foreign investment, but it is anticipated that some such tax incentives will be phased out in the future.

Members should be aware that changes in the mainland China taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the funds. Laws governing taxation will also continue to change and may contain conflicts and ambiguities.

(b) Liquidity risk

Not all securities or investments held by the underlying funds will 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 underlying funds may 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 a fund and its underlying fund(s) will always be sufficient to meet redemption requests as and when made.

In addition, the funds will be subject to additional liquidity risks. The offshore RMB debt securities market has continued to develop although the trading volume may be less than that of a more developed market. The market liquidity for RMB debt securities has enhanced following measures by the Chinese government to gradually expand the use of RMB outside the mainland China and the increased number of issues in RMB debt securities in the offshore primary market. However, there is no guarantee that there will be an active secondary market for all RMB debt securities. In the absence of an active secondary market, the underlying funds may need to hold the relevant RMB debt securities until their maturity date. If sizeable redemption requests are received, the underlying funds may need to liquidate their investments at a substantial discount in order to satisfy such requests and may suffer losses in trading such instruments. Even if a secondary market exists for any RMB debt securities, the price at which such instruments are traded on the secondary market may be higher or lower than the initial issue price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB debt securities may be high, and the underlying funds may therefore incur significant trading costs and may even suffer losses when selling such investments. In respect of the listed debt securities, the underlying funds may be subject to the risk of not being able to sell them over the exchange on a timely basis, or may have to sell at a substantial discount to their face values. This may adversely affect the liquidity and the NAV of the underlying funds and the fund.

(c) Limited supply of RMB denominated debt securities

The quantity of RMB debt securities that are available to the underlying funds is currently limited, and the remaining duration of any RMB debt securities that the underlying funds may invest in may be short. Although the issuance of offshore RMB debt securities has increased substantially in recent years, supply may lag the demand for offshore RMB debt securities under certain circumstances. In some cases, new issues of offshore RMB debt securities may be oversubscribed and may be priced higher than and/or trade with a lower yield than equivalent onshore RMB debt securities. If the onshore RMB debt securities market subsequently opens up, this may lead to the convergence of the yields in the two markets. This may result in higher yields for the offshore RMB debt securities and, consequently, decrease the price of such offshore RMB debt securities. This may affect the NAV of the underlying funds and the fund.

In the absence of investible securities, or when the relevant debt securities held are at maturity, the underlying funds may have to allocate a significant portion of the portfolio's RMB assets in RMB negotiated term deposits until suitable securities are available in the market. This may adversely affect the return and performance of the underlying funds. In addition, where there is a limited supply of and excess demand for RMB denominated instruments, prices of such instruments could be driven up, and their quality could be compromised, and these may have an adverse impact on the value of the underlying funds and the fund.

In addition, the underlying funds are only permitted to invest in permissible investments under Schedule 1 to the General Regulation. Certain offshore RMB debt securities available in the market may not meet those requirements and therefore may not be invested by the underlying funds. Although it is expected that there will be sufficient issues of debt instruments that meet the requirements, the choice of investment may not be as diverse as for other types of funds, and this may result in concentration risk. However, this risk is minimised as the exposure to any single issuer is limited to the maximum level of 10% of the NAV of the constituent fund (except for bodies such as governments as permitted under Schedule 1 to the General Regulation).

4.23 Currency risk relating to RMB valuation

In calculating the value of RMB denominated or settled assets and the relevant unit prices, the exchange rate for offshore RMB market in Hong Kong (also known as the CNH rate) will be applied. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB market in mainland China (also known as the CNY rate) and there may be significant bid and offer spreads. The value of the fund(s) thus calculated will be subject to fluctuation.

4.24 Additional risks related to the Manulife MPF Hang Seng Index ESG Fund

There are particular risks involved in investing in an ITCIS which include, but are not limited to, the following:

(a) the performance of the Manulife MPF Hang Seng Index ESG 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 Manulife MPF Hang Seng Index ESG Fund;

(b) to the extent that the 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;

(c) due to the inherent nature of index funds, the ITCIS lacks the discretion to adapt to market changes and that falls in the index are expected to result in corresponding falls in the value of the fund;

(d) the composition of the index may change and securities may be delisted;

(e) the Index is a new index. The Index has minimal operating history by which investors can evaluate its previous performance. There can be no assurance as to the performance of the Index. The ITCIS may be risker than other exchange traded funds tracking more established indices with longer operating history; and

(f) risk associated with ESG investing:

  (i) The use of ESG criteria in the construction of the Index (including constituent selection and index calculation) may affect the ITCIS' investment performance. ESG-based exclusionary criteria may result in the Index excluding certain securities which might otherwise be advantageous for the ITCIS to invest in. It is possible that the Index (and hence the ITCIS' portfolio) may perform less well than portfolios with similar investment objectives that are not engaged in similar (or any) ESG rating assessment and ESG based exclusions.

  (ii) The ITCIS' investments may be concentrated in companies with a greater ESG focus and thus its value may be more volatile than that of a fund with having a more diverse portfolio of investments.

  (iii) The construction of the Index is based on, among others, the results from various ESG assessment and ratings as well as the application of certain ESG-based exclusion factors. In evaluating a security or issuer based on ESG criteria, the Index provider is dependent upon information and data from the ESG data providers. While the Index provider has exercised care in using ESG-related data and information, assessment by the ESG data providers of the ESG screenings (being Sustainalytics, Arabesque S-Ray® and ISS ESG) may involve qualitative factors. It is possible that the relevant investment criteria may not be applied correctly. The information and data may also be incomplete, inaccurate or unavailable from time to time. The above may in turn affect the Index provider's ability to assess potential constituents for inclusion or exclusion from the Index.

(iv) There can be no assurance that the Index provider's assessment will reflect the actual circumstances or that the securities selected will fulfill ESG criteria. The ITCIS may forgo investment opportunities which meet the relevant ESG criteria or invest in securities which do not meet such criteria.

(v) There is a lack of standardised taxonomy in relation to ESG investing strategies. The standard of disclosure adopted by funds in relation to the relevant ESG factors or principles may vary.

There is no guarantee or assurance of exact replication at any time of the performance of the Index. For more and the latest information regarding the Index including its methodology and constituent stocks, please visit the website of the Hang Seng Indexes Company Limited on www.hsi.com.hk.

Since the Manulife MPF Hang Seng Index ESG Fund and its underlying ITCIS are not actively managed, the respective investment manager will not attempt to select stock individually or does not have discretion to take defensive positions in declining markets. Declines on the Index are expected to result in corresponding falls in the value of the underlying ITCIS.

Due to the delay in actually subscribing for shares in the ITCIS arising from the time required to process instructions to invest in the Manulife MPF Hang Seng Index ESG Fund in the initial period, the tracking error and the performance of the Manulife MPF Hang Seng Index ESG Fund might respectively be higher and less favourable immediately after launch although such phenomenon would diminish over time as the fund size of the Manulife MPF Hang Seng Index ESG Fund grows.

Other than the above, because the calculation of performance of the Manulife MPF Hang Seng Index ESG Fund is on an after-fee basis and it may hold idle cash to meet redemption and/or switching requests, tracking error resulted from such fee deduction and cash holding would be unavoidable.

4.25 Additional risk factors for investment in the Retirement Funds

In respect of Members' investments in the Retirement Funds (other than the Manulife MPF Smart Retirement Fund), the asset allocation on equity and fixed income investment of the Retirement Funds will change over time, the risk profile and returns involved will also vary accordingly. In addition, Members should be prepared to accept significant fluctuations in the value of their investments up to the maturity dates of the Retirement Funds and even after the maturity dates if the Members' investments are not being withdrawn and are being invested into the Manulife MPF Smart Retirement Fund. The investment objective of the Manulife MPF Smart Retirement Fund may not be the same as those of the Retirement Funds held by the Members prior to the maturity date and may not be suitable for every Member. Members are also reminded that at any particular given point in time, actual portfolios of the Retirement Funds may at times vary considerably from that anticipated by the illustrative Glide Path as market, political, structural, economic and other conditions change.

Members should note that investment in a Retirement Fund should not be made based solely on age or retirement date. Members should consider their own personal circumstances and risk tolerance level before making any investment choices. There is no guarantee in repayment of principal to the Members upon realisation including realisation in the target year of the relevant Retirement Fund. Members may suffer loss of their investments in the Retirement Funds, prior to, at, or after the target year of the relevant Retirement Fund.

Members should note that if they select a Retirement Fund that does not closely align with their expected date of disposal of their investments (which may coincide with their expected retirement age), this may result in having a higher risk of potential mismatch between their investment horizon and their investment type, compared to where they select a Retirement Fund that closely aligns with their expected date of disposal of their investments.

4.26 Additional key risks relating to the DIS

(a) Key risks relating to the DIS

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

(b) Limitations on the strategy

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

As set out in more detail in section 3.3.1 (Key features about the DIS), 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 does it consider a 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 constituent funds from the range available in the Scheme.

(ii) Pre-set asset allocation

Members should note that the DIS CFs have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or – 5%. The prescribed exposure between higher risk and lower risk assets of the DIS CFs will limit the ability of the investment manager 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 CFs

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 will change gradually over a 15-year time period. Members should be aware that the de-risking will operate 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 crises, which will affect the prices of most asset classes at the same time.

(iv) Potential rebalancing within each DIS CF

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

(v) Additional transaction costs

Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the prescribed allocation within each of the DIS CFs and (b) the annual reallocation of accrued benefits for Members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

(c) General investment risk related to the DIS

Although the 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 DIS CFs are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in the DIS CFs is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to this section 4 (Risk factors).

(d) Risk on early withdrawal and switching

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

(e) 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 contribution, if any, will be invested in the A65F which holds around 20% of its assets in higher risk assets which may not be suitable for all Members beyond the age of 64.

4.27 Additional risks related to the DIS CFs

The risk exposure of the CAF is medium to high mainly due to its asset allocation of around 60% in higher risk assets. The risk exposure of the A65F is low to medium mainly due to its asset allocation of around 80% in lower risk assets (such as global bonds and money market instruments). It is expected that the performance of each DIS CF over the long term to be substantially consistent with the respective Reference Portfolio. However, the performance of each DIS CF may at any time deviate from the respective Reference Portfolio and there is no guarantee or assurance on the returns of the DIS CFs.

While the respective underlying APIF of each of the CAF and the A65F will adopt a passive investment strategy with reference to the respective Reference Portfolio, the performance of such underlying APIF may not reflect exactly the performance of the respective Reference Portfolio. Factors such as liquidity of the market, timing differences for changes to the underlying investment portfolios and differences in asset allocations due to market movements may have influence in such underlying APIF's ability to achieve close correlation with the performance of the respective Reference Portfolio. Even if such underlying APIF can mimic the performance of the respective Reference Portfolio, the investment manager of such underlying APIF does not guarantee that such underlying APIF can generate any positive return for Members. Members investing in the DIS CFs should be prepared to accept fluctuations in the value of investments and are expected to hold a medium- to long-term investment view.

There are particular risks involved in adopting, through the underlying APIF, a passive investment strategy which include, but are not limited to, the following:

- the performance of the DIS CFs will be subject to a degree of tracking error which is attributable to various factors including, without limitation, the tracking error of the relevant underlying APIF and the fees and charges payable in relation to the DIS CFs and their underlying APIFs;
- due to the inherent nature of the passive investment strategy, the investment manager of such underlying APIF has very restricted discretion to adapt to market changes and that falls in the respective Reference Portfolio are expected to result in corresponding falls in the value of the CAF or the A65F; and
- the composition of the respective Reference Portfolio may change and securities may be delisted. Thus, the investment in the underlying APIF may not closely reflect the composition and weightings of the respective Reference Portfolio for a short period of time.

In addition, due to the delay in actually subscribing for units in the underlying APIF arising from the time required to process instructions to invest in the CAF and/or the A65F in the initial period, the tracking error and the performance of the DIS CFs may respectively be higher and less favourable immediately after launch although such phenomenon would diminish over time as the fund size of the DIS CFs grows. Other than the above, because the calculation of performance of the DIS CFs is on an after-fee basis and the DIS CFs may hold idle cash to meet redemption and/or switching requests, tracking error resulted from such fee deduction and cash holding would be unavoidable.

4.28 Additional risks related to the Manulife MPF Retirement Income Fund

Dividends may be paid out of the realised capital gains, capital and/or gross income while charging/paying all or part of the fees, charges and expenses to/out of the capital of the fund. Dividends may be distributed out of the capital or effectively out of capital of the fund if the net distributable income during the relevant period is insufficient to pay dividends as determined/declared. Members should note that distribution of dividends will result in an immediate decrease or adjustment in the NAV per unit of the Retirement Income Fund on the relevant ex-dividend date, although such dividends may be invested as provided under section 3.4.3(f) (Distribution of dividend). There is no guarantee that distribution of dividends will be made nor will there be a target level of dividends. A positive or high dividend yield does not imply a positive or high return.

The process of distributing dividends to Members' accounts will inevitably involve an investment time-lag (i.e. within 10 Business Days from the ex-dividend date) that dividends are not invested in any constituent fund and there may be market fluctuations during such period. Members should be aware of such out-of-market risk.

4.29 Risks related to securities lending and repurchase agreements

A fund may enter into security lending and such transactions are subject to risks relating to security lending transactions. Security lending transactions involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

A fund may enter into repurchase agreements and such transactions are subject to risks relating to repurchase agreements. In the event of the failure of the counterparty with which collateral has been placed, the fund may suffer losses as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

4.30 Mainland Chinese assets risk

Investments in RMB by a fund in China A-Shares or onshore mainland China fixed income securities and other permissible securities denominated in RMB may be made through any permissible means pursuant to any prevailing regulations. The uncertainty and change of the relevant laws and regulations in mainland China and the potential for the PRC government and/or the regulators to implement policies that may affect the financial markets may have an adverse impact on such fund.

High market volatility and potential settlement difficulties in the mainland China markets may also result in significant fluctuations in the prices of the securities traded on such markets. Besides, securities exchanges in mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. All these may have a negative impact on the net asset value of the fund.

4.31 Risks associated with the SME board, ChiNext market and/or the STAR Board

A fund may have exposure to stocks listed on the Small and Medium Enterprise ("**SME**") board of the Shenzhen Stock Exchange ("**SZSE**"), the ChiNext market of the SZSE and the Science and Technology Innovation Board ("**STAR Board**") of the Shanghai Stock Exchange ("**SSE**").

(a) Higher fluctuation on stock prices and liquidity risk

Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on the ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards of the SZSE and/or SSE.

(b) Overvaluation risk

Stocks listed on the SME board, ChiNext market and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

(c) Differences in regulation

The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards of the SZSE and/or SSE and the SME board.

(d) Delisting risk

It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, the ChiNext market and STAR Board have stricter criteria for delisting compared to other boards. This may have an adverse impact on the fund if the companies that it invests in are delisted.

(e) Concentration risk

The STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in the STAR Board may be concentrated in a small number of stocks and subject the fund to higher concentration risk. Investments in the SME board, ChiNext market and/or STAR Board may result in significant losses for the fund and its Members.

4.32 Additional risk factors relating to investment in debt securities in onshore and offshore China market

Fund(s) that invest in RMB debt securities in onshore and offshore China market may be subject to additional risks.

(a) China market risk or single country risk

The fund may invest in mainland China RMB debt securities.

The value of the fund may be more volatile than that of a fund having a more diverse portfolio of investments.

By investing in the China market (both onshore and offshore), the value of the fund may be more susceptible to the risks of investing in emerging markets generally and the risks specific to the China market and special considerations not typically associated with investment in more developed countries or markets, such as adverse economic, political, policy, foreign exchange, volatility, liquidity, tax, legal or regulatory events affecting the China market.

Members should note that the debt instruments markets in mainland China are at a developing stage and the market capitalisation and trading volume may be lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volumes in mainland China's debt markets may result in prices of securities traded on such markets fluctuating significantly, and may result in substantial volatility in the net asset value of the fund.

The national regulatory and legal framework for capital markets and debt instruments in mainland China are still developing when compared with those of developed countries. Currently, mainland China's entities are undergoing reform with the intention of increasing liquidity of debt instruments. However, the effects of such reform on mainland China's debt market as a whole remain to be seen.

(b) China Interbank Bond Market

(i) Overview

Foreign institutional investors (such as the funds) can invest in mainland China interbank bond markets ("**China Interbank Bond Market**") via the Foreign Access Regime and/or Bond Connect (see the definitions in the following paragraphs).

(ii) Investment in China Interbank Bond Market via Foreign Access Regime

Foreign institutional investors can invest in the China Interbank Bond Market via the Foreign Access Regime subject to other rules and regulations as promulgated by the mainland Chinese authorities, i.e. the People's Bank of China ("**PBOC**") and the State Administration of Foreign Exchange. Such rules and regulations may be amended from time to time and include any applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in mainland China, foreign institutional investors who wish to invest directly in the China Interbank Bond Market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities.

In terms of fund remittance, foreign institutional investors (such as the funds) may remit investment principal in RMB or foreign currency into mainland China for investing in the China Interbank Bond Market. For repatriation, where the funds repatriate funds out of mainland China, the ratio of RMB to foreign currency ("**Currency Ratio**") should generally match the original Currency Ratio when the investment principal was remitted into mainland China, with a maximum permissible deviation (currently 10%). The range of such deviation may be further amended by the mainland Chinese authorities.

(iii) Investment in China Interbank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect provides mutual bond market access between Hong Kong and mainland China ("**Bond Connect**") and is established by the China Foreign Exchange Trade System & National Interbank Funding Center ("**CFETS**"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the mainland Chinese authorities. Such rules and regulations may be amended from time to time and include any applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("**Northbound Trading Link**").

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of the Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

(iv) Risks associated with China Interbank Bond Market

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. The funds investing in such market are therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the funds may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

The debt instruments in which the funds invest may not be listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange or a securities market where trading is conducted on a regular basis. Further, there may not be a liquid or active market for the trading of RMB denominated bonds in the SSE, the SZSE or the China Interbank Bond Market. Therefore, the funds may be subject to the risk of not being able to sell the bonds in a timely manner, or will have to sell at a deep discount to the face values. The funds' value and liquidity will be adversely affected.

To the extent that the funds transact in the China Interbank Bond Market, the funds may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the funds may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via the Foreign Access Regime and/or Bond Connect, the relevant filings, registration with the PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the funds are subject to the risks of default or errors on the part of such third parties.

Investing in the China Interbank Bond Market via Foreign Access Regime and/or Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the funds' ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the funds' ability to achieve their investment objective will be negatively affected.

(c) Urban investment bonds risk

Urban investment bonds are issued by local government financing vehicles ("**LGFVs**"), such bonds are typically not guaranteed by local governments or the central government of the PRC. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the funds could suffer substantial loss and the net asset value of the funds could be adversely affected.

(d) System failure risks for Bond Connect

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The funds' ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the funds invest in the China Interbank Bond Market through Bond Connect, they may be subject to risks of delays inherent in the order placing and/or settlement systems.

(e) Custodial, clearance and settlement risk

The trustee of the underlying funds may appoint directly or indirectly custodians in local markets for the purposes of the safekeeping of assets in those markets. The trustee shall be responsible for the acts and omissions, including the negligence, wilful misconduct or fraud of such custodians. Notwithstanding the exercise by the trustee of care and diligence in choosing and appointing custodians and undertaking an appropriate level of supervision and enquiry on an ongoing basis into the discharge of the obligations of the custodian, there can be no assurance that losses will not arise to an underlying fund from the actions or inactions of such custodians, particularly in the case where regulation and standards of administration in certain emerging or developing economies or markets in which an underlying fund may invest are underdeveloped and not of the standard experienced in most developed economies or markets.

The lack of adequate custodial, clearance and settlement systems in some emerging economies or markets may prevent either partial or total investment in such economies or markets or may require an underlying fund to accept greater custodial, clearance and/or settlement risks in order to make any such investment. There are risks arising from the inadequacy of systems to ensure the transfer, evaluation, compensation and/or recording of securities, the procedure for registering securities, the custody of securities and liquidation of transactions. These risks do not occur as frequently in more developed economies or markets.

The clearance and settlement systems available to effect trades on certain emerging or developing economies or markets as well as the local banking and telecommunications systems may be significantly less developed than those in more developed economies or markets, which may result in delays and other material difficulties in settling trades and in registering transfers of securities. Since the local postal and banking systems in these emerging or developing economies or markets may not meet the same standards as those of more developed economies or markets, no guarantee can be given that all entitlements attaching to securities acquired by an underlying fund can be realised. There is the risk that payments of interest or other distributions by bank wire or by cheque sent through the mail could be delayed or lost. In addition, there is the risk of loss in connection with the insolvency of an issuer's bank, particularly because these institutions may not be guaranteed by the local government. In certain emerging or developing economies or markets, there have been times when clearance and settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement in these economies or markets may affect the value and liquidity of an underlying fund. The inability of an underlying fund to make intended securities purchases due to clearance and settlement problems could cause the underlying funds to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to an underlying fund portfolio due to subsequent declines in value of the portfolio security or, if an underlying fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

In addition, such emerging or developing economies or markets may have less developed clearance and settlement procedures. The underlying funds will be exposed to credit risks of parties with or through whom it trades and will also bear the risk of settlement default. Market practice in certain emerging or developing economies or markets, in which the underlying funds may invest, in relation to the clearance and settlement of securities transactions, may increase such risks. In certain securities markets, in particular those in emerging or developing economies, transactions may not be executed on a delivery versus payment/receive versus payment (DVP/RVP) basis and there may be a difference in settlement dates for cash and securities, which creates counterparty risk.

Investment in debt securities will expose the underlying funds to counterparty default and settlement risks. There are various transaction settlement methods in the China Interbank Bond Market, such as the delivery of security by the counterparty after receipt of payment by the underlying funds; payment by the underlying funds after delivery of security by the counterparty; or simultaneous delivery of security and payment by each party. Although the investment manager may endeavour to negotiate terms which are favourable to the underlying funds (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where their counterparty does not perform their obligations under a transaction, the underlying funds and thus the funds investing in such underlying funds will sustain losses.

(f) PRC broker default risk

There is a risk that the funds may suffer losses, whether direct or consequential, from the default or bankruptcy of the PRC broker or disqualification of the same from acting as a broker.

This may adversely affect the funds in the execution or settlement of any transaction or in the transfer of any funds or securities.

(g) Bond Connect tax consideration

With the introduction of Bond Connect programme, eligible foreign investors can trade in bonds available on the China Interbank Bond Market.

Aside from the above-mentioned general rules, the mainland China tax authorities have not clarified whether income tax and other tax categories are payable on gains arising from the trading in securities that do not constitute shares or other equity investments, such as bonds and other fixed income securities, of Qualified Foreign Institutional Investors ("**QFIIs**") and/or RMB Qualified Foreign Institutional Investors ("**RQFIIs**") and other investors through Bond Connect. It is therefore possible that the relevant tax authorities may, in the future, clarify the tax position and impose an income tax or withholding income tax on realised gains by QFIIs and/or RQFIIs from dealing in mainland China fixed income securities.

Onshore PRC debt securities are subject to PRC taxes, including withholding income tax on dividends and distributions. Based on professional and independent tax advice, the investment manager currently makes a 10% withholding tax provision for the account of the underlying funds in respect of any gross realised and unrealised capital gains arising on disposal of bonds and other fixed income securities. Any shortfall between the provision and the actual tax liabilities, which will be debited from the underlying funds' assets, will adversely affect the underlying funds' net asset value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

4.33 Additional risks related to the Manulife MPF Sustainable Pacific Asia Bond Fund

Sustainable investing risk

Sustainable investing risk is associated with funds which consider sustainability characteristics in their investments. The investment manager of the underlying fund of the Sustainable Pacific Asia Bond Fund (the "**Underlying Fund IM**") believes that sustainability helps to drive financial value. The ability to create financial value is impacted by the health of our natural environment and the strength of the social infrastructure in our communities. As such, the Underlying Fund IM believes that ESG analysis is integral to understanding the true value of an investment. However, investing primarily in investments of issuers demonstrating sustainability characteristics ("**sustainable investment**") carries the risk that, under certain market conditions, the underlying fund of the Sustainable Pacific Asia Bond Fund may underperform funds that do not utilize a sustainable investment strategy. The application of sustainable investment principles may affect the exposure of the underlying fund of the Sustainable Pacific Asia Bond Fund to certain sectors or types of investments and may impact its relative investment performance depending on whether such sectors or investments are in or out of favor in the market. The securities held by the underlying fund of the Sustainable Pacific Asia Bond Fund may be subject to the risk that they no longer meet the sustainability and ESG criteria of the underlying fund of the Sustainable Pacific Asia Bond Fund after investment. The Underlying Fund IM may need to dispose of such securities when it may be disadvantageous to do so. This may lead to a fall in the net asset value of the underlying fund of the Sustainable Pacific Asia Bond Fund. In evaluating an issuer, the Underlying Fund IM is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause the Underlying Fund IM to incorrectly assess an issuer's sustainability characteristics. Successful application of the underlying fund's sustainable investment strategy will depend on the skill of the Underlying Fund IM in properly identifying and analyzing material sustainability issues. Sustainability factors may be evaluated differently by different managers, and may mean different things to different people. However, overall, the Underlying Fund IM considers that sustainable investing and the integration of sustainability risks in the decision making process is an important element in determining long term financial performance outcomes and is an effective risk mitigation technique. Consequently, the Underlying Fund IM considers the "Sustainability Policy Risk" below, that the impact of sustainability risks on the financial performance of the fund is low.

Sustainability policy risk

The sustainable investment policy of the underlying fund of the Sustainable Pacific Asia Bond Fund could cause it to perform differently compared to similar funds that do not have such a policy. The exclusionary criteria related to this policy may result in the fund forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities for sustainability reasons when it might be otherwise disadvantageous for it to do so. The underlying fund of the Sustainable Pacific Asia Bond Fund will vote proxies in a manner that is consistent with its sustainability criteria, which may not always be consistent with maximizing short-term performance of the issuer.

5. FEES AND CHARGES

5.1 Fees and charges

5.1.1 Fee table

The following table describes the fees, charges and expenses that participating employers and Members may pay upon and after joining the Scheme. Important explanatory notes and definitions are set out at the bottom of the table. The following table has not taken into account any bonus unit rebates that may be offered to certain Members of the Scheme.

(A) JOINING FEE & ANNUAL FEE				
Type of fees	**Current/Maximum amount (HKD)**			**Payable by**
	Employee member/ personal account member	**Self-employed person**	**Individual relevant employee member/ TVC account member**	
Joining fee[1]	Nil (Permanently Waived)			Member
Annual fee[2] (Service fee for self-employed person and individual relevant employee member)	N/A	Nil		Member

(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT					
Type of fees, expenses & charges	**Name of constituent fund**	**Employee member/ personal account member**	**Self-employed person**	**Individual relevant employee member/ TVC account member**	**Payable by**
		Current/ Maximum	Current/ Maximum	Current/ Maximum	
Contribution charge[3]	All constituent funds	N/A	N/A	N/A	N/A
Offer spread[4]	All constituent funds	N/A	N/A	N/A	N/A
Bid spread[5]	All constituent funds	N/A	N/A	N/A	N/A
Withdrawal charge[6]	Manulife MPF Conservative Fund	N/A	N/A	N/A	N/A
	Manulife MPF Core Accumulation Fund				
	Manulife MPF Age 65 Plus Fund				
	All other constituent funds	Nil	Nil	Nil	Member

(C) & (D) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS & FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS			
Type of fees, expenses & charges	**Name of constituent fund**	**Current level###**	**Deducted from#**
Management fees[7] (please refer to Explanatory Notes (i))	Manulife MPF Interest Fund	1.75% p.a. of the NAV	Relevant assets of the constituent fund
	Manulife MPF Stable Fund		
	Manulife MPF Growth Fund		
	Manulife MPF Aggressive Fund		
	Manulife MPF International Equity Fund		
	Manulife MPF Retirement Income Fund	1.30% p.a. of the NAV	
	Manulife MPF Conservative Fund	0.75% p.a. of the NAV	
	Manulife MPF Hong Kong Bond Fund	1.15% p.a. of the NAV	
	Manulife MPF RMB Bond Fund		
	Manulife MPF Sustainable Pacific Asia Bond Fund		
	Manulife MPF International Bond Fund		
	Manulife MPF China Value Fund	1.90% p.a. of the NAV	
	Manulife MPF Healthcare Fund		
	Manulife MPF Core Accumulation Fund	0.75% p.a. of the NAV	
	Manulife MPF Age 65 Plus Fund		
	All Retirement Funds	0.99% p.a. of the NAV	
	Manulife MPF Hang Seng Index ESG Fund	0.88% p.a. of the NAV	Relevant assets of the constituent fund and underlying ITCIS(s)
	Manulife MPF Fidelity Growth Fund	1.75% p.a. of the NAV	Relevant assets of the constituent fund and underlying APIF
	Manulife MPF Fidelity Stable Growth Fund		
	All other constituent funds	1.75% p.a. of the NAV	Relevant assets of the constituent fund
Guarantee charge[8]	N/A		

Other expenses	The following fees and expenses may also be deducted from the assets of the Scheme (and/or constituent funds and/or the underlying APIFs, as the case may be): auditor fees, bank charges, transaction costs, licence fees, charges and expenses (including tax, stamp duty, registration fee, custody and nominee charges, compensation fund levy (if any), indemnity insurance, MPF registration fee (if any), government, regulatory and/or professional fees and charges) and fees for providing valuation, accounting, custodian and sub-custodian services for the constituent funds and their underlying APIFs, costs of preparing, publishing and distributing this MPF Scheme Brochure, any other materials and the reports of the Scheme, and any other expenses properly incurred in respect of the establishment, operation, management and administration of the Scheme, the constituent funds and the underlying APIFs. In respect of the DIS CFs, certain recurrent out-of-pocket expenses mentioned above are subject to a statutory annual limit of 0.2% of the NAV of the respective DIS CFs and will not be imposed on the respective DIS CFs in excess of that amount. Please refer to section 5.3 (Fees and out-of-pocket expenses of the DIS CFs) for further details. Participating employers will be responsible for the legal costs which may be incurred in the preparation of the participation agreement referred to in section 6.1 (Application for membership). No advertising expenses will be charged against the constituent funds or the underlying APIFs.
(E) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES	
Special handling fees payable by the requesting party can be charged by the Trustee in respect of any participating employer or participating Member in respect of any extra service provided which shall include but not limited to the following: - Request for copy of the Trust Deed: HKD1,000 per copy	

Management fees of the constituent funds will accrue on a daily basis, except that of the Manulife MPF Interest Fund, which will accrue monthly.

The above current level of fees does not include the amount of performance fee or incentive fee (if any) that will be charged.

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 and payable by the employers and/or Members upon joining the Scheme.
2. "**annual fee**" means the fee (including service fee) charged by the Trustee/Sponsor by no more than once a year and payable by the employers and/or Members of the Scheme.
3. "**contribution charge**" means the fee charged by the Trustee/Sponsor against any contributions paid to the Scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to the Manulife 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 does not apply to the Manulife MPF Conservative Fund. Offer spread for a transfer of accrued benefits (applicable to constituent funds only) can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer and are payable to a party other than the Trustee.

5. "**bid spread**" is charged by the Trustee/Sponsor upon redemption of units of a constituent fund by a scheme Member. Bid spread does not apply to the Manulife MPF Conservative Fund. Bid spread for a transfer of accrued benefits, withdrawal of accrued benefits in a lump sum, or the first 12 withdrawals of accrued benefits by instalments in a year (applicable to constituent funds only) can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Trustee.

6. "**withdrawal charge**" means the fee charged by the Trustee/Sponsor upon withdrawal of accrued benefits from the Scheme. This charge does not apply to the Manulife MPF Conservative Fund, the Manulife MPF Core Accumulation Fund and the Manulife MPF Age 65 Plus Fund. A withdrawal charge for a transfer of accrued benefits, withdrawal of accrued benefits in a lump sum, or withdrawals of accrued benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Trustee.

7. "**management fees**" include fees paid to the Trustee, Custodian, Administrator, investment managers (including fees based on fund performance, if any), Sponsor and Promoter of a scheme for providing their services to the relevant fund and in respect of investment managers, include fees (if any) based on fund performance. They are usually charged as a percentage of the NAV of a constituent fund. In the case of the Manulife MPF Core Accumulation Fund and the Manulife MPF Age 65 Plus Fund, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the NAV of the respective constituent funds. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the fund which applies across both the constituent fund and the underlying funds. Please see section 5.3 (Fees and out-of-pocket expenses of the DIS CFs) for details.

8. "**guarantee charge**" refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the NAV of a guaranteed fund.

EXPLANATORY NOTES

(i) Breakdown of management fees

<table>
<tr><th rowspan="4">Name of constituent fund</th><th colspan="6">Breakdown of current level of management fees</th><th colspan="2" rowspan="2">Management fees</th></tr>
<tr><th colspan="4">Constituent fund level (% p.a. of the NAV)</th><th colspan="2">Underlying fund level (% p.a. of the NAV)</th></tr>
<tr><th colspan="3">Trustee and administration Fee^^</th><th rowspan="2">Investment management fee</th><th rowspan="2">Trustee fee</th><th rowspan="2">Investment management fee</th><th rowspan="2">Current level</th><th rowspan="2">Maximum level†††</th></tr>
<tr><th>Sponsor fee^^^</th><th>Trustee and custodian fee</th><th>Adminis -tration fee^^^^</th></tr>
<tr><td>Manulife MPF InterestFund</td><td>0.74%</td><td>0.12%</td><td>0.64%</td><td>0.25%</td><td>Nil</td><td>Nil</td><td>1.75%</td><td>2.63%</td></tr>
<tr><td>Manulife MPF StableFund ‡‡</td><td>Up to 0.74%</td><td>0.12%</td><td>0.64%</td><td>Up to 0.60%</td><td>Nil</td><td>Nil</td><td>1.75%</td><td>2.63%</td></tr>
<tr><td>Manulife MPF GrowthFund‡‡</td><td rowspan="2">Up to 0.74%</td><td rowspan="2">0.12%</td><td rowspan="2">0.64%</td><td rowspan="2">Up to 0.60%</td><td rowspan="2">Nil</td><td rowspan="2">Nil</td><td rowspan="2">1.75%</td><td rowspan="2">2.63%</td></tr>
<tr><td>ManulifeMPF Aggressive Fund‡‡</td></tr>
<tr><td>Manulife MPF International Equity Fund ‡‡</td><td>Up to 0.74%</td><td>0.12%</td><td>0.64%</td><td>Up to 0.60%</td><td>Nil</td><td>Nil</td><td>1.75%</td><td>2.63%</td></tr>
<tr><td>Manulife MPF Retirement Income Fund‡‡,‡‡‡‡</td><td>Up to 0.33%</td><td>0.12%</td><td>0.60%</td><td>Up to 0.60%</td><td>Nil</td><td>Nil</td><td>1.30%</td><td>2.63%</td></tr>
</table>

<table>
<tr><td>Manulife MPF Conservative Fund‡‡‡‡</td><td>0%</td><td>0%</td><td>0.50%</td><td>0.25%</td><td>Nil</td><td>Nil</td><td>0.75%</td><td>2.63%</td></tr>
<tr><td>Manulife MPF Hong Kong Bond Fund‡‡‡‡</td><td rowspan="4">0.18%</td><td rowspan="4">0.12%</td><td rowspan="4">0.60%</td><td rowspan="4">0.25%</td><td rowspan="4">Nil</td><td rowspan="4">Nil</td><td rowspan="4">1.15%</td><td rowspan="4">2.63%</td></tr>
<tr><td>Manulife MPF RMB Bond Fund‡‡‡‡</td></tr>
<tr><td>Manulife MPF Sustainable Pacific Asia Bond Fund‡‡‡‡</td></tr>
<tr><td>Manulife MPF International Bond Fund‡‡‡‡</td></tr>
<tr><td>Manulife MPF China Value Fund‡‡</td><td>Up to 0.89%</td><td>0.12%</td><td>0.64%</td><td>Up to 0.70%</td><td>Nil</td><td>Nil</td><td>1.90%</td><td>3.63%</td></tr>
<tr><td>Manulife MPF Healthcare Fund‡‡</td><td>Up to 0.84%</td><td>0.12%</td><td>0.64%</td><td>Up to 0.60%</td><td>Nil</td><td>Nil</td><td>1.90%</td><td>3.63%</td></tr>
<tr><td>Manulife MPF Core Accumulation Fund####, §,§§</td><td rowspan="2">0%</td><td rowspan="2">0%</td><td rowspan="2">0.49%</td><td rowspan="2">0.26%</td><td rowspan="2">Nil</td><td rowspan="2">Nil</td><td rowspan="2">0.75%</td><td rowspan="2">0.75%</td></tr>
<tr><td>Manulife MPF Age 65 Plus Fund####, §,§§</td></tr>
<tr><td>All Retirement Fund‡‡,‡‡‡‡</td><td>Up to 0.12%</td><td>0.12%</td><td>0.50%</td><td>Up to 0.60%</td><td>Nil</td><td>Nil</td><td>0.99%</td><td>2.63%</td></tr>
<tr><td>Manulife MPF Hang Seng Index ESG Fund‡‡, ‡‡‡‡</td><td>Up to 0.01%</td><td>0.12%</td><td>0.60%</td><td>0%</td><td>0%</td><td>0.15%</td><td>0.88%</td><td>2.13%</td></tr>
<tr><td>Manulife MPF Fidelity Growth Fund‡‡,****,§,§§</td><td rowspan="2">Up to 0.26%</td><td rowspan="2">0.12%</td><td rowspan="2">0.64%</td><td rowspan="2">0.73%</td><td rowspan="2">Up to 0.1%</td><td rowspan="2">Nil</td><td rowspan="2">1.75%</td><td rowspan="2">4.63%</td></tr>
<tr><td>Manulife MPF Fidelity Stable Growth Fund‡‡,****,§,§§</td></tr>
</table>

Manulife MPF Hong Kong Equity Fund‡‡	Up to 0.74%	0.12%	0.64%	Up to 0.40%	Nil	Nil	1.75%	2.63%
Manulife MPF Pacific Asia Equity Fund‡‡	Up to 0.74%	0.12%	0.64%	Up to 0.40%	Nil	Nil	1.75%	2.63%
Manulife MPF European Equity Fund	0.74%	0.12%	0.64%	0.25%	Nil	Nil	1.75%	2.63%
Manulife MPF Japan Equity Fund								
Manulife MPF North American Equity Fund‡‡	Up to 0.74%	0.12%	0.64%	Up to 0.375%	Nil	Nil	1.75%	2.63%

^^ The Trustee will, out of the trustee and administration fee, discharge the sponsor fee and the administration fee payable to the relevant parties.

^^^ The sponsor fee for each constituent fund varies. For the purpose of maintaining the current level of management fees, the Sponsor may, from time to time, waive any part of the sponsor fee for any constituent fund.

^^^^ The administration fee may include fee payable to a party or parties to carry on fund administration of the constituent fund(s) and the underlying fund(s) in which the constituent fund(s) invest.

‡‡ Although the detailed fee items in the table may not add up to the current level of management fees, the management fees for each constituent fund will only be charged according to the current level. Please refer to note ^^^ for details.

‡‡‡‡ The trustee and custodian fee and/or part of the administration fee (whichever is applicable) are currently waived for these constituent funds.

**** FIL Investment Management (Hong Kong) Limited does not currently intend to charge an incentive fee. Any intention to impose an incentive fee shall be subject to prior written notice to Members.

§ The investment management fee of the Manulife MPF Core Accumulation Fund and Manulife MPF Age 65 Plus Fund is inclusive of the total management fee at the underlying fund level while that of the Manulife MPF Fidelity Growth Fund and Manulife MPF Fidelity Stable Growth Fund is inclusive of the investment management fee at the underlying fund level.

§§ As the investment manager of the Manulife MPF Core Accumulation Fund, Manulife MPF Age 65 Plus Fund, Manulife MPF Fidelity Growth Fund, and Manulife MPF Fidelity Stable Growth Fund, MIMHK will carry out investment management functions including supervision and monitoring in respect of these constituent funds and review in relation to the selection of underlying funds.

For the purpose of meeting the legislative requirements on the fee level, the sponsor fee, the trustee and custodian fee and part of the administration fee are currently waived for these two constituent funds.

(ii) Guarantee Provision
- Smoothing provision applicable to the Manulife MPF Interest Fund: to be determined from time to time by Manulife (International) Limited.
- Provision for guarantee applicable to the Manulife MPF Stable Fund: maximum level is 0.75% p.a. of the NAV and the current level is 0.25% p.a. of the NAV.

(iii) Notwithstanding the above, the Trustee may in its sole discretion reduce or waive any of the above fees and charges and/or adjust the current level of fees and charges at any time up to the specified maximum level as in this MPF Scheme Brochure provided that any increase in the current level of fees and charges can only be made with at least three months' prior notice to the Members and participating employers.

(iv) Subject to the approval of the MPFA, the Trustee may:

- change the maximum level of fees, expenses and charges provided in this MPF Scheme Brochure; or
- levy any additional fees, expenses and charges as may be permitted under the Trust Deed, by giving a three months' notice to the Members and participating employers.

††† The above maximum level of fees does not include the amount of performance fee or incentive fee (if any) that will be charged.

5.2 Deductions from the Manulife MPF Conservative Fund

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

Administrative expenses (i.e. trustee fee and fees of other services providers) may only be deducted from the Manulife MPF Conservative Fund and its underlying APIF in the following circumstances:

(a) if the amount of income from the funds of the Manulife MPF Conservative Fund (or its underlying APIF) in a particular month exceeds the amount of interest that would have been earned if those funds 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 Manulife MPF Conservative Fund (or its underlying APIF) as administrative expenses for that month; or

(b) if in a particular month no amount is deducted under (a) above or the amount that is deducted is less than the actual administrative expenses for the month, the deficiency may be deducted from the amount of any excess that may remain in any of the following 12 months after deducting the administrative expenses applicable to that following month.

5.3 Fees and out-of-pocket expenses of the DIS CFs

In accordance with the MPF legislation, the aggregate of the payment for services of the DIS CFs must not, in a single day, exceed a daily rate of 0.75% p.a. of the NAV of the respective DIS CFs divided by the number of days in a year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, administrator, investment manager(s), custodian and sponsor and/or promoter of the Scheme and the underlying investment fund(s) of the respective DIS CFs, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of the respective DIS CFs and its underlying fund(s), but does not include any out-of-pocket expenses incurred by the respective DIS CFs and its underlying fund(s).

Services provided by the principal service providers of the DIS CFs: (i) the Trustee manages the operations of Scheme and execution of the Trust Deed; (ii) MIMHK is responsible for managing the investment of the DIS CFs; (iii) the Administrator carries out the daily administration work of the Scheme and provides other customer services to the enrolled participating employers and Members; (iv) the investment manager of the underlying APIFs is responsible for managing the investment of respective underlying APIF of the DIS CFs; (v) the custodian of the underlying APIFs is responsible to safe-keep the respective underlying APIF's assets and provides related administration services, the fee of which is included in the investment management fee.

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on the DIS CFs or Members who invest in the DIS CFs, 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 respective DIS CFs, shall not in a single year exceed 0.2% of the NAV of the respective DIS CFs. 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 the NAV and transaction costs incurred by a DIS CF in connection with recurrent acquisition of investments for the DIS CF (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS CF.

Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the DIS CFs and are not subject to the above statutory fee limits. The establishment costs of setting up the DIS CFs will not be charged to the respective DIS CFs.

5.4 Soft benefits

The investment managers and/or sub-investment managers of the underlying APIFs in the form of an umbrella unit trust may receive from a broker or dealer such goods or services or other benefits (such as research and advisory services, computer hardware associated with specialized software, etc.) which are of demonstrable benefits to the Members provided execution of transactions is consistent with good execution standards and the brokerage rates paid do not exceed customary institutional full service brokerage rates. No cash rebate will be retained by the investment managers and/or sub-investment managers and/or their associates.

6. ADMINISTRATIVE PROCEDURES

6.1 Application for membership

6.1.1 Employers

Any employer may participate in the Scheme by establishing a sub-scheme. In order to establish a sub-scheme, an applicant must (i) complete the application form prescribed by the Trustee, (ii) execute the relevant participation agreement and (iii) agree in writing to comply with the Trust Deed.

6.1.2 Self-employed persons

Any self-employed person may participate in the Scheme by establishing a sub-scheme. In order to establish a sub-scheme, an applicant must (i) complete the application form prescribed by the Trustee, and (ii) agree in writing to comply with the Trust Deed. The self-employed person must indicate in the application form whether he will contribute to the Scheme on a monthly or yearly basis.

6.1.3 Employees

An employee of a participating employer who is eligible to join the Scheme must complete the enrolment form prescribed by the Trustee and agree in writing to comply with the Trust Deed.

A relevant employee whose employer may/may not have a sub-scheme under the Scheme may participate in the Scheme as an individual relevant employee. An applicant who is an individual relevant employee must indicate in the application form the manner in which he will make his Flexi Retirement Contribution.

In addition, the Trustee may enrol a relevant employee to the Scheme for the purpose of section 7AC of the MPF Ordinance.

6.1.4 Personal account members

Any employee under his participating employer's sub-scheme may, upon his cessation of employment with such participating employer, transfer his accrued benefits under his participating employer's sub-scheme to a personal account of the Scheme and become a personal account member.

An employee may also join the Scheme by transferring his accrued benefits in respect of his current employment, former employment or former self-employment to a personal account of the Scheme and become a personal account member in accordance with section 6.8.4(a) (Transferring accrued benefits to the Scheme).

Any other person who wishes to join the Scheme may become a personal account member and transfer his accrued benefits in respect of any former employment or former self-employment to his personal account of the Scheme.

In order to become a personal account member, an applicant must (i) complete the application form prescribed by the Trustee, and (ii) agree in writing to comply with the Trust Deed.

6.1.5 TVC account members

Any person who falls under any one of the following categories may open a TVC account:

- an employee member of a registered scheme;
- a self-employed person member of an MPF scheme;
- a personal account holder of an MPF scheme;
- a member of an MPF exempted ORSO scheme.

Each eligible person can only have one TVC account under an MPF scheme. In order to become a TVC account member, an applicant must (i) complete the application form prescribed by the Trustee, and (ii) agree in writing to comply with the Trust Deed.

The Trustee may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Trustee 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/tax reporting; and/or (iii) other circumstances which the Trustee may consider appropriate.

6.1.6 General

Any applicant whose application is accepted will be notified within 30 days from the time when all the information required for the application is submitted and the requirements under section 6.1 (Application for membership) are met. All applicants who are admitted to the Scheme (including the employee members of the participating employers) will be bound by the governing rules of the Scheme contained in the Trust Deed. In applying to participate in the Scheme, the applicants will also be permitting their appointed insurance/MPF intermediaries involved to receive commission or other remuneration (if any) that may be payable by Manulife (International) Limited on account of their services.

6.2 Mandatory contributions

6.2.1 Participating employers and employee members

Subject to the MPF Ordinance, every participating employer under the relevant sub-scheme must, in respect of each of its employee members who is a relevant employee, pay to the Trustee out of the participating employer's own funds a mandatory contribution at the prescribed percentage under section 7A of the MPF Ordinance of such employee member's relevant income (subject to the maximum level of relevant income as specified in the MPF Ordinance) for each period during which income is paid to such employee member (the "**contribution period**").

At the same time, unless the relevant income of the employee member who is a relevant employee falls below the statutory minimum level of relevant income under schedule 2 to the MPF Ordinance from time to time (the "**Minimum Level of Relevant Income**") per month (or, if the relevant employee is remunerated more frequently than on a monthly basis, the Minimum Level of Relevant Income per day, or in any other cases, the Minimum Level of Relevant Income per month as pro-rated or the Minimum Level of Relevant Income per day as pro-rated, whichever is applicable) such participating employer must, for each contribution period, deduct from such employee member's relevant income (subject to the maximum level of the relevant income) and pay to the Trustee a mandatory contribution at the prescribed percentage.

Both the participating employer's and employee's mandatory contributions must be made on the contribution day which is generally the 10th day after the last day of the calendar month within which the relevant contribution period ends in the case of relevant employees other than casual employees, or the 10th day after the last day of the relevant contribution period in the case of casual employees.

In some circumstances, an employer may be required under section 7AA of the MPF Ordinance to pay contributions for a relevant employee who is not a member of a registered scheme under section 7 of the MPF Ordinance to the MPFA. The MPFA may pay the contributions collected in respect of the relevant employee concerned to the Scheme in accordance with section 7AC of the MPF Ordinance.

6.2.2 Self-employed persons

Every self-employed person must, to the extent required by the MPF Ordinance, from the commencement date of his sub-scheme, pay to the Trustee a mandatory contribution at the prescribed percentage under section 7C of the MPF Ordinance of his relevant income (subject to the maximum level of the relevant income) on a monthly or yearly basis as specified in his application form unless his relevant income falls below the Minimum Level of Relevant Income per month or per year (as applicable).

6.2.3 Special contributions

Special contributions may be paid by the MPFA into the account of an employee member, self-employed person or personal account member under the Scheme in accordance with section 19B of the MPF Ordinance.

6.3 Voluntary contributions

6.3.1 Regular voluntary contributions

Participating employers, employee members or self-employed persons may choose to pay to the Trustee a regular voluntary contribution as a top-up contribution for each contribution period. Regular voluntary contribution may only be made by participating employers, employee members and self-employed person.

If a participating employer chooses to make such regular voluntary contributions in respect of his employee members and/or its employee members choose to make a regular voluntary contribution, it should be specified in the remittance statement and/or contribution data file from the participating employer to the Trustee, or in such other form/manner as prescribed or agreed by the Trustee from time to time. The participating employer may change its regular voluntary contribution arrangement by giving the Trustee one month's prior written notice. If an employee member wishes to change his regular voluntary contribution arrangement, such notice must be sent to the Trustee via his participating employer. However, participating employers and employee members are entitled to change their respective regular voluntary contribution once only in each financial year of the Scheme.

If a self-employed person chooses to make a regular voluntary contribution, he must notify the Trustee in writing by 30 days' prior notice the amount of such voluntary contribution. If a self-employed person wishes to change his voluntary contribution arrangement, prior notice in writing has to be given to the Trustee.

Any regular voluntary contribution made by an employee member and self-employed person shall be deducted from their respective relevant income.

6.3.2 Non-regular voluntary contributions

Non-regular voluntary contributions may only be made by employee members and self- employed persons.

(a) Employee members

With the consent of the Trustee, employee members may make a non-regular voluntary contribution as a top-up contribution on any dealing day by giving to the Trustee a seven working days' written notice (in such form as the Trustee may from time to time prescribe). If any employee member chooses to make a non-regular voluntary contribution, such contribution may, subject to the agreement of the Trustee, be either paid by the employee member from his own funds or deducted from his relevant income. If the non-regular voluntary contribution is deducted from the relevant income, the consent of his employer will be required.

The amount of each such non-regular voluntary contribution shall not be less than HKD5,000 (or such smaller amount as the Trustee may in its discretion agree). Also, the Trustee may require additional proof of identification if the amount of non-regular voluntary contribution exceeds the limit as determined by the Trustee from time to time.

(b) Self-employed persons

With the consent of the Trustee, self-employed persons may make a non-regular voluntary contribution as a top-up contribution on any dealing day by giving to the Trustee a seven working days' written notice (in such form as the Trustee may from time to time prescribe). Such contribution may either be paid from the self-employed person's own funds or relevant income or such other manner as the Trustee may agree and prescribe from time to time at its discretion.

The amount of each such non-regular voluntary contribution shall not be less than HKD5,000 (or such smaller amount as the Trustee may in its discretion agree). Also, that the Trustee may require additional proof of identification if the amount of non-regular voluntary contribution exceeds the limit as determined by the Trustee from time to time.

6.3.3 Flexi Retirement Contributions

With the consent of the Trustee, an individual relevant employee may make a Flexi Retirement Contribution on monthly basis (or on such regular basis as the Trustee may agree) or in single lump sum on any dealing day. In particular, relevant employees whose employers do not maintain a sub-scheme under the Scheme can make contribution as Flexi Retirement Contribution. Such contribution may be paid from the individual relevant employee's own funds in such manner as the Trustee may agree and prescribe from time to time. The Trustee reserves the right not to accept any Flexi Retirement Contribution.

In any case, each of such monthly Flexi Retirement Contribution shall not be less than HKD500 and except for the first single lump sum which shall not be less than HKD10,000, each of the subsequent single lump sum shall not be less than HKD5,000 (or such smaller amount as the Trustee may in its discretion agree). Also, the Trustee may require additional proof of identification and/or source of funds if the amount of the Flexi Retirement Contribution exceeds such limit as the Trustee may determine. The Trustee may change the prescribed minimum Flexi Retirement Contribution amounts from time to time by giving one month's written notice to the individual relevant employee members.

An individual relevant employee member may change the specified amount of Flexi Retirement Contribution provided that prior 30 days' written notice has been received by the Trustee. The new contribution amount specified in the notice shall not be less than the prescribed minimum Flexi Retirement Contribution amount as specified above.

6.3.4 Tax deductible voluntary contributions ("TVC")

Any person, who fulfils the eligibility requirements as mentioned in section 6.1.5 (TVC account members) can become a TVC account member and set up a TVC account and pay TVC into such account. TVC paid into the account will be eligible for tax deduction in accordance with the Inland Revenue Ordinance. With effect from April 1, 2019, the Scheme offers TVC account to eligible persons.

The characteristics of TVC are as follows:

(i) TVC can only be made directly by eligible persons into TVC account of an MPF scheme in order to enjoy tax concession, subject to relevant conditions. Please refer to section 6.1.5 (TVC account members) and section 7.9(e) (Hong Kong taxation) for details;

(ii) Involvement of employers is not required;

(iii) Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation.

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).

For the purposes of anti-money laundering, compliance of the MPF Ordinance and/or any other situations that the Trustee may deem appropriate, the Trustee reserves the right not to accept any TVC.

Minimum limit imposed on the amount or frequency of contribution made to the TVC account will be specified in the relevant application form. TVC will be fully vested in the Member as accrued benefits once it is paid into the Scheme.

For the avoidance of doubt, the protection of accrued benefits under the MPF 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 the bankrupt Member.

6.4 Contribution payment

All mandatory contributions, voluntary contributions, Flexi Retirement Contribution and TVC to the Scheme must be made to the Trustee and in HKD.

6.5 Contribution investment instruction

6.5.1 At application/enrolment

At the time when a Member joins the Scheme or opens a new account, the Member has the opportunity to give his contribution investment instruction to the Trustee in his application or enrolment form (as the case may be). Subject to any restrictions and limitations which may from time to time be imposed by the Trustee, such Member may select his own investment choices. Members should note that a contribution investment instruction given at the time of application/enrolment will apply to both mandatory and voluntary contributions.

Allocation percentage of investment choice for contributions is required at a minimum of 5% and in a whole number for each selected constituent fund. The total allocation percentages should add up to 100%.

A Member will be treated as not having given any contribution investment instruction in the following circumstances and such Member's contributions (including transferred monies) will be fully invested into the DIS:

(i) No signature is provided on the application or enrolment form;

(ii) The total allocation percentages of the investment choice(s) selected is over 100%;

(iii) No investment choice is given in the application or enrolment form;

(iv) The investment choice for all the selected constituent funds is unclear or illegible; and/or

(v) Both the DIS and individual constituent funds are selected, which are mutually exclusive as an investment choice for a contribution investment instruction at the application/enrolment.

Where contribution investment instruction from a Member is treated as partially (but not wholly) invalid, such contribution investment instruction will be processed in the following manner:

(a) The part of the contribution investment instruction which is clear and treated as valid: such part of the contribution investment instruction to invest into the selected constituent fund(s) will be processed accordingly.

(b) The remaining part of the contribution investment instruction which is unclear or invalid: the contribution (including transferred monies) to which such contribution investment instruction relates will be invested into the DIS. Examples of such partially invalid contribution investment instruction include:

    (i) the allocation percentage to any selected constituent fund(s) is below 5%;

    (ii) the allocation to any selected constituent fund(s) is not in whole number;

    (iii) the contribution investment instruction in any selected constituent fund(s) is unclear or illegible;

    (iv) where the total allocation percentage of the investment choice is below 100%, the portion with no contribution investment instruction; and/or

    (v) the investment choice is not a constituent fund available for selection.

    After Member enrolment, a notice confirming the investment of all or part of the funds by default arrangement into the DIS together with the reasons for such investment arrangement will be issued to the Member concerned.

6.5.2 Change of contribution investment instruction

Members can change their contribution investment instruction at any time, subject to the relevant rules of the Scheme under section 6.5.1 (At application/enrolment). Members can choose to allocate their contributions in the DIS and/or any constituent funds.

As soon as the Trustee receives confirmation from the receiving banks of the Trustee that the contribution monies are cleared, the Trustee will invest the monies in the respective constituent funds in accordance with the latest contribution investment instruction.

6.6 Switching

6.6.1 Switching between constituent funds

Subject to any limitation which may be imposed by the Trustee from time to time, Members may submit a fund switching instruction to the Trustee to withdraw any investment or redeem any units in a constituent fund (the "**current constituent fund**") and to apply the redemption proceeds to invest in other constituent fund(s) (the "**new constituent fund(s)**") on the same day in accordance with the fund switching instruction.

Members may give separate fund switching instructions for mandatory and voluntary contributions respectively. The allocation percentage for each selected constituent fund or the DIS in the fund switching instruction is required to be at a minimum of 5% and in a whole number.

Notwithstanding any limitation which may be imposed by the Trustee from time to time in respect of the switching of constituent funds and/or the DIS, a Member may transfer his entire contributions or accrued benefits under the Scheme into any one constituent fund or the DIS.

The number of units of the new constituent fund (other than the Manulife MPF Interest 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 to the nearest three decimal places, or such other number of decimal places as the Trustee may determine from time to time)
P	is the redemption proceeds or repayment amount from the current constituent fund calculated in accordance with section 7.2.4 (Redemptions of units and redemption price) below
M	is the issue price per unit of the new constituent fund as at the relevant dealing day

A fund switching instruction received by the Trustee through our website at www.manulife.com.hk or interactive voice response system or by facsimile or by mail at or before the dealing cut-off time (currently at 4:00 p.m. Hong Kong time) on a dealing day will generally be processed on the same dealing day. If such a fund switching instruction is received by the Trustee after the dealing cut-off time on a dealing day, the instruction will generally be processed on the next dealing day.

Members who choose to submit a fund switching instruction to the Trustee's designated address by mail should allow sufficient time for mailing.

If dealing of the relevant constituent fund(s) is suspended, the Trustee shall not be obliged to implement any or all of the instructions as specified in the fund switching instruction until the suspension has been lifted, whereupon all the above requests received by the Trustee, but not dealt with prior to such suspension, shall remain valid and will be dealt with after the period of suspension.

Any fund switching instruction received by the Trustee will be regarded as the rebalancing of all the accrued benefits in the Member's account as at the implementation of such fund switching instruction. Where a fund switching instruction requests to switch part of the accrued benefits to other constituent fund(s), it shall be regarded as given an instruction that the remaining part of the accrued benefits should remain unchanged on its investment.

Members should note that a fund switching instruction only applies to the existing accrued benefits and is not equivalent to a change of contribution investment instruction which applies to future contributions and transferred monies or vice versa. The fund switching instruction will not affect the way in which any future contributions and transferred monies should be invested, which will continue to be made in accordance with the latest contribution investment instruction submitted by the relevant Member.

6.6.2 Switching in and out of the DIS

Members can switch into or out of the DIS in respect of all or part of his accrued benefits in an account at any time, subject to the rules of the Scheme. If a Member wishes to switch out of the DIS, he may elect to switch all or part of his accrued benefits to other constituent fund(s) (including the CAF and the A65F as standalone fund choice). Likewise, if a Member wishes to switch into the DIS, he may elect to switch out all or part of his accrued benefits invested in individual constituent fund(s) (including the CAF and the A65F as standalone fund choice). In the case of switching into the DIS, the redemption proceeds from the specific constituent fund(s) will be invested in the CAF and the A65F in the allocation percentages according to the DIS de-risking table in Diagram 2 under section 3.3.2 (Dealing day of Annual De-risking). In the case of switching out of the DIS, the units to be redeemed from the CAF and the A65F will be equivalent to the percentage(s) of the accrued benefits to be switched out as specified in the fund switching instruction multiplied by the unit holding in the respective DIS CFs under the DIS as of the relevant dealing day. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement.

6.6.3 Timing of the switching

In effecting the fund switching instruction, the Trustee shall redeem the relevant investments or units in the relevant constituent fund (the "switched-out constituent fund") and apply the redemption proceeds to invest in other constituent fund(s) specified in the fund switching instruction on the same date when the investments or units in the switched-out constituent fund are redeemed or, if such date is not a dealing day of that other constituent fund, on the dealing day immediately following the date on which the investments or units in the switched-out constituent fund are redeemed.

6.7 Circumstances for accrued benefits to be invested in the DIS

6.7.1 New accounts set up on or after April 1, 2017

(a) When Members join the Scheme or set up a new account in the Scheme, they have the opportunity to give a contribution investment instruction for their future contributions and transferred monies. They may choose to invest their future contributions and transferred monies into:

- the DIS; or
- one or more constituent funds of their own choice (including the CAF and the A65F) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

Members should note that, if investments/accrued benefits in the CAF or the A65F are made under the Member's contribution investment instructions (as a standalone fund choice rather than as part of the DIS offered as a choice) ("**standalone investments**"), those investment/accrued benefits will not be subject to the de-risking process. Accordingly, if a Member's accrued benefits are invested in any combination of (i) the CAF and/or the A65F as standalone investments and (ii) the DIS(no matter by default arrangement or by contribution 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 rules 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 instructions apply.

(b) If Members do not give any contribution investment instructions, their future contributions and transferred monies will be automatically invested in the DIS.

6.7.2 Existing accounts set up before April 1, 2017

There are special rules to be applied for accounts which exist or are set up before April 1, 2017 ("**Pre-existing Accounts**") and these rules **only apply to Members who were under or becoming 60 years of age on April 1, 2017**. Members who have reached 60 years of age before April 1, 2017 will not be affected and there is no change on investment of their accrued benefits, future contributions and transferred monies of their accounts.

<u>For a Member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement (i.e. the Manulife MPF Interest Fund) immediately before April 1, 2017:</u>

The original default arrangement of the Scheme was to invest in the Manulife MPF Interest Fund before April 1, 2017 (the "**Original Default Arrangement**"). As the amount withdrawn from the Manulife MPF Interest Fund at any time will not be less than the value guaranteed, Member's Pre-existing Account is subject to arrangement below as required by the MPF legislation. If the accrued benefits in a Member's Pre-existing Account are only invested in the Manulife MPF Interest Fund according to the Original Default Arrangement of the Scheme, special rules and arrangement will be applied, in due course, to determine whether the accrued benefits in the Pre-existing account will be transferred to the DIS and whether the future contributions and transferred monies in such Pre-existing account will be invested in the DIS. If the Member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice would have been sent to the Member within six months after April 1, 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/or transferred monies are invested into the DIS. **Member should note that the risk inherent in the arrangement, in particular, the Original Default Arrangement. The investment policy and the risk factors of the Manulife MPF Interest Fund can be referred to sections 3.4.1 (Manulife MPF Interest Fund (the "Interest Fund")) and 4(RISK FACTORS) respectively. Please note that the risk factors of the Manulife MPF Interest Fund are different to those of the DIS as stated in section 4.27 (Additional risks related to the DIS CFs) of this MPF Scheme Brochure. Members should note that the Manulife MPF Interest Fund provides a capital guarantee and the risk level** is lower than the DIS. Members will also be subject to market risks during the redemption and reinvestment process.

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

<u>For a Member's Pre-existing Account with part of the accrued benefits in the Original Default Arrangement before April 1, 2017:</u>

For a Member's Pre-existing Account in which part of the accrued benefits was invested in the Manulife MPF Interest Fund according to the Original Default Arrangement immediately before April 1, 2017, unless the Trustee has received any Specific Investment Instruction, accrued benefits (including future contributions and transferred monies) for the Member will be invested in the same manner as the accrued benefits invested immediately before April 1, 2017.

<u>For a Member's Pre-existing Account set up as a result of an automatic transfer of accrued benefits from a contribution account due to cessation of former employment, with none or all of the accrued benefits in the Original Default Arrangement and without contribution investment instruction being given before April 1, 2017:</u>

For a Member's Pre-existing Account set up as a result of an automatic transfer of accrued benefits from a contribution account due to cessation of former employment, with none or all of the accrued benefits in the Manulife MPF Interest Fund, unless the Trustee had received any contribution investment instructions immediately before April 1, 2017, such accrued benefits will continue to be invested in the same manner but future contributions and transferred monies on or after April 1, 2017 will be invested in the DIS. Member should note that, in general, contribution investment instruction that was carried over from a contribution account to a personal account under the auto-preservation process will be changed to the DIS unless there were subsequent transferred monies made to the personal account and invested according to such instruction before April 1, 2017.

<u>For a Member's Pre-existing Account with the accrued benefits being transferred to the Scheme as a result of scheme restructuring:</u>

For a Member's Pre-existing Account with accrued benefits being transferred to the Scheme as a result of scheme restructuring and not wholly invested in the Manulife MPF Interest Fund immediately before April 1, 2017, unless the Trustee has received any Specific Investment Instruction, accrued benefits (including future contribution and transferred monies) for a Member will continue to be invested in the same manner as that were invested immediately before April 1, 2017.

6.8 Transfer

This section 6.8 (Transfer) does not apply to an individual relevant employee who makes Flexi Retirement Contribution. Accrued benefits held in the Flexi Retirement Contribution sub-account shall be retained in the Scheme unless otherwise withdrawn upon request.

6.8.1 Transfer to the Scheme

(a) Participating employers

If a participating employer already maintains an existing ORSO scheme, the employer may transfer the funds and any minimum MPF benefit in such existing ORSO scheme tothe Scheme as voluntary contribution and mandatory contribution respectively in accordance with the MPF Ordinance.

Similarly, if a participating employer maintains an employer sponsored scheme or participates in another registered scheme under the MPF Ordinance, the participating employer may, subject to the MPF Ordinance, transfer the funds in such existing scheme to the Scheme.

Where there is a change in the ownership of whole or part of a business in which an employee is employed, or where the relevant employment of an employee is transferredto an associated company of the same company group, the new owner or associated company (as the case may be) ("**new employer**") who has assumed certain duties or liabilities of the previous owner or company ("**previous employer**"), may elect in accordance with the General Regulation (including, in particular, section 150A) to havethe funds and any minimum MPF benefit of such employee held in the scheme or arrangement maintained by his previous employer to be transferred to the Scheme of which the new employer is a participating employer.

(b) Employee members, self-employed persons or personal account members

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

(c) TVC account members

At the request of a person eligible to be a TVC account member under section 6.1.5 (TVC account members), the Trustee shall accept a transfer payment from any other scheme of which such person is a TVC account member, provided that the transfer has to be made in lump sum (full account balance). Such transfer payment will be held by the Trustee as TVC in a TVC account under the Scheme in accordance with the governing rules of the Scheme.

6.8.2 Transfer to another account within the Scheme

This section 6.8.2 (Transfer to another account within the Scheme) does not apply to:

- A TVC account member - please refer to section 6.8.5 (TVC) for the portability rules of TVC; and
- an individual relevant employee who makes Flexi Retirement Contribution - accrued benefits held in the Flexi Retirement Contribution sub-account shall be retained in the Scheme unless otherwise withdrawn upon request.

(a) Employee members

If an employee member ceases to be employed by his employer, the employee member may elect to have his accrued benefits under the Scheme transferred to a personal account of the Scheme or to another registered scheme.

If the employee member fails to notify the Trustee of an election in accordance with section 146 of the General Regulation within three months after the Trustee has been notified by the former employer or by the employee member that the employee member has ceased to be employed by the former employer, at the end of that period, the employee member will be taken to have elected to transfer his accrued benefits concerned to a personal account of the Scheme, and the Trustee is taken to have been notified of the election, in which case, all accrued benefits of the employee member will be so transferred within 30 days after the end of the three months' period.

(b) Self-employed persons

If a self-employed person fails to notify the Trustee of an election in accordance with section 148 of the General Regulation within three months after the Trustee has been notified that the self-employed person has ceased to be self-employed, at the end of that period, the self-employed person will be taken to have elected not to transfer his accrued benefits but to retain them in the Scheme.

(c) Employee members, self-employed persons and personal account members

A Member who wishes to make a transfer of accrued benefits from one account to another account of the Scheme should notify the Trustee of his election and provide the Trustee with the necessary information in accordance with the Trust Deed. When a transfer from a Member's account to the Member's another account within the Scheme is being processed, such transfer will be effected by way of unit transfer of the relevant units in the constituent funds (other than the Manulife MPF Interest Fund which is non-unitised).

If the Member's account holds any units in the Manulife MPF Stable Fund at the time of transfer, the relevant guarantee account balance and all relevant transactions that are applicable to determine the guarantee will be transferred to the transferee account of the Member. The Member's entitlement to the guarantee under the Manulife MPF Stable Fund will not be affected.

If the Member's account holds any balance of the Manulife MPF Interest Fund at the time of transfer, the relevant balance will be transferred to the Member's transferee account. The Member's entitlement to the guarantee under the Manulife MPF Interest Fund will not be affected.

Member should note that the contribution investment instruction applicable to the Member's account prior to the transfer will not be carried over to the Member's transferee account. Unless the Member has given a contribution investment instruction in respect of the Member's transferee account, any future contribution and transferred monies in the transferee account will be invested in accordance with the DIS.

6.8.3 Transfer out of the Scheme

Self-employed persons, personal account members and TVC account members may at any time elect to transfer their accrued benefits in their contribution or personal account to another registered scheme.

If an employee member ceases to be employed by his employer, the employee member may elect to have his accrued benefits under the Scheme transferred to a personal account of the Scheme or to another registered scheme.

If any such Member wishes to transfer his accrued benefits from the Scheme to another registered scheme, he should notify the trustee of the transferee scheme by completing the relevant election forms, in which case, the trustee of the transferee scheme should notify the Trustee of the election as soon as practicable. Subject to the General Regulation, the Trustee will take all practicable steps to ensure that the accrued benefits concerned will be transferred in accordance with the election within 30 days after being notified or, if the election is made by an employee member who ceased to be employed by his participating employer, within 30 days after the last contribution day in respect of the employment that has ceased, whichever is later.

6.8.4 Employee choice arrangement – transfer accrued benefits to and from the Scheme

(a) Transferring accrued benefits to the Scheme

Accrued benefits relating to current employment

An employee member of another registered scheme may transfer his accrued benefits deriving from the employee's mandatory contributions and/or, subject to the terms of that registered scheme, voluntary contributions made in respect of his current employment to the Scheme, by completing and returning to the Trustee the prescribed election form together with the required documents. If he is already a personal account member of the Scheme, the accrued benefits so transferred will be held in his personalaccount. However, if he is not, he will have to become a personal account member by completing and sending to the Trustee the application form and other necessary documents, and the accrued benefits so transferred will be held in his personal account.

Accrued benefits relating to former employment and former self-employment

An employee member of another registered scheme may transfer his accrued benefits deriving from mandatory and/or, subject to the terms of that registered scheme, voluntary contributions made by him or his employer in respect of his former employment or former self-employment to the Scheme by completing and returning tothe Trustee the prescribed election form together with the required documents. If he isalready a Member of the Scheme, the accrued benefits so transferred will be held in hiscontribution account or personal account as designated by him. However, if he is not, he will have to become a personal account member by completing and sending to the Trustee the application form and other necessary documents, and the accrued benefitsso transferred will be held in his personal account.

(b) Transferring accrued benefits from or within the SchemeAccrued

benefits relating to current employment

An employee member may elect (by completing and sending to the Trustee the prescribed election form and other necessary documents) to transfer accrued benefitsderiving from the employee's mandatory contributions of his current employment in hiscontribution account of the Scheme at any time to (i) a personal account of the Schemeor (ii) a personal account within another master trust scheme or industry scheme nominated by the employee member. He may only make such a transfer once in every calendar year. No withdrawal of such accrued benefits shall be allowed except as provided in section 6.10 (Withdrawal).

Accrued benefits relating to former employment and former self-employment

An employee member may elect (by completing and sending to the Trustee theprescribed election form and other necessary documents) to transfer accrued benefits deriving from mandatory contributions of his former employment or former self- employment in his contribution account of the Scheme to (i) a personal account or another contribution account of the Scheme, or (ii) a contribution account of another registered scheme or (iii) a personal account of another master trust scheme or industry scheme nominated by the employee member. No withdrawal of such accrued benefits shall be allowed except as provided in section 6.10 (Withdrawal).

Timing

If a Member elects to have his accrued benefits transferred to another account of the Scheme, subject to the General Regulation, the Trustee will take all practicable steps toensure that all such accrued benefits concerned will be transferred in accordance withthe election within 30 days after being notified by a completed election notice or if theelection is made by an employee member who ceased to be employed by his participating employer, within 30 days after the last contribution day in respect of the employment that has ceased, whichever is later. If a Member elects to have his accruedbenefits transferred from the Scheme to another registered scheme, the Member should notify the trustee of the transferee scheme, in which case, the trustee of the transferee scheme should notify the Trustee of the election as soon as practicable.

6.8.5 TVC

TVC is portable and TVC account members should note that:

(a) TVC account member may at any time choose to transfer the accrued benefits derived from TVC to another registered 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 registered scheme cannot be claimed as deductions for taxation purpose; and

(e) Transfer of TVC accrued benefits to another TVC account of the TVC account member in another registered scheme will also be subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions under the MPF legislation.

6.9 Vesting of accrued benefits

6.9.1 Employee members

Except for any employer's voluntary contributions and subject to any provisions otherwise stipulated in sections 12 and 12A of the MPF Ordinance, all contributions made on behalf of any employee member will become fully vested as accrued benefits as soon as they are received by the Trustee.

Subject to the provision of the Trust Deed, the relevant participation agreement/application form or such other instructions in writing, all voluntary contributions made by the participating employer in respect of an employee member may become fully vested as accrued benefits when:

(i) the employee member attains the normal retirement age of 65;

(ii) the employee member early retires after the age of 60;

(iii) the employee member retires on the ground of total incapacity;

(iv) the employee member dies during his employment; or

(v) the voluntary contributions become fully vested in accordance with its vesting scale as specified in the application form or any other instructions in writing.

6.9.2 Self-employed persons, individual relevant employee members, personal account members and TVC account members

All contributions made by or on behalf of self-employed persons, individual relevant employees, personal account members and TVC account members will be fully vested as accrued benefits at all times.

6.10 Withdrawal

6.10.1 Withdrawal of accrued benefits attributable to mandatory contributions and TVC

Subject to the provisions in the MPF Ordinance and the General Regulation and save as otherwise provided in the Trust Deed, participation agreement or any ancillary instructions, a Member (or his personal representative or committee of the estate, as the case may be) will be entitled to all accrued benefits derived from mandatory contributions and/or TVC in respect of the Member (unless otherwise stated) under the Scheme in a lump sum in any of the circumstances:

(i) he attains the normal retirement age of 65;

(ii) he attains the early retirement age of 60 and certifies to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment;

(iii) he dies before his accrued benefit has been paid;

(iv) he has departed or is about to depart from Hong Kong permanently;

(v) he retires on the ground of total incapacity;

(vi) he has a terminal illness which is likely to reduce his life expectancy to 12 months or less.

In addition, where either circumstance (i) or (ii) occurs, the Member may receive the accrued benefits by instalments. Any withdrawal claims of accrued benefits by instalments for a Member can be effected free of withdrawal charge.

Section 162 of the General Regulation also allows a Member to elect to receive accrued benefits in the Scheme if such accrued benefits do not exceed HKD5,000 at the date of the claim and at least 12 months have elapsed since the contribution day in respect of the latest contribution period for which mandatory contribution is required to be paid in respect of the Member and the Member does not have any accrued benefits in other registered schemes ("**small balance ground**").

6.10.2 Withdrawal of accrued benefits attributable to voluntary contributions

Accrued benefits attributable to voluntary contributions will be payable should any of the circumstances under (i) to (vi) in section 6.10.1 (Withdrawal of accrued benefits attributable to mandatory contributions and TVC) occur or on small balance ground, except for (vi) under section 6.10.1 whereby accrued benefits will not be payable if the Member is an employee member and remains in employment. For the avoidance of doubt, subject to the applicable provisions in the participation agreement, accrued benefits attributable to voluntary contributions may be payable upon a member attaining age 65 regardless of whether such member remains in employment.

Accrued benefits attributable to voluntary contributions made in respect of an employee member under the relevant sub-scheme of the participating employer can also be withdrawn when he ceases to be employed by the participating employer or in accordance with the relevant participation agreement. The amount of accrued benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contribution account and the total balance of his own voluntary contribution account under such relevant sub-scheme of the participating employer.

A self-employed person or a personal account member is entitled to withdraw the accrued benefits in his voluntary contribution account four times in each financial year by giving 30 days' prior written notice (or such shorter notice as agreed by the Trustee from time to time) to the Trustee. Any such requests will normally be effected by the Trustee within seven Business Days from the Trustee's receipt of the request, or in the case of withdrawal of accrued benefits under voluntary contribution account, within seven Business Days from the date of receipt of the relevant requests or the expiry date of such requests.

6.10.3 Withdrawal of accrued benefits attributable to non-regular voluntary contribution

(a) Employee members

An employee member who has accrued benefits attributable to non-regular voluntary contributions may request the Trustee to redeem and withdraw any portion of such accrued benefits on any dealing day during his employment by giving to the Trustee a written notice (in such form as the Trustee may from time to time prescribe). Any suchwithdrawal requests will normally be effected by the Trustee within seven Business Days of the receipt of the proper notice given by the employee member.

An employee member may request for withdrawal once every financial year save as otherwise agreed by the Trustee on such terms at its own discretion. Also, the amountof accrued benefits withdrawn under each request shall not be less than HKD5,000 (orsuch smaller amount as the Trustee may in its discretion agree, provided that if the account value attributable to such non-regular voluntary contribution is less than HKD5,000, the total amount within such account can be withdrawn).

(b) Self-employed persons

Subject to the consent of the Trustee, a self-employed person who has accrued benefits attributable to non-regular voluntary contributions may request the Trustee to redeemand withdraw any portion of such accrued benefits on any dealing day during his self- employment by giving to the Trustee a written request (in such form as the Trustee mayfrom time to time prescribe). Any such requests will normally be effected by the Trusteewithin seven Business Days from the receipt of the request, or in the case of withdrawalof accrued benefits under voluntary contribution account, within seven Business Days from the date of receipt of the relevant requests or the expiry date of such requests.

A self-employed person may request for such withdrawal once every financial year saveas otherwise agreed by the Trustee on such terms at its own discretion. Also, the amount of accrued benefits withdrawn under each request shall not be less than HKD5,000 (or such smaller amount as the Trustee may in its discretion agree, provided that if the account value attributable to such non-regular voluntary contribution is less than HKD5,000, the total amount within such account can be withdrawn).

6.10.4 Withdrawal of accrued benefits attributable to Flexi Retirement Contribution

An individual relevant employee member shall maintain his Flexi Retirement Contribution account balance of not less than HKD5,000 at all times, or in the case of monthly Flexi Retirement Contribution, after the Flexi Retirement Contribution account balance reaches HKD5,000. Subject to the consent of the Trustee, an individual relevant employee who has accrued benefits attributable to the Flexi Retirement Contribution may request the Trustee to redeem and withdraw any portion of such accrued benefits on any dealing day by giving to the Trustee a written request (in such form as the Trustee may from time to time prescribe). A withdrawal charge, if any, may be deducted from the withdrawal amount. The Trustee has currently waived the withdrawal charge until further notice. Any such withdrawal requests will be effected by the Trustee normally within 30 days from the receipt of the request and the proceeds shall be paid to the individual relevant employee member accordingly.

An individual relevant employee may request for withdrawal up to four times in a financial year save as otherwise agreed by the Trustee on such terms at its own discretion. Also, the amount of accrued benefits withdrawn under each request shall not be less than HKD5,000 (or such smaller amount as the Trustee may in its discretion agree).

6.11 Payment of accrued benefits

6.11.1 Employee member, self-employed person, personal account member or TVC account member

Subject to provisions in the General Regulation, a Member (or his personal representative, committee of the estate, as the case may be) may lodge with the Trustee a claim for the relevant accrued benefits by submitting a form as prescribed by the Trustee.

The accrued benefits will be valued, (a) in the case due to the cessation of the employee's employment, as at the dealing day within 30 days of the later of (i) the date of cessation of employment and (ii) the date on which the Trustee receives the notice of cessation of employment; and (b) in any other cases, as at the dealing day within 30 days of the date on which the Trustee receives the withdrawal claim.

Once the Trustee has received all relevant information as required by the Trustee or the General Regulation, the Trustee shall:

(a) in the case where the accrued benefits are paid in a lump sum, ensure that the accrued benefits are paid to the Member within (i) 30 days after the date on which the claim is lodged; or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged with the Trustee, whichever is later; or

(b) in the case where the accrued benefits are paid by instalments, ensure that each instalment is paid to the Member within 30 days after the date on which the Member instructs the Trustee to pay that instalment, unless otherwise agreed between the Trustee and the Member.

This section 6.11.1 does not apply to an individual relevant employee member who makes Flexi Retirement Contribution.

6.11.2 Other matters

The Trustee may also deduct from the accrued benefits payable (including accrued benefits paid to an individual relevant employee member) 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 a benefit payment statement 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.

Bank charges may be incurred by a Member at his own bank account for any direct credit payment.

6.12 Payment related to long service payment and severance payment

The accrued benefits attributable to a participating employer's contributions could be used to offset the amount of long service payment or severance payment which the participating employer is required to pay to its employee members, up to and no more than the amount of such accrued benefits. The relevant amount of the long service payment or severance payment will be withdrawn from the vested balance attributable to the participating employer's contributions according to the following sequence (unless otherwise agreed by the Trustee at its sole discretion):

(a) the vested accrued benefits of the participating employer's contributions in an ORSO scheme (if any) with Manulife;

(b) the vested accrued benefits attributable to the employer's voluntary contribution sub-account;

(c) the balance of the participating employer's mandatory contribution sub-account under the Scheme.

6.13 Termination of sub-scheme

Any participating employer or Member (other than employee members of the participating employers) may at any time cease to participate in the Scheme by giving written notice to the Trustee.

Furthermore, the Trustee may terminate the participation of a participating employer or membership of a Member in accordance with the rules of the Scheme; and

(a) in the case of an employee member, with the written agreement of that employee member or the employer of that employee member given not earlier than 60 days before the termination; or

(b) in the case of a self-employed person, a former self-employed person or a personal account member, with the written agreement of that self-employed person or former self-employed person or personal account member given not earlier than 60 days before the termination; or

(c) in the case of an individual relevant employee member, (i) with the notification by the individual relevant employee member to the Trustee that he ceases to be a "relevant employee" as defined in the MPF Ordinance, or (ii) with 30 days prior notification given by the Trustee to the individual relevant employee member if the Flexi Retirement Contribution account balance maintained in the relevant sub-scheme of the individual relevant employee member is less than HKD5,000; or

(d) in the case of a TVC account member, (i) with the written agreement of the TVC account member given not earlier than 60 days before the termination, or (ii) if the balance of the TVC account maintained in the relevant sub-scheme of the TVC account member is zero and there is no transaction activity in respect of the TVC account for 365 days; or

(e) in the case of an employee member (other than a casual employee) who is not required to be enrolled in the Scheme by the MPF Ordinance and whose employment is being terminated before he is so required to enrol in the Scheme, no agreement is required from such employee member.

Upon termination of the sub-scheme, the participating employer or Member (other than an individual relevant employee member) may transfer the accrued benefits under the Scheme to another registered scheme in accordance with the prevailing laws and regulations.

Upon termination of the sub-scheme of an individual relevant employee member, he will be paid his accrued benefits under the Scheme in accordance with the Trust Deed.

7. OTHER INFORMATION

7.1 Valuation and pricing

7.1.1 Valuation

The Trustee will value each investment and asset in a constituent fund on each valuation day. Assets in each constituent fund (other than the Manulife MPF Interest Fund) will be valued for each dealing day whereas assets in the Manulife MPF Interest Fund will be valued for the last day of each month.

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,

(a) quoted investments are valued at their latest available quoted traded price of the relevant investment as at the close of business in the relevant stock exchange or market at or immediately preceding the valuation time which is the close of business in the last market to close of all relevant stock exchanges or markets on each day of valuation or such other time on a day of valuation as the Trustee may from time to time select;

(b) unquoted investments are assessed on the latest revaluation made;

(c) collective investment schemes are valued at their NAVs per share or unit or if more than one price is quoted, the sell price;

(d) current and fixed deposits are valued at face value;

(e) 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

(f) 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 taxation related to the income of the constituent fund and accrued or unpaid expenses of the Scheme (e.g. trustee's 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 (which is not the Manulife MPF Interest Fund) will be determined by dividing its NAV (reduced by any reserve held in the fund for guarantees) by the number of units in issue.

For the purpose of valuation, money received for acquiring investments or units in the constituent fund on the 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, the Trustee may change the valuation methodology of any constituent fund by giving to the Members one month's prior notice.

7.1.2 Suspension of valuation and pricing

The Trustee may, 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:

(a) 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 Trustee in determining the NAV of a constituent fund or ascertaining the value of any investments comprised in a constituent fund;

(b) for any other reason, the prices of investments in the constituent fund cannot, in the opinion of the Trustee, be reasonably ascertained;

(c) in the opinion of the Trustee, it is not reasonably practicable or is prejudicial to the interest of the Members to realise any investments held in the constituent fund; or

(d) the remittance or repatriation of funds which may be involved in the redemption of or in the payment for the investments in any constituent fund or the subscription for or redemption of any units is delayed or cannot, in the opinion of the Trustee, be effected at reasonable prices or reasonable rates of exchange,

provided that the suspension shall not cause the Trustee to be unable to comply with its obligations under the MPF Ordinance and any rules, guidelines, codes or regulations made thereunder.

The Trustee may also, as a result of any restructuring of the Scheme and where reasonably practicable, declare a suspension of the dealing of the units or accrued benefits of any constituent funds and the determination of the NAV of any constituent fund and/or suspend the processing of contributions or transfer in or out requests, fund switching, enrolment or participation applications, or payment of accrued benefits, from or in respect of participating employers and Members who are subject to such restructuring and for such period or periods as the Trustee, in its opinion, considers appropriate and to the best interest of Members.

Whenever a suspension is declared, the Trustee will notify the MPFA as soon as may be 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 the leading English and Chinese newspapers stating that such declaration has been made.

7.2 Dealing

7.2.1 Dealing Day

In respect of a unitised constituent fund, units will be valued for or issued/redeemed on each dealing day.

Similarly, investment can be made in or monies can be withdrawn from the Manulife MPF Interest Fund on each such dealing day.

7.2.2 Dealing process

To subscribe for units in any constituent fund, the Trustee must receive the following:

(a) valid instruction meeting the requirements for a Specific Investment Instruction in respect of the units to be subscribed;

(b) the contribution monies in cleared funds; and

(c) the remittance statement setting out the details of the contributions made.

The Trustee will normally issue the relevant number of units to the relevant Member within seven Business Days of the receipt of all of the above.

Similarly, redemption requests will normally be effected by the Trustee within 7 business days from the receipt of the proper instructions given by the Members.

The Trustee may however in its sole discretion issue to a Member the relevant number of units notwithstanding that the contribution monies have not been received by the Trustee in cleared funds. In such event, if the contribution monies are not received by the Trustee in full and in cleared funds within seven Business Days of the issue of the relevant units, the Trustee may cancel such issue of units and any appreciation and depreciation in the value of the units cancelled shall be absorbed by the relevant constituent fund.

Prior to the issue of the units, the Trustee shall have the discretion to retain such contribution monies (including dividends distributed by the Manulife MPF Retirement Income Fund) in an interest bearing account and any interest generated from the contribution monies (including dividends distributed by the Manulife MPF Retirement Income Fund) shall belong to the Scheme.

Notwithstanding the above, the Trustee may change the dealing methodology described above by giving one month's notice to the Members.

7.2.3 Subscription of units and subscription price

(a) Constituent funds other than the Manulife MPF Interest Fund

Except for the Manulife MPF Interest Fund, the other constituent funds in the Scheme are unitised.

Units in the constituent funds will normally be issued on every dealing day in accordance with the dealing process as described in section 7.2.2 (Dealing process).

The price per unit at which units will be issued on a dealing day will be the NAV per unit on that dealing day.

The number of units issued in a constituent fund will be determined by dividing the contribution monies by the issue price of the unit in the relevant constituent fund, and the resulting number will be rounded to the nearest three decimal places or such other number of decimal places as the Trustee may determine and any smaller fractions of a unit to be retained for the benefit of the relevant constituent fund.

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

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

No investment can be made in any constituent fund until the conclusion of the first issue of units at the issue price. Units of any constituent fund shall first be issued at HKD10 unless otherwise determined by the Trustee subject to the prior approval of the MPFA before the first issue of such units.

Subject to the approval of the MPFA and the SFC, the Trustee may change the methodology of determining the issue price of the constituent funds by giving one month's prior notice to the Members.

(b) Manulife MPF Interest Fund

Prior to the investment of the contribution monies (including dividends distributed by the Manulife MPF Retirement Income Fund) into the Manulife MPF Interest Fund, the Trustee shall have the discretion to retain such contribution monies (including dividends distributed by the Manulife MPF Retirement Income Fund) in an interest bearing account and any interest generated from the contribution monies shall belong to the Scheme.

7.2.4 Redemptions of units and redemption price

(a) Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund

Units will be redeemed on a dealing day at a redemption price equal to its NAV. The total redemption monies will be the redemption price multiplied by the number of units redeemed, rounded to the nearest two decimal places or such other number of decimal places as the Trustee may determine.

No unit of any constituent fund other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund will be redeemed at a price lower than the redemption price per unit of the relevant constituent fund on the relevant dealing day.

Subject to the approval of the MPFA, the Trustee may change the methodology of determining the redemption price of the constituent funds by giving one month's prior notice to the Members.

(b) Manulife MPF Stable Fund

Upon redemption of units of the Stable Fund, Members may either receive an amount as calculated in accordance with section 7.2.4(a) (Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund) or if higher, a "guaranteed" amount, provided that (i) the qualifying condition as set out in section 3.4.2 (Manulife MPF Stable Fund (the "Stable Fund")) is satisfied; and (ii) the redemption is effected as a result of a pre-determined events (as set out in section 3.4.2(b) (Balance of investments)) or in the event of terminal illness.

Upon the occurrence of a pre-determined event or in the event of terminal illness, the higher of the value in the "actual" and "guaranteed" accounts with respect to the relevant account/sub-account will be payable to the Member.

Partial redemption from the Manulife MPF Stable Fund is allowed, in which case, any non-qualifying units will be redeemed before qualifying units.

In the event of withdrawal on the ground of terminal illness, account balance in the "guaranteed" account of the Member with respect to the relevant account/sub-account withdrawn shall be re-set to zero after the redemption. If a Member remains in the continuous employment of his participating employer (in the case of an employee member) or self-employment (in the case of a self-employed person), he and his participating employer (in the case of an employee member) shall continue to make contributions in accordance with the governing rules of the Scheme. If any of such contributions is invested in the Manulife MPF Stable Fund, new qualifying units shall be issued if the qualifying condition is met at the time of issue.

The guarantee only applies to Members who redeem upon the occurrence of any of the pre-determined events or on the ground of terminal illness and the contributions to which the redemption is related satisfy the qualifying conditions when they are invested into this Manulife MPF Stable Fund. The guarantee does not apply to "non-qualifying units". Redemption effected other than the occurrence of a pre-determined event or on the ground of terminal illness is fully exposed to fluctuations in the value of the Manulife MPF Stable Fund's assets. The guarantee will be provided once and only in a lump sum at the time of redemption which is effected as a result of a pre-determined event.

The redemption proceeds for any non-qualifying units will be equal to an amount calculated in accordance with section 7.2.4(a) (Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund).

(A) Redemption as a result of a pre-determined event or on the ground of terminal illness

If the redemption is effected as a result of a pre-determined event or on the ground of terminal illness, the redemption proceeds will be equal to:

(i) the greater of the value of all qualifying units calculated in accordance with section 7.2.4(a) (Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund) and the balance in the "guaranteed" account, with respect to the member's relevant account/sub-account; plus

(ii) the total value of all other units (if any), being non-qualifying units, calculated in accordance with section 7.2.4(a) (Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund), with respect to the member's relevant account/sub-account.

(B) Redemption in the context of withdrawal by instalments

Upon the first withdrawal of accrued benefits from the Stable Fund by instalments as a result of the pre-determined event that the Member attains his normal retirement age of 65, the following shall apply:

(i) the guarantee will be determined and provided (if any) to all sub-accounts under the Member's contribution account, personal account or TVC account (as the case may) as if a lump sum withdrawal is taken place, and the guarantee will be calculated in accordance with (A) (i) above;

(ii) in determining the guarantee under step (i), where the balance in the "guaranteed" account is greater than the value of all qualifying units calculatedin accordance with section 7.2.4(a) above, the Member is entitled to the balance in the "guaranteed" account and thus the amount in excess will be allocated to the Member's relevant account/sub-account to acquire non-qualifying units; however, where the balance in the "guaranteed" account is equal to or less than the value of all qualifying units, the Member is entitled to the value of all qualifying units and thus no excess amount to be allocated;

(iii) all qualifying units in all sub-accounts of the Member's contribution account, personal account or TVC account after step (ii) will be converted into non-qualifying units so that such account will only contain non-qualifying units;

(iv) the appropriate portion of the non-qualifying units will be redeemed for the purpose of the first instalment payment;

(v) the "guaranteed" account will be cancelled. Thereafter if there are any contributions or monies made to the Stable Fund, non-qualifying units will be acquired; no further guarantee will be available from the Stable Fund in respectof such contribution account, personal account or TVC account being claimed by the Member. The Member's entitlement in the Stable Fund will be calculatedin accordance with section 7.2.4(a) above.

While deduction from the asset value of the insurance policy corresponding to the Stable Fund for the purpose of guarantee provision shall continue, there will be an arrangement to refund the guarantee provision on a monthly basis in arrears to the Member's relevant account/sub-account in which the guarantee has been provided as a result of the first withdrawal of accrued benefits by instalments and no further guarantee will be available. The amount of refund will be calculated at each month end,based on the monthly average value of the units of the Stable Fund (i.e. the average of the month start value and month end value of the units of the Stable Fund held in the Member's account) multiplied by the current level of guarantee provision divided by 12.The refund for each month will be made to the Member in the following month either through crediting the Member's relevant account/sub-account to acquire non-qualifying units of the Stable Fund or in such other manner as the Trustee considers appropriate.

Subject to the approval of the MPFA, the Trustee may change the methodology of determining the redemption price of the Manulife MPF Stable Fund by giving one month's prior notice to the Members.

The Manulife MPF Stable Fund in this Scheme invests in an insurance policy which includes a guarantee. The insurance policy is issued by the insurer, Manulife (International) Limited.

For any qualifying units, if the redemption by a Member in respect of a sub-scheme is not effected upon the occurrence of a pre-determined event or on the ground of terminal illness, the redemption proceeds will be equal to the amount calculated in accordance with section 7.2.4(a) (Constituent funds other than the Manulife MPF Stable Fund and the Manulife MPF Interest Fund). To the extent that qualifying units acquired with irregular contributions (i.e. any contributions (which can fulfil the qualifying condition) received from another registered scheme or transferred from another constituent fund and invested in the Manulife MPF Stable Fund) are purchased to replace previously redeemed qualifying units in respect of the relevant sub-scheme by the Member, the Trustee has the right to reduce any resulting increase in the guaranteed account of a Member in respect of the relevant sub-scheme to the level of the guarantee that would have applied had the redemption of units and subsequent repurchase not have occurred.

Partially redeeming or switching units out of the Manulife MPF Stable Fund would therefore have an impact on (i) the guarantee balance of the Member, and (ii) any increase in the guarantee balance due to any subsequent irregular contributions made. Members shall refer to the Illustrative example of partial redemption rule in Appendix B and consider the impact before switching or redeeming.

(c) Manulife MPF Interest Fund

When a Member makes full withdrawal from the Manulife MPF Interest Fund before the end of a month, the interest that will be credited to such monies for the partial month will be calculated at the withdrawal day using a rate as determined by the Trustee at its sole discretion at the recommendation of Manulife (International) Limited based on the rate declared for the previous month and being adjusted for any economic and/or market movements.

The interest rate declared since December 1, 2000, the commencement date, can be found in **Appendix C**.

In order to provide the capital guarantee and return under the Manulife MPF Interest Fund, Manulife (International) Limited may, in its sole discretion, retain and set aside as a smoothing provision, income of the Manulife MPF Interest Fund in any month which is in excess of what is required to provide the capital guarantee and declared return during that month.

The amount of smoothing provision will be determined based on a number of factors including the economic outlook, portfolio mix and performance of the Manulife MPF Interest Fund, maturity period of its underlying portfolio and the duration of liabilities which may be incurred by the Manulife MPF Interest Fund.

Smoothing provision of the month will be equal to gross return of the underlying insurance policy based APIF, of the month minus the sum of interest credited to the Members at month end based on declared rate of return, interest paid out to withdrawal Members during the month, and all other fees and charges as defined in this MPF Scheme Brochure. Any negative amount as a result of the above calculation will be released from the reserve account of the underlying insurance policy based APIF as long as the reserve can fulfil the regulatory requirements. Provision will be made by Manulife (International) Limited to make good the shortfall over the term of the Scheme if assets of the Manulife MPF Interest Fund prove inadequate, so that the reserve shall not fall below zero and that the Member's accrued benefits shall not be affected. For the avoidance of doubt, any such provision will not impose any liability on the Manulife MPF Interest Fund for the purpose of calculating the NAV of the Manulife MPF Interest Fund save that Manulife (International) Limited shall have the right at anytime to withdraw the said provision, either in part or wholly, plus interest on the said provision at declared rates of return, from the assets of the Manulife MPF Interest Fund if (i) the assets value of the Manulife MPF Interest Fund exceeds the required reserve; and (ii) any such withdrawal will not render the assets value of the Manulife MPF Interest Fund being less than the required reserve.

Subject to the approval of the MPFA and the SFC, the Trustee may change or cancel any guarantee features in respect of the Manulife MPF Stable Fund or Manulife MPF Interest Fund by giving a three months' prior notice to the Members. Such changes, however, will not affect any guaranteed entitlement accrued prior to the effective date of change and the guaranteed entitlement will be calculated based on the "pre-change" provisions up to the day before the effective date.

7.2.5 Limit on redemption

The Trustee may limit redemption of a constituent fund to 10% of its NAV. This limitation will be applied pro rata to all redemption requests to be effected on such dealing day. Requests not redeemed will be applied to the next dealing day subject to the same 10% limitation.

7.3 Reports and notices to Member

The financial year end of the Scheme is March 31. The Trustee will provide to each Member an annual benefit statement within three months of the financial year end, which will provide the Member with the following information:

(a) the total contributions paid to the Scheme during the financial year specifying any unpaid contributions;

(b) the value of the accrued benefits as at the beginning and the end of the financial period;

(c) if the Member is:
  (i) a self-employed person, the total contributions made by the Member;
  (ii) an employee member, the total contributions made by the participating employer;
  (iii) an individual relevant employee, the total Flexi Retirement Contribution made by the Member; and
  (iv) a TVC account member, the total TVC made by the Member;

(d) particulars of any amount transferred to or from the Scheme during the financial period;

(e) if voluntary contributions are made by the Member, the amount of mandatory and voluntary contributions made and the accrued benefits derived from each type of the contributions;

(f) particulars of any amount withdrawn from the Scheme during the financial period.

Members may also request a copy of the consolidated reports of the Scheme for any specified financial year within the seven years preceding the date of request.

In addition, to facilitate the tax return filing by TVC account members, the Trustee will provide a TVC summary to each TVC account member if TVC is made by the Member to the Scheme during a year of assessment. Such summary will be made available on or around May 10 after the end of a relevant year of assessment (i.e. before the end of a period of 40 days from the beginning of the next tax assessment year commencing on April 1.)

A document that illustrates the on-going costs on contributions to constituent funds in the Scheme (except for the Manulife MPF Conservative Fund) will be distributed with this MPF Scheme Brochure. An illustrative example of fees of the Manulife MPF Conservative Fund is currently available for distribution with this MPF Scheme Brochure. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of these documents which can be obtained from our website www.manulife.com.hk or call our customer service representative.

The Trustee shall provide the employers and Members participating in the Scheme with statements of accounts that include periodic statements and other information in relation to the respective sub-scheme and Member account, such as member benefit statement, employer monthly package, confirmation of Specific Investment Instructions and confirmation of transfer of fund accumulations, etc. Such statements of accounts may also be provided upon the request of a participating employer or a Member. A participating employer and/or Member is advised to examine and verify the correctness of each statement of account received and to notify the Trustee immediately in writing, if any entry/information is inaccurate or different from his own record or intention.

Any notice or document required to be given to the Member of the Scheme for the purposes of the MPF Ordinance, the Trust Deed, or the participation agreement, may be delivered by hand or sent by prepaid post (airmail if overseas). It could also be sent by facsimile (at the recipient's facsimile number last known to the sender), electronic mail (at the recipient's electronic mail address last known to the sender) or other means of communication specified by the Member, at the sole discretion of the Trustee, provided that the recipient has given prior consent to being given the notice or document by such means in the manner prescribed under the General Regulation. Any notice or document required to be so given may also be given by means of:

(a) a website or by other electronic means if the Member has given prior consent and had been notified of its availability in the manner prescribed under the General Regulation; or
(b) an electronic system designated by the MPFA in accordance with the requirements under the MPF Ordinance.

Notwithstanding the above, such notices or documents shall in the case of an employee member be deemed to have been duly given when appropriate details of the notices and/or documents have been given to the participating employer of such employee member and such participating employer has been advised to pass such notices to the relevant employee member.

7.4 Publication of NAV and prices

The issue price and the redemption price (or the unit price) for each unitised constituent fund will be published on each dealing day in a leading English and Chinese newspaper.

7.5 Information on performance of constituent funds

The fund performance and actual fund expense ratio of the Manulife MPF Core Accumulation Fund and the Manulife MPF Age 65 Plus Fund and all other constituent funds of the Scheme will be published in the fund fact sheets and one of the fund fact sheets will be provided to Members with it attached to the annual benefit statement. Members can also visit our website at www.manulife.com.hk or call (+852) 2108 1388 (Member Hotline) for information. Members may also obtain the fund performance information and the definition of the fund expense ratio at the website of the MPFA (www.mpfa.org.hk).

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 constituent funds and consider whether the investments still suit their personal needs and circumstances.

7.6 Documents for inspection

Members of the Scheme are advised to review the terms of the Trust Deed. If there is any conflict between this MPF Scheme Brochure and the Trust Deed, the provisions of the Trust Deed will prevail. Copies of the Trust Deed may be obtained from the Trustee at a cost of HKD1,000 per copy or may be inspected free of charge during normal working hours at the office of the Trustee.

7.7 Modification of the Trust Deed and this MPF Scheme Brochure

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

To the extent required by the General Regulation or any other appropriate legislation, a modification to the Trust Deed or this MPF Scheme Brochure will not take effect until the MPFA and, if necessary, the SFC, have approved the modification and any requisite period of notice has been given to Members of the Scheme.

7.8 Duration

The Scheme may be wound up only by the court on application made by the MPFA in accordance with the MPF Ordinance.

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

7.9 Hong Kong taxation

The following notes are intended as general information 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.

(a) Employers can generally claim their regular mandatory and voluntary contributions as a deduction from its assessable profits for profits tax purpose to the extent not exceeding 15% of the total emoluments of the relevant employee.

(b) Employees can claim their mandatory contributions as a deduction from their assessable income for salaries tax purpose, subject to the maximum limit as specified in the Inland Revenue Ordinance.

(c) Self-employed persons can claim their mandatory contributions as a deduction from their assessable profits for profits tax purpose, subject to the maximum limit as specified in the Inland Revenue Ordinance.

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

(e) TVC account members will be able to deduct the TVC paid into their TVC account, subject to a maximum deduction per year as specified in the Inland Revenue Ordinance 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.

7.10 Use of standard forms

Employers and Members participating in the Scheme are advised to use standard forms as prescribed by the Trustee and/or in a format approved/prescribed by the MPFA from time to time for giving instructions to the Trustee in relation to various functions and/or activities, such as employee enrolment form, notice of employee termination, contribution investment instruction/fund switching instruction and remittance statement, etc. Member may call (+852) 2108 1388 (Member Hotline) to obtain the standard forms prescribed by the Trustee.

7.11 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(ies) of another country(ies) and jurisdiction(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.

With effect from January 1, 2020, the Scheme is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, 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** or any other relevant domestic or foreign tax authority for transfer to the tax authority of another jurisdiction.

The Trustee may, 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" or "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.

If in doubt, Members, participating employers, beneficiaries and any other "account holders" and "controlling persons" should consult their own tax and legal 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.

8. Glossary

"A65F Reference Portfolio"	means the reference portfolio with respect to the Manulife MPF Age 65 Plus Fund that is a composite benchmark with attribution to the underlying indices and the composition is as follows: 20% FTSE MPF All-World Index (HKD unhedged total return) + 77% FTSE MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return).
"APIF(s)"	means (a) collective investment scheme(s) in the form of an insurance policy or a trust, approved by the MPFA pursuant to the MPF Ordinance for investment by registered schemes.
"Business Day"	means a day, other than a Saturday or Sunday, on which banks are open for business in Hong Kong.
"CAF Reference Portfolio"	means the reference portfolio with respect to the Manulife MPF Core Accumulation Fund that is a composite benchmark with attribution to the underlying indices and the composition is as follows: 60% FTSE MPF All-World Index (HKD unhedged total return) + 37% FTSE MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return).
"China A-Shares"	means shares of companies listed in mainland China.
"constituent fund(s)"	means each and every constituent fund provided under section 3.2 (Table for constituent funds).
"contribution account"	has the same meaning given to it in the General Regulation.
"contribution day"	has the same meaning given to it in the General Regulation.
"contribution investment instruction"	means in respect of a Member, an instruction in a form specified by the Trustee setting out how contributions made by and on behalf of the Member are to be invested. For the purposes of this MPF Scheme Brochure, each reference to "contribution investment instruction" means a contribution investment instruction meeting the requirements for a Specific Investment Instruction, unless otherwise specified.
"contribution period"	means each period during which income is paid to each employee member.
"dealing day"	means any day on which the banks in Hong Kong are open for business (excluding Saturdays) or such other day as the Trustee may from time to time determine.
"Default Investment Strategy" or "DIS"	means the default investment strategy that complies with part 2 of Schedule 10 to the MPF Ordinance.
"DIS CF(s)"	means each of the Manulife MPF Core Accumulation Fund and the Manulife MPF Age 65 Plus Fund.
"employee member"	means any employee of a participating employer who has applied to become a Member in such manner as the Trustee may reasonably require.
"employer sponsored scheme"	has the same meaning given to it in the MPF Ordinance.
"financial year"	means the financial year of the Scheme from time to time from April 1 to March 31.
"Flexi Retirement Contribution"	is a contribution which can be made by an individual relevant employee.

"fund switching instruction"	means in respect of a Member, an instruction to switch investments of accrued benefits of the Member. For the purposes of this MPF Scheme Brochure, each reference to "fund switching instruction" means a fund switching instruction meeting the requirements for a Specific Investment Instruction, unless otherwise specified.
"General Regulation"	means the Mandatory Provident Fund Schemes (General) Regulations (Cap. 485A of the laws of Hong Kong).
"Glide Path"	means the pre-determined "glide path" shown in the illustrative glide path chart in section 3.5 (Glide Path for Retirement Funds).
"Guaranteed Funds"	means the Manulife MPF Interest Fund and the Manulife MPF Stable Fund.
"higher risk assets"	has its meaning given in the MPF Ordinance, including without limitation shares (such as global equities), warrants, financial futures contracts and financial option contracts (that are used other than for hedging purposes) and ITCISs.
"HKD"	means Hong Kong dollars.
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China.
"individual relevant employee"	means a relevant employee whose employer may or may not have a sub-scheme under the Scheme.
"individual relevant employee member"	means any individual relevant employee who has joined the Scheme in such manner as the Trustee may reasonably require.
"industry scheme"	has the same meaning given to it in the MPF Ordinance.
"investment manager"	means an investment manager of each constituent fund and/or that of an underlying fund.
"ITCIS"	means an index-tracking collective investment scheme, as defined in section 1(1) of Schedule 1 to the General Regulation, approved by the MPFA for the purposes of section 6A of Schedule 1 to the General Regulation.
"lower risk assets"	means those assets not being higher risk assets, including without limitation global bonds and money market instruments.
"master trust scheme"	has the same meaning given to it in the MPF Ordinance.
"Member"	means a person admitted to and continuing in membership of the Scheme in accordance with the Trust Deed including employee member, individual relevant employee, self-employed person, personal account member and TVC account member and includes any person participating in the Scheme in one or more of the above capacities.
"MIMHK"	means Manulife Investment Management (Hong Kong) Limited.
"minimum MPF benefit"	has the same meaning given to it in Schedule 2 to the Mandatory Provident Fund Schemes (Exemption) Regulation.
"MPF Scheme Brochure"	means this MPF Scheme Brochure, i.e. the offering document, of the Scheme as amended from time to time.
"MPFA"	means the Mandatory Provident Fund Schemes Authority.
"MPF Ordinance"	means the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong).
"NAV"	means net asset value.
"normal retirement age"	means 65 years old.
"ORSO"	means Occupational Retirement Schemes Ordinance (Cap. 426 of the laws of Hong Kong).
"ORSO scheme"	means the occupational retirement schemes as defined under ORSO.

"participating employer"	means any employer admitted to participate in the Scheme in accordance with the Trust Deed.
"personal account"	has the same meaning given to it in the General Regulation.
"personal account member"	means a Member with a personal account held in the Scheme.
"prescribed savings rate"	means, for any month, the rate prescribed by the MPFA for the purposes of section 37(8) of the General Regulation.
"Reference Portfolio"	means each of the CAF Reference Portfolio and the A65F Reference Portfolio, which are the MPF industry developed reference portfolios and published by the Hong Kong Investment Funds Association for the purpose of providing a common reference point for performance and asset allocation of the DIS CFs.
"relevant employee"	has the same meaning given to it in the MPF Ordinance.
"Retirement Funds"	means: • the Manulife MPF Smart Retirement Fund; • the Manulife MPF 2025 Retirement Fund; • the Manulife MPF 2030 Retirement Fund; • the Manulife MPF 2035 Retirement Fund; • the Manulife MPF 2040 Retirement Fund; and • the Manulife MPF 2045 Retirement Fund.
"RMB"	means Renminbi.
"Scheme"	means the Manulife Global Select (MPF) Scheme.
"self-employed person"	means a Member who is self-employed and has joined the Scheme in such manner as the Trustee may reasonably require.
"SFC"	means the Securities and Futures Commission.
"Specific Investment Instruction"	is either a contribution investment instruction or a fund switching instruction meeting the requirements imposed by the Trustee from time to time.
"Sponsor"	means Manulife (International) Limited.
"Trustee"	means Manulife Provident Funds Trust Company Limited.
"Trust Deed"	means a master trust deed constituting the Scheme, as amended from time to time.
"TVC"	means tax deductible voluntary contributions.
"TVC account member"	means a Member with a TVC account held in the Scheme.
"US"	means the United States of America.

Information HSI ESG Enhanced Index

Details about the Index

The universe of the Index comprises the constituents of the Base Index, with exclusion policy applied. The constituents of the Base Index must be securities of Greater China companies that are listed on the Main Board of the Hong Kong Stock Exchange. Greater China companies refer to (i) companies incorporated in Hong Kong; (ii) mainland China companies (i.e. H-shares, Red-chips and P-chips companies); or (iii) companies with history, headquarters, management and/or a principal place of business in Hong Kong, Macau or mainland China. Foreign companies, stapled securities and biotech companies with stock names that end with marker "B" are excluded.

The exclusion policy of the Index will be based on three ESG screenings, namely, (i) the ESG Risk Rating screening based on the ESG Risk Ratings (the "**ESG Risk Rating Screening**"), (ii) the United Nation Global Compact ("**UNGC**") principle screening based on the UNGC compliance ratings from Sustainalytics, Arabesque S-Ray® and ISS ESG (the "**UNGC Principle Screening**"), as well as (iii) the controversial product involvement screening based on the controversial product involvement data from Sustainalytics (the "**Controversial Product Involvement Screening**").

Under the ESG Risk Rating Screening, the constituents in the Base Index are ranked based on their ESG Risk Ratings from Sustainalytics in descending order (i.e. Rank 1 corresponds to the highest ESG risk). The 10 constituents in the Base Index with the highest ESG Risk Ratings will be excluded from the Index, subject to the following buffer zone rule.

Securities excluded due to ESG Risk Rating Screening in the last index review and newly added constituent(s) to the Base Index need to rank below 15th to be included to the Index, while securities not excluded due to ESG Risk Rating Screening in the last index review need to rank on or above 5th to be excluded from the Index.

If the number of excluded securities is greater than 10, the excluded security(ies) with the lowest ESG Risk Ratings will be added to the Index in order to maintain the number of excluded securities at 10. If the number of excluded securities is smaller than 10, the remaining constituent(s) of the Index with the highest ESG Risk Ratings will be removed from the Index in order to maintain the number of excluded securities at 10.

The ESG Risk Ratings measure the degree to which a company's economic value is at risk from financially material ESG risk factors. The ESG Risk Ratings are composed of three building blocks that contribute to a company's overall rating, namely, corporate governance, material ESG issues and idiosyncratic issues (being the occurrence of controversial/unexpected event). The ESG Risk Ratings are built on a two-dimensional approach, starting with the "exposure" dimension reflecting the extent to which a company is exposed to material ESG risks, followed by the "management" dimension assessing how well the company manages its exposure to those risks. These two dimensions are applied across the three building blocks upon which the overall ESG Risk Ratings for a company is determined. Ultimately, the ESG risk scores across each of the three building blocks are aggregated to arrive at an overall risk assessment for the ESG Risk Ratings. Please refer to the prospectus of the ChinaAMC HSI ESG ETF for further details on the ESG Risk Ratings.

Under the UNGC Principle Screening, UNGC compliance ratings from Sustainalytics, Arabesque S-Ray® and ISS ESG (the "**UNGC Rating Agencies**") are used. A constituent of the Base Index will be excluded from the Index if it meets the UNGC non-compliance criteria for a majority (i.e. more than 50%) of the UNGC Rating Agencies that cover the constituent. Please refer to the prospectus of the ChinaAMC HSI ESG ETF for details on the UNGC non-compliance criteria.

Under the Controversial Product Involvement Screening, a constituent of the Base Index will be excluded from the Index if it reaches any of the following thresholds of controversial product involvement:

Product Involvement Screening Areas	Threshold
Thermal Coal Extraction	Greater than or equal to 5% of revenue
Thermal Coal Power Generation	Greater than or equal to 5% of revenue
Tobacco Products Production	Greater than or equal to 5% of revenue
Tobacco Products Retail	Greater than or equal to 5% of revenue
Controversial Weapon Tailor-made and Essential	Any involvement
Controversial Weapons Non-tailor-made and Non-essential	Any involvement

The remaining securities of the Base Index after the three screenings above are applied will be tilted based on the ESG Risk Ratings. Securities with relatively higher (lower) ESG Risk Ratings will be tilted down (up) in weights, subject to a cap of 8% on individual constituent weight for each Index constituent.

Information about the Index including the information on the respective weightings of stocks and the respective weightings of the top 10 largest constituent stocks of the Index can be obtained from www.hsi.com.hk.

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Members investing in the Hang Seng Index ESG Tracking Fund will be regarded as having acknowledged, understood and accepted the disclaimer above and will be bound by it. The level of the Index at any time for the purposes of the Hang Seng Index ESG Tracking Fund will be the level as calculated by Hang Seng Indexes Company Limited in its sole discretion.

The accuracy and completeness of the calculation of the Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.

There is no assurance that the licence granted to the Trustee for the use of, and reference to, the Index, will be granted for the operation of the Hang Seng Index ESG Tracking Fund for as long as the Trustee deems necessary, and in the event that the licence is terminated and that no appropriate substitute can be obtained, the Hang Seng Index ESG Tracking Fund may have to be terminated. The Hang Seng Indexes Company Limited and the Hang Seng Data Services Limited are independent of and not associated with MIMHK and the Trustee.

Manulife MPF Stable Fund - Illustrative example of partial redemption rule and withdrawals

Transactions:
Day 1: Member contributes $3,000 at a unit price of $10. 300 units are purchased.
Day 10: Member redeems 100 units at a unit price of $12.

SCENARIO 1

Transactions:
Day 25: **Member switches in $900** from another fund to Manulife MPF Stable Fund at a unit price of $10.

	Day 1	Day 10	Day 25
No. of qualifying units held	300	200	290
Member account balance ***	$3,000	$2,400	$2,900
Guarantee account balance	$3,000	$2,000	$2,750

Remarks:

- **Day 10**

Cumulative actual amount redeemed = 100 x $12 = $1,200
Cumulative guarantee amount redeemed = $3,000 x 100/300 = $1,000
Guarantee account balance = $3,000 - $1,000 = $2,000

- **Day 25**

Guarantee account balance = $2,000 + ($900 x $1,000/$1,200) = $2,750

SCENARIO 2

Transactions:
Day 25: **Member switches in $1,200** from another fund to Manulife MPF Stable Fund at a unit price of $10.

	Day 1	Day 10	Day 25
No. of qualifying units held	300	200	320
Member account balance ***	$3,000	$2,400	$3,200
Guarantee account balance	$3,000	$2,000	$3,000

Remarks:

- **Day 25**

Guarantee account balance = $2,000 + ($1,200 x $1,000/$1,200) = $3,000

SCENARIO 3

Transactions:
Day 25: **Member switches in $1,500** from another fund to Manulife MPF Stable Fund at a unit price of $10.

	Day 1	Day 10	Day 25
No. of qualifying units held	300	200	350
Member account balance ***	$3,000	$2,400	$3,500
Guarantee account balance	$3,000	$2,000	$3,300

Remarks:

- **Day 25**

Guarantee account balance = $2,000 + ($1,200 x $1,000/$1,200) + ($1,500 - $1,200)
= $3,300

In Scenario 3 of our illustrative example, only part of the full switch-in amount is subject to a scale down. This is because if the switch-in amount is larger than $1,200, the scale down will only apply to the $1,200 that was switched out previously. The rest of the switch-in amount in excess of $1,200 are new monies contributing to the fund and therefore will be included in the guarantee account balance. The total switch-in of $1,500 in the Illustrative Example Scenario 3 is split into two portions for calculation purpose, i.e. $1,200 is subject to the scale down and ($1,500-$1,200)=$300 is added to guarantee account balance.

SCENARIO 4 (TERMINAL ILLNESS)

Transactions:
Day 1: Employee member contributes $3,000 at a unit price of $10. 300 units are purchased with 120 units held in the mandatory contribution (MC) sub-accounts and 180 units held in the voluntary contribution (VC) sub-accounts.
Day 20: Employee member who is under employment withdraws on the ground of terminal illness. All units in MC sub-accounts are redeemed at a unit price of $8.
Day 30: Employee member dies. All the remaining units in Member's account are redeemed at a unit price of $9.

	Day 1	Day 20	Day 30
No. of qualifying units held	300	180	0
Units held in MC sub-accounts	120	0	0
Units held in VC sub-accounts	180	180	0
Member account balance ***	$3,000	$1,440	$0
Total account balance of MC sub-accounts	$1,200	$0	$0
Total account balance of VC sub-accounts	$1,800	$1,440	$0
Guarantee account balance	$3,000	$1,800	N/A
Total guarantee account balance of MC sub-accounts	$1,200	$0	N/A
Total guarantee account balance of VC sub-accounts	$1,800	$1,800	N/A

Remarks:

- **Day 20**

As the employee member is still under employment, the withdrawal in his contribution account will be only applicable to the MC sub-accounts. The withdrawal amount will be the greater of the value of qualifying units held in the MC sub-accounts or the total guarantee account balance of the MC sub-accounts, i.e. $1,200.

(1) The value of qualifying units held in the MC sub-accounts = 120 x $8 = $960
(2) Total guarantee account balance of the MC sub-accounts = $1,200
The withdrawal amount = Greater of (1) or (2) = $1,200

- **Day 30**

As no contributions are made after Day 20, no units are issued in the MC sub-accounts. The withdrawal amount will be greater of the value of qualifying units held in the VC sub-accounts or the total guarantee account balance of the VC sub-accounts, i.e. $1,800.

(1) The value of qualifying units held in the VC sub-accounts = 180 x $9 = $1,620
(2) The total guarantee account balance of the VC sub-accounts = $1,800
The withdrawal amount = Greater of (1) or (2) = $1,800

SCENARIO 5A (WITHDRAWAL BY INSTALMENTS) Applicable before June 1, 2020

Transactions:
Day 1: Member contributes $3,000 at a unit price of $10. 300 units are purchased.
Day 30: When reaching the normal retirement age of 65, Member makes the first withdrawal by instalments in which $1,200 is required to be withdrawn from the Manulife MPF Stable Fund. Units are redeemed at a unit price of $9.

	Day 1	Day 30
Stable Fund No. of qualifying units held	300	0
Member account balance ***	$3,000	$0
Guarantee account balance	$3,000	N/A
Interest Fund Member account balance	$0	$1,800

Remarks:

- **Day 30**

In the Manulife MPF Stable Fund, the guarantee will be determined and provided in the same manner to the Member as if he is claiming for payment of accrued benefits in a lump sum. The redemption amount will be the greater of: (i) the value of qualifying units held in account, and (ii) the total guarantee account balance, i.e. $3,000.

(1) The value of qualifying units held in the account = 300 x $9 = $2,700
(2) The total guarantee account balance of the account = $3,000
The redeemed amount in the Manulife MPF Stable Fund = Greater of (1) and (2) = $3,000

After deducting the portion for fulfilling the first instalment payment of $1,200, the remaining redemption amount of $1,800 (=$3,000-$1,200) will be invested in the Interest Fund which provides a capital guarantee. The "guaranteed" account will then be cancelled and no further guarantee will be available from the Manulife MPF Stable Fund.

*** Member account balance = No. of qualifying units held x unit price

SCENARIO 5B (WITHDRAWAL BY INSTALMENTS) Applicable on or after June 1, 2020

Transactions:
Day 1: At the beginning of the month start date, Member has 300 qualifying units in the Stable Fund and unit price is $10.
Day 30: When reaching the normal retirement age of 65, Member makes the first withdrawal by instalments in which $1,350 is required to be withdrawn from the Manulife MPF Stable Fund. Units are redeemed at a unit price of $9.
Current level of guarantee provision is kept at 0.25% p.a. of NAV.

	Day 1 (Opening Balance of Month Start Date)	**Day 30 (Month End Date)**		
		Before guarantee adjustment	After guarantee adjustment	After redemption for the first instalment payment
Manulife MPF Stable Fund No. of qualifying units held No. of non-qualifying units held	 300 0	 300 0	 0 335	 0 185
Member account balance	$3,000	$2,700	$3,015	$1,665
Guarantee account balance	$3,000	$3,015	N/A	N/A

Remarks:

- **Day 30**

In the Manulife MPF Stable Fund, the guarantee will be determined and provided in the same manner to the Member as if he is claiming for payment of accrued benefits in a lump sum. The guarantee entitlement will be the greater of the value of qualifying units held in account or the total guarantee account balance.

(1) The value of qualifying units held in the account = 300 x $9 = $2,700
(2) The total guarantee account balance of the account = $3,015
(3) The guarantee entitlement in the Manulife MPF Stable Fund = Greater of (1) or (2) = $3,015
(4) Excess amount (the amount of (2) is higher than (1)) = $3,015 – $2,700 = $315, this amount will be allocated to the Member account to acquire non-qualifying units = $315 ÷ $9 = 35 units and at the same time, all qualifying units will be converted to non-qualifying units
(5) Withdrawal for fulfilling the first instalment payment = $1,350 ÷ $9 = 150 units

After redemption of 150 units for the first instalment payment, the remaining member account balance of 185 units will continue to be invested in the Manulife MPF Stable Fund. The "guaranteed" account will then be cancelled and no further guarantee will be available from the Manulife MPF Stable Fund.

(6) The first refund of guarantee provision is determined by average of month start value and month end value of units of the Stable Fund held in the Member's account multiplied by the current level of guarantee provision divided by 12.
Month start value = $3,000 and Month end value = $1,665
The first refund of guarantee provision = ($3,000 + $1,665) ÷ 2 x 0.25% ÷ 12 = $0.49

Please note that in case the total guarantee account balance of the account is less than or equal to the value of all qualifying units held in the account, the Member is entitled to the value of all qualifying units and thus no excess amount to be allocated.

The Rate of Interest Declared since the Manulife MPF Interest Fund's Inception

Year	Month											
	January	February	March	April	May	June	July	August	September	October	November	December
2000	-	-	-	-	-	-	-	-	-	-	-	5.00%
2001	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2002	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.20%	0.20%	0.10%	0.02%
2003	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
2004	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.125%	0.15%	0.10%	0.02%
2005	0.02%	0.02%	0.25%	0.333%	0.50%	0.60%	0.80%	0.90%	1.00%	1.00%	1.25%	1.35%
2006	1.35%	1.40%	1.45%	1.45%	1.50%	1.55%	1.60%	1.60%	1.60%	1.65%	1.65%	1.65%
2007	1.65%	1.65%	1.70%	1.75%	1.75%	1.80%	1.85%	1.90%	1.95%	2.00%	2.00%	2.00%
2008	2.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.75%
2009	0.75%	0.75%	0.60%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
2010	0.40%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.01%	0.01%
2011	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2012	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2013	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2014	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2015	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2016	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
2017	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.50%	0.50%
2018	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
2019	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Notes:
1. The above rates declared have already taken into account of the guaranteed prescribed savings rates. Members should note that as at February 1, 2005, the guarantee on prescribed savings rates has been removed although the Manulife MPF Interest Fund still aims to declare a rate that equals to or exceeds the prescribed savings rate.
2. Past performance is not indicative of future performance

Further information about the balance of investments of the Sustainable Pacific Asia Bond Fund

With regard to the positive screening, the underlying fund of the Sustainable Pacific Asia Bond Fund seeks to invest primarily in companies making a positive sustainability impact. This is principally achieved by applying a positive screening process which filters issuers that demonstrate strong sustainable practices. Factors considered can be both products or services related (e.g. revenue contribution from business activities with positive impact), or business practice related (e.g. adoption of carbon emission reduction targets or product safety management programs). With regard to limited data availability, missing data or a lack of coverage will be supplemented with company reported information and/or findings from proprietary credit analysis and ESG research.

The underlying fund of the Sustainable Pacific Asia Bond Fund shall also adhere to an exclusion framework where certain issuers are removed from the investment universe. This includes screening out issuers, where possible, who are considered by third party data providers to be in violation of the Ten Principles of the United Nations Global Compact. This also includes issuers with products or within industries that are considered by the investment manager of the underlying fund of the Sustainable Pacific Asia Bond Fund (the "**Underlying Fund IM**") to be unsustainable or associated with significant environmental or social risks. These may be updated from time to time depending on the assessment of each product or industry against the abovementioned principles, but currently issuers deriving more than 5% of revenue from alcohol, tobacco, gambling operations, adult entertainment, fossil fuel production, conventional weapons and any revenue from controversial weapons are automatically eliminated from investment consideration (exclusion framework). For the avoidance of doubt, issuers which have not been assessed by third party data providers regarding their compliance with the Ten Principles of the United Nations Global Compact will not be excluded from the investment universe of the underlying fund of the Sustainable Pacific Asia Bond Fund provided that they are also not issuers with the abovementioned categories of products or within the abovementioned categories of industries.

Furthermore, the positive and negative (i.e. exclusion framework) screening are complemented by the investment process of the underlying fund of the Sustainable Pacific Asia Bond Fund which integrates ESG considerations by combining bottom-up fundamental credit analysis with a proprietary ESG-based methodology which considers ESG factors alongside other business and financial factors of each issuer with the aim of identifying ESG exposures as well as related risks and opportunities and their potential implications. Each potential issuer will be assigned with one of four rankings in respect of each category of environmental, social and governance, based on the Underlying Fund IM's assessment of that issuer's performance on and management of ESG issues, in consideration of and/or in reference to a number of industry principles and standards including the principles of financial materiality as outlined by the Sustainability Accounting Standards Board. The ESG rankings will be determined and assigned by the Underlying Fund IM using a proprietary method which aims to incorporate relevant ESG factors, considering and processing third party ratings and scores together with the analysis of raw industry data (such as publicly available ESG reports, assessment reports or case studies). Issuers with lowest internal ESG rankings will be removed.

After applying the positive screening, exclusion framework and removal of issuers with lowest internal ESG rankings, the Underlying Fund IM will in effect remove at least 20% of the investment universe. The remaining issuers will as a result be above the minimum standard determined by the Underlying Fund IM to demonstrate strong sustainability attributes as the eligible investment universe.

Additionally, within the primary investment strategy, the underlying fund of the Sustainable Pacific Asia Bond Fund will also invest a minimum of 15% of net assets in ESG themed bonds issued by companies domiciled in, traded in and/or with substantial business interests in the Asia Pacific region and/or (if eligible) governments and government-related issuers located in the Asia Pacific region. "ESG themed bonds" are bonds which align with a combination of one or more of the International Capital Market Association (“**ICMA**”) Green Bond Principles, ICMA Social Bond Principles and/or the ICMA Sustainability Bond Guidelines, amongst others.

The underlying fund of the Sustainable Pacific Asia Bond Fund may also purchase debt securities which satisfy the minimum credit rating stipulated by the MPFA or those which are listed on any approved stock exchange being a security issued by, or guaranteed by, a company whose shares are so listed. The underlying fund of the Sustainable Pacific Asia Bond Fund may also include other investments as permitted under the General Regulation, up to 30% of the net asset value of the Sustainable Pacific Asia Bond Fund for cash management purposes. The intended asset allocation as aforesaid is for reference only and may be changed as and when market, political, structural, economic and other conditions change that the Underlying Fund IM deems appropriate.

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