Sun Life Financial
永明金融

Sun Life Rainbow MPF Scheme (the "Scheme")

DIS Pre-implementation Notice to Participating Employers and Members[1]

Attention: This document which summarizes major changes to the principal brochure of the Scheme dated May 2016 and the impacts on you relating to those changes is important and requires your immediate attention. For details of the changes, please refer to the principal brochure of the Scheme together with the First Addendum and the Second Addendum to the principal brochure dated 12 December 2016 and 12 December 2016 respectively (collectively "Principal Brochure"). The Principal Brochure is available at our website www.sunlife.com.hk or you may request for a copy of it by contacting our Sun Life Pension Services Hotline 3183 1888. If you are in any doubt about the contents of this document, you should seek independent professional advice. Sun Life Trustee Company Limited (the "Trustee") accepts responsibility for the information contained in this document.

You should consider your own risk tolerance level and financial circumstances before deciding to invest into DIS, or not to make an investment choice and let your contributions and accrued benefit be invested in accordance with DIS. When you are in doubt as to whether DIS is suitable for you, you should seek financial and/or professional advice.

Dear Participating Employers and Members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance will take effect on 1 April 2017 ("**Effective Date**"). From the Effective Date, the default investment arrangement of the Scheme will be the Default Investment Strategy ("**DIS**") replacing the existing default fund of the Scheme.

You should read this notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions.

1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the Mandatory Provident Fund Schemes Ordinance. **For members who do not make a fund choice for their MPF account, their accrued benefits, future contributions and accrued benefits transferred from another MPF scheme will be invested in the DIS**. The DIS is also available as an investment choice itself for members.
- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund (collectively the "**DIS Funds**") to automatically reduce the risk exposure as the member approaches retirement age. The DIS funds will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). For details of the investment policies of DIS Funds, please refer to the Annex of this notice. The DIS Funds are subject to fee and expense caps imposed by the legislation.

2. How does DIS affect you?

- If you have accounts in the Scheme that are set up before the Effective Date ("**pre-existing account**"), depending on whether you have previously made any fund choices, it may affect you in different ways
  - o If you have already given a valid investment instruction for the accrued benefits and future contributions and accrued benefits transferred from another MPF Scheme in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
  - o If <u>**all**</u> your accrued benefits in a pre-existing account are invested in the existing default fund (currently Sun Life MPF Stable Fund of the Scheme) ("Existing Default Fund") as at the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (i.e. the "**DIS Re-Investment Notice**") sent to you on or before the end of September 2017.
  - o The DIS Re-Investment Notice will explain that if you do not make an investment choice by replying within a specified timeline, your accrued benefits in the Existing Default Fund will be redeemed in whole and re-invested in accordance with the DIS. **Therefore, if you receive the DIS Re-Investment Notice, please pay special attention to the contents and make appropriate arrangement.** You should note that the risk of the Existing Default Fund may be different from that of the DIS and you may be exposed to market risks as a result of any reinvestment of your accrued benefits in the DIS.
- There are special circumstances. Where the accrued benefits in the pre-existing account are transferred from another account within the Scheme (e.g. in the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Scheme), your accrued benefits in

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[1] Please note that references to "you" or "your" in this notice refer to, as the case may be in the relevant context, participating employers or members.

the pre-existing account will be invested in the same manner as they were invested immediately before the transfer but your future contributions and accrued benefits transferred from another registered scheme ("Future Investments") may be invested in the DIS after the implementation of the DIS, unless otherwise instructed.

Please refer to the section headed "Implications for New and Pre-existing Accounts on or after DIS Implementation" below for further details.

- You are free to choose to invest in the DIS if you agree with its investment strategy and find it suitable for your personal circumstances. The DIS will generally apply as a default investment arrangement after the Effective Date if you do not make an investment choice or do not wish to do so.

3. Do you need to do anything?

- Apart from the above, there are other circumstances where your accrued benefits or Future Investments may be affected by the implementation of the DIS. If you have any query on how it will affect you and what you need to take, you should call the Sun Life Pension Services Hotline on (852) 3183 1888.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

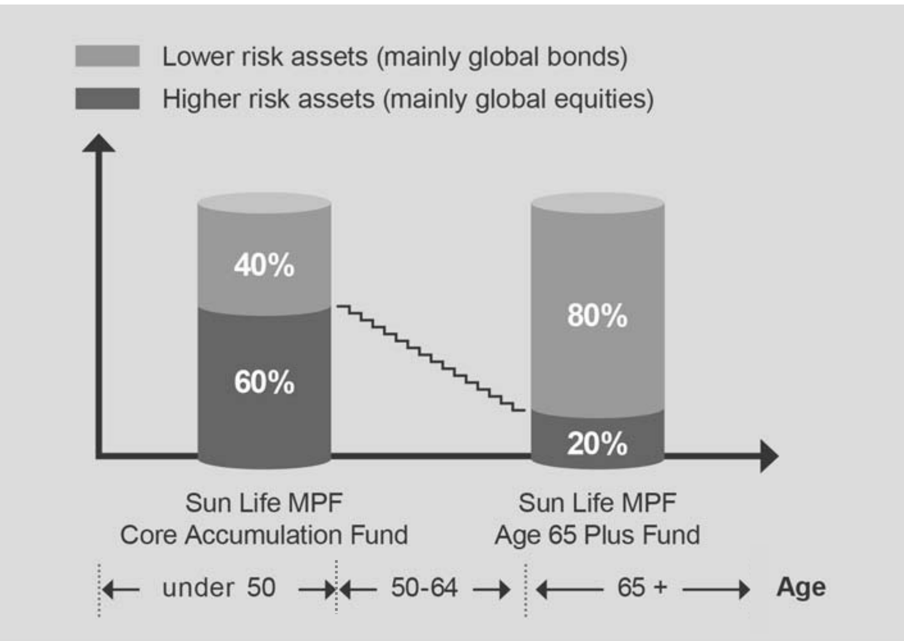
A. What is DIS?

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

(a) *Objective and Strategy*

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the Sun Life MPF Core Accumulation Fund ("**CAF**") and the Sun Life MPF Age 65 Plus Fund ("**A65F**"), according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

Diagram 1: Asset Allocation between the DIS Funds according to the DIS



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

(b) *Annual de-risking*

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 over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

In summary, under the DIS:

(1) When a member is below the age of 50, all accrued benefits and Future Investments will be invested in the CAF.

(2) When a member is between the ages of 50 and 64, all accrued benefits and Future Investments will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table (as per Diagram 2 below). The de-risking on the existing accrued benefits and Future Investments will be automatically carried out as described above.

(3) When a member reaches the age of 64, all accrued benefits and Future Investments will be invested in the A65F.

Diagram 2: DIS De-risking Table

Age	Core Accumulation Fund (“CAF”)	Age 65 Plus Fund (“A65F”)
Below 50	100%	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 A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

(c) *Fees and out-of-pocket expenses of the CAF and A65F*

The aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value (“NAV”) of each of the DIS Funds divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s), the custodian and the sponsor of the Scheme and the underlying investment fund(s) of the respective DIS Funds, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

The total amount of all payments that are charged to or imposed on the DIS Funds or members who invest in DIS Funds, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee’s duties to provide services in relation to the DIS Funds, shall not in a single year exceed 0.2% of the NAV of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund.

Members should note that apart from the payment for services of not exceeding a daily rate of 0.75% per annum and out-of-pocket expenses of not exceeding 0.20% of the net asset value of the DIS Funds (collectively, the "Statutory Cap"), there are other fees and charges that are not on a recurrent basis to be applicable to DIS Funds and do not subject to the Statutory Cap.

(d) *Key Risks Relating to the DIS*
Members should note that there are a number of attributes of the design of the DIS strategy that will affect the types of risks associated with the DIS.

(1) Limitations on the strategy
Members should note that the DIS adopts pre-determined asset allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or –5%, and automatically adjusts asset allocation based only upon a member's age. Therefore, the DIS investment strategy will expose to the following limitation:-

(i) The DIS assets allocation does not take into account such factors as economic conditions or member's personal circumstances;

(ii) The prescribed asset allocation limit the ability of the investment manager of DIS Funds to adjust asset allocations in response to sudden market fluctuations;

(iii) De-risking process is done upon member's birthday disregarding market conditions which :-
- may preclude DIS from fully capturing the upside in rising equity markets during de-risking process;
- may result in members to reducing exposure to an asset class that outperforms and increasing exposure to an asset class which underperforms, and the asset allocation changes gradually over a 15-year time period;
- cannot insulate members from systemic risk (such as broad-based recessions and other economic crisis);

(iv) Continuously rebalancing to maintain the prescribed allocation between higher risk assets and lower risk assets may result liquidating investments in a better performing asset class for investing to a less performing asset class; and

(v) Due to the necessity to perform continuous rebalancing and annual de-risking, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

(2) General investment risk related to DIS
Members should note that the two designated CFs for DIS are mixed asset funds investing in a mix of equities and bonds and do not guarantee capital repayment nor positive investment returns. For details of the general key risks relating to investment funds, please refer to section 3.2 of the Principal Brochure.

Members should note that the DIS strategy is developed based on the assumption that members will invest into the strategy until retirement age at 65. Members should note the impact on their benefits under the following circumstances:-

(i) Any early cessation of the strategy due to such factors as early withdrawal of accrued benefits or switching into other funds; and

(ii) Continuation to invest all accrued benefits and Future Investments into the A65F beyond age 65.

(e) *Information on Performance of CAF and A65F*
The fund performance of the CAF and A65F will be published in the fund factsheets with one of those attached to annual benefit statement, members can visit www.sunlife.com or call the Sun Life Pension Services Hotline on (852) 3183 1888 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

B. Summary between Existing Default Fund/Arrangement and the DIS

Please find below summary between the key features of the Existing Default Fund and the DIS for reference:

	Existing Default Fund	The DIS which comprised of two constituent funds with de-risking feature
Name	Sun Life MPF Stable Fund	(1) Sun Life MPF Core Accumulation Fund, and (2) Sun Life MPF Age 65 Plus Fund
Fund Type	Mixed Assets	(1) and (2) Mixed Assets
De-risking Feature	No	Yes
Management fees of constituent fund (including	Class A: Up to 1.775% Class B: Up to 1.575%	Each of (1) and (2) 0.75%

fees of underlying funds)		
Daily Fee Cap	No	Yes
Expected Risk Level (compare within the Scheme)	Moderate	(1) Medium (2) Low
Guarantee Feature(s)	No	No

For details of the key features of the existing default fund/arrangement and the DIS, please refer to the offering document (or contact trustee)

C. Implications for New and Pre-existing Accounts on or after DIS Implementation

(a) *Implications on accounts opened on or after 1 April 2017*

When members set up a new account in the Scheme on or after1 April 2017, they are encouraged to give an investment instruction for their Future Investments. If members fail to or do not want to submit to the Trustee an investment instruction at the time of their requests to join/set up a new account in the Scheme, the Trustee shall invest any of their Future Investments into the DIS.

In such case, the Trustee will as soon as reasonably practicable notify the concerned members of such investment and request them to provide their investment instruction. If the Trustee subsequently receives an investment instruction from the concerned members, the Trustee will implement such investment instruction with respect to their Future Investments within fourteen (14) business days of such receipt and no additional handling fee will be imposed.

(b) *Implications on accounts opened before 1 April 2017*

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on 1 April 2017

(1) For a member's pre-existing account with all accrued benefits being invested into the Existing Default Fund but generally with no specific investment instruction in respect of the accrued benefits being given (known as "DIA account"):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be transferred to the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-investment Notice explaining the impacts on your pre-existing account and giving you an opportunity to give a specified investment instruction to the Trustee before the accrued benefits are invested into the DIS.

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

(2) For a member's pre-existing account with part of the accrued benefits in the Existing Default Fund:

If part of the accrued benefits of your pre-existing account was invested in Existing Default Fund, unless the Trustee has received any investment instructions, your accrued benefits will be invested in the same manner as accrued benefits were invested immediately before the Effective Date. Future Investments will be invested in the DIS or if you have submitted an investment mandate, according to your investment mandate.

(3) For a member's pre-existing account with no investment mandate provided by member but with accrued benefits transferred from another account within the Scheme

If there was any transfer of accrued benefits from another account to your pre-existing account (including automatic transfer of accrued benefits from contribution account to personal account after cessation of employment), your accrued benefits will be invested in the same manner as accrued benefits were invested immediately before the Effective Date. Future Investments will be invested in the DIS.

In the event that your pre-existing account utilizes the Fund Cruiser, you will be deemed to have exited the Fund Cruiser, to the extent that the automatic fund allocation programme according to the asset allocation table under section 4.8.1, will be ceased on the 1 April 2017. The accrued benefits transferred will be invested in the same manner immediately before such transfer. Future Investments will be invested in the DIS.

If the accrued benefits transferred from a contribution account utilizing Fund Cruiser to a personal account which is a pre-existing Account without any investment mandate provided by the member, the member's personal account will be deemed to have exited the Fund Cruiser. The accrued benefits transferred will be invested in the same manner immediately before such transfer, but the automatic fund allocation programme according to the asset allocation table under section 4.8.1 will be ceased on 1 April 2017. Any Future Investments credited to the personal account will be invested to the DIS after 1 April 2017.

For the avoidance of doubt, if the member provided investment mandate of the above mentioned personal account to utilize Fund Cruiser before 1 April 2017, the personal account will continue utilizing Fund Cruiser with automatic fund allocation programme after any transfer of accrued benefits from contribution account utilizing Fund Cruiser.

D. Rules and Procedures Applicable to Investment through the DIS

(a) *Fund Choice Combination*

Members who join the Scheme on or after 1 April 2017 may choose to invest their Future Investments into:

(1) the DIS; or

(2) Fund Cruiser (as more particularly described in section 4.8 of the Principal Brochure); or

(3) one or more constituent funds of their own choice from the list under section 1 of the Principal Brochure (including the CAF and the A65F) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice ("**standalone investment**").

Members should note that, if they choose the CAF and/or A65F as standalone investment, those investments/benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) CAF and/or A65F as standalone investment and (ii) the DIS (no matter by default or by member's investment instruction), accrued benefits invested under (i) will not be subject to the de-risking process whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates.

(b) *Switching / transfer in and out of the DIS*

Members may at any time decide to switch into or out from the DIS in respect of his/her accrued benefits as well as Future Investments by submitting both a switching instruction and a change of investment mandate. Alternatively, a member may decide to switch his/her Future Investments into the DIS while his/her accrued benefits continue to be invested in the constituent funds as standalone investment, and vice versa by submitting either a switching instruction or a change of investment mandate.

Members should note that any change of investment instructions through submitting a new investment mandate only applies to Future Investments and will therefore not affect the investments of the accrued benefits. Where a member switches all or part of his / her investments of accrued benefits by submitting a switching instruction, such switching instruction only applies to investments of accrued benefits but not Future Investments.

In addition, please note the following:

(1) If a member wishes to switch out of DIS before the annual de-risking, the valid switch out instruction must be received by the Trustee by 4:00 p.m. on a dealing day which is one dealing day before the member's birthday. Any valid switch out instruction received after this cut-off time will only be performed after the annual de-risking.

(2) If a member wishes to switch out of the DIS to the CAF and the A65F as standalone investment, the investments in the DIS will be redeemed and the redemption proceeds will be used to subscribe for units in these two constituent funds according to the investment instruction given by the member. Likewise, redemption of units of these two constituent funds as standalone investment and subsequent subscription of units of these two constituent funds for DIS purposes will be effected should the member wish to switch out of these two constituent funds as standalone investment and invest into the DIS. The dealing of subscription and redemption of units of constituent funds will follow Section 6 of this Principal Brochure.

E. Rules and Procedures of Annual De-Risking

The process of de-risking is to automatically switch the existing accrued benefits between CAF and A65F each year on a member's birthday and according to the allocation percentages in the DIS de-risking Table as shown in Diagram 2. There are circumstances, including but not limited to the following, that the de-risking process needs to be carried on the next available dealing day after the member's birthday:-

(a) the member's birthday is not on a dealing day;
(b) the member's birthday falls on the 29th of February of a leap year; or
(c) there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the member's birthday which makes it impossible for the investments to be moved on that day.

If the Trustee receives any updates from a member of his /her birth date, the Trustee will adjust the allocation between the CAF and A65F according to his / her updated birthday and apply such birthday for future de-risking.
When one or more of the specified instructions (including but not limited to subscription (including, without limitation, any transfer-in instructions as described in section 4.14), redemption (including

without limitation any withdrawal instructions, instructions for refund or payment of any statutory long service / severance pay, transfer-out instructions as described in section 4.14), change of investment mandate or switching instructions) are being processed on the annual date of de-risking for a relevant member, the annual de-risking will be deferred and will only take place after completion of these instructions where necessary.

F. Rules and Procedures relating to Investment Instructions

If a member, upon enrolment, opts for DIS, 100% of the member's Future Investments arising from both mandatory and voluntary contributions of his/her selected account will be invested in the DIS. Such member cannot opt for any partial investment in Fund Cruiser or any other constituent funds under D(3) above.

Where a member opts for Fund Cruiser upon enrolment, 100% of the member's Future Investments arising from both mandatory and voluntary contributions will be invested in the Fund Cruiser. Such member cannot opt for any partial investment in DIS or any other constituent funds under D(3) above. In addition, the member will be deemed to have exited the Fund Cruiser when there are any accrued benefits transferred from another accounts of the member under the Scheme.

If a member opts for standalone investment upon enrolment, he/she is free to choose different/the same combination of constituent funds for mandatory contribution and voluntary contribution. However, any investment selection as specified in the investment instruction must be in whole numbers, in multiples of 5% and the total should add up to 100%. If the investment mandate given does not meet these requirements, then 100% of Future Investments will be invested into DIS. Any investment instruction (whether in the form of change of investment mandate or switching instruction) given subsequent to enrolment and not meeting these requirements will be rejected. The member is required to re-submit instruction that can meet the afore-mentioned requirements.

G. Other Changes

(a) *Exit of Fund Cruiser*

Where a member utilizing the Fund Cruiser ceases employment and does not make an election as to which account his/her benefits in relation to that employment are to be transferred within 3 months after the Trustee has been notified of the cessation of employment, the member’s benefits in the contribution account will be automatically transferred to a personal account. In that case, the member will be deemed to have exited the Fund Cruiser, to the extent that the automatic fund allocation programme according to the asset allocation table under sub section 4.8.1 will be ceased. The accrued benefits transferred will be invested in the same manner immediately before such transfer, while any Future Investments credited to the personal account not utilizing Fund Cruiser will be invested in the DIS or the most recently selected investment mandate. Member should note that no automatic fund allocation program will apply after the transfer to a personal account.

In the event that the member has elected to transfer to a personal account utilizing Fund Cruiser within 3 months after the Trustee has been notified of the cessation of employment, the accrued benefits transferred from contribution account of the member utilizing Fund Cruiser as well as Future Investments of the member’s personal account will follow Fund Cruiser."

Where an employee account relating to the member’s previous employment and utilizing the Fund Cruiser is transferred into another employee account relating to the member’s new employment not utilizing Fund Cruiser by means of an intra-group transfer, the member will be deemed to have exited the Fund Cruiser, to the extent that the automatic fund allocation programme according to the asset allocation table under sub section 4.8.1 will be ceased upon the transfer, and the accrued benefits transferred will be invested in the same manner immediately before such transfer. The asset allocation in relation to Future Investments of the employee account of the member’s new employment will be invested in the DIS, or the most recently selected investment mandate.

In the event that the employee member chooses to utilize Fund Cruiser relating to the account of the member’s new employment, the accrued benefits transferred from contribution account relating to the member’s previous employment utilizing Fund Cruiser as well as Future Investments will follow Fund Cruiser."

(b) *Dealing in Constituent Funds*

For clarity sake, section 6.1 and 6.2 of the Principal Brochure made it clear that any residual amount arising from rounding of decimal places of subscription unit price, number of subscribed units and redemption amount will be retained for the benefit of the constituent fund.

(c) *Changes to references to “future contributions” and “transfer-in monies”*

References to “future contributions” and “transfer-in monies” under section 4 will be replaced with “Future Investments”.

H. Means to obtain further Information

Members may obtain information about the DIS through Sun Life Pension Services Hotline at 3183 1888.

Sun Life Trustee Company Limited
Issue date: 12 December 2016

Investment Policies of DIS Funds

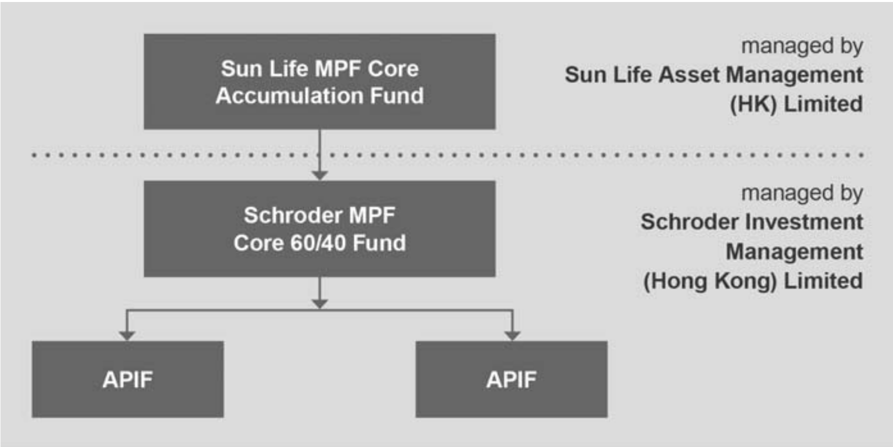
(i) Sun Life MPF Core Accumulation Fund

Investment Objective

The investment objective of the Sun Life MPF Core Accumulation Fund is to provide capital growth to members by investing in a globally diversified manner.

Investment Structure

The Sun Life MPF Core Accumulation Fund is a feeder fund and invest in an APIF, namely, Schroder MPF Core 60/40 Fund, which in turn invests in two APIFs as allowed under the Regulation. The investment structure of the Sun Life MPF Core Accumulation Fund is illustrated as follows:



Asset Allocation

Through the underlying investment of the Schroder MPF Core 60/40 Fund, the Sun Life MPF Core Accumulation Fund will hold 60% of its net assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global fixed income and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the Sun Life MPF Core Accumulation Fund to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the Sun Life MPF Core Accumulation Fund will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 60/40 Fund invested by the Sun Life MPF Core Accumulation Fund has discretion as to the asset allocation of the Schroder MPF Core 60/40 Fund.

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

Investment Strategy

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

Hong Kong Dollar Currency Exposure

The Sun Life MPF Core Accumulation Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or the Sun Life MPF Core Accumulation Fund.

Use of Derivatives, Securities Lending and Repurchase Agreement

The Sun Life MPF Core Accumulation Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements. The underlying APIFs may employ a portion of its assets in acquiring futures contracts, options and forward currency transactions for hedging purposes. The underlying APIFs do not intend to enter into any securities lending transactions or repurchase agreements. Any such use of derivative instruments will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs.

Risk Inherent and Expected Return

The risk profile of Sun Life MPF Core Accumulation Fund is determined by the Investment Manager with reference to that of Schroder MPF Core 60/40 Fund, which in turn is determined by Schroder Investment Management (Hong Kong) Ltd, based on various factors including volatility, investment objective and policy and asset allocation. This risk profile is provided for reference only, and may be updated periodically based on prevailing market conditions.

The risk level of Sun Life MPF Core Accumulation Fund is medium and, as such, is suitable for members with more than 10 years before retirement.

The return of Sun Life MPF Core Accumulation Fund over the long term is expected to be similar to the return of the Reference Portfolio.

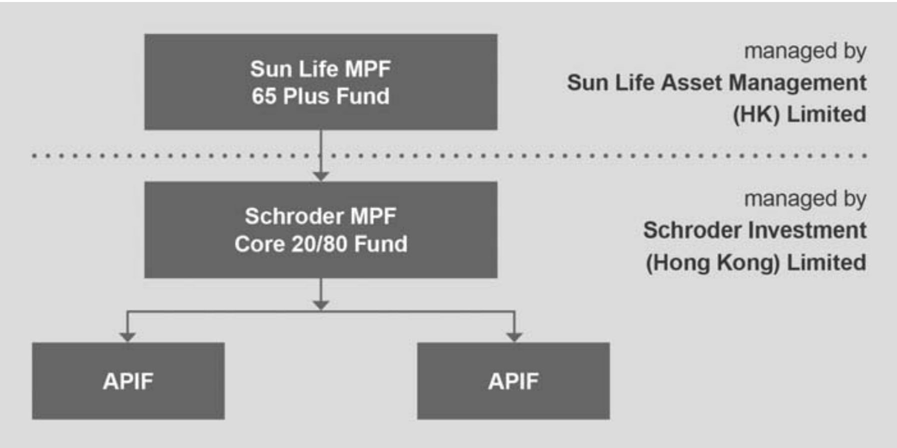
(ii) Sun Life MPF Age 65 Plus Fund

Investment Objective

The investment objective of the Sun Life MPF Age 65 Plus Fund is to provide stable growth to members by investing in a globally diversified manner.

Investment Structure

The Sun Life MPF Age 65 Plus Fund is a feeder fund and invest in an APIF, namely, Schroder MPF Core 20/80 Fund, which in turn invests in two APIFs as allowed under the Regulation. The investment structure of the Sun Life MPF Age 65 Plus Fund is illustrated as follows:



Asset Allocation

Through the underlying investment of Schroder MPF Core 20/80 Fund, the Sun Life MPF Age 65 Plus Fund will hold 20% of its net assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global fixed income and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the Sun Life MPF Age 65 Plus Fund to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the Sun Life MPF Age 65 Plus Fund will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 20/80 Fund invested by the Sun Life MPF Age 65 Plus Fund has discretion as to the asset allocation of the Schroder MPF Core 20/80 Fund.

Geographical Allocation

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

Investment Strategy

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

Hong Kong Dollar Currency Exposure

The Sun Life MPF Age 65 Plus Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or the Sun Life MPF Age 65 Plus Fund.

Use of Derivatives, Securities Lending and Repurchase Agreement

The Sun Life MPF Age 65 Plus Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements. The underlying APIFs may employ a portion of its assets in acquiring futures contracts, options and forward currency transactions for hedging purposes. The underlying APIFs do not intend to enter into securities lending transactions or repurchase agreements. Any such use of derivative instruments will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs.

Risk Inherent and Expected Return

The risk profile of Sun Life MPF Age 65 Plus Fund is determined by the Investment Manager with reference to that of Schroder MPF Core 20/80 Fund, which in turn is determined by Schroder Investment Management (Hong Kong) Ltd, based on various factors including volatility, investment objective and policy and asset allocation. This risk profile is provided for reference only, and may be updated periodically based on prevailing market conditions.

The risk level of Sun Life MPF Age 65 Plus Fund is low and, as such, is suitable for members with 15 or less years before retirement.

The return of the Sun Life MPF Age 65 Plus Fund over the long term is expected to be similar to the return of the Reference Portfolio.