Sun Life Multi-Funding Provident Plan

Explanatory Memorandum

Life's brighter under the sun

IMPORTANT

- Sun Life Multi-Funding Provident Plan (the "**Plan**") is a pooled retirement scheme established by an insurance policy issued by Sun Life Hong Kong Limited ("**Sun Life**").

- The guarantee of the Sun Life Capital Guarantee Fund is provided by Sun Life. Your investments in Sun Life Capital Guarantee Fund are therefore subject to the credit risks of Sun Life. The guarantee is subject to qualifying conditions as set out in Appendix 1 to this Explanatory Memorandum in respect of the Sun Life Capital Guarantee Fund.

- Each of the Managed Funds of the Plan will invest in the corresponding Underlying Funds. Such Underlying Funds may invest in equities, debt securities and/or financial derivative instruments, as the case may be, each with a different risk profile.

- Underlying Funds which invest in emerging markets may be subject to higher liquidity and volatility risks. Underlying Funds which invest in a particular market or sector may be subject to a higher concentration risk than funds with a more diversified investment policy.

- Underlying Funds which invest in debt securities that are low-rated or non-investment grade debt securities may be subject to higher credit and counterparty risks than funds which invest in debt securities with higher credit ratings.

- Underlying Funds which invest substantially in financial derivative instruments may be subject to significant liquidity and counterparty default risks and therefore may expose the Underlying Funds to the potential for significant losses.

- The Plan is constituted in the form of an insurance policy. While the benefit payments under the Plan are calculated with reference to the performance of the Investment Options, you are not investing in the underlying investment funds / assets and do not have any rights or ownership over the underlying investment funds / assets. Such underlying investment funds / assets are legally owned by Sun Life. You only have a contractual right to claim the amount representing the benefits under the Plan from Sun Life. Your investment in the Plan is therefore subject to the credit risks of Sun Life.

- You should consider your own risk tolerance level and financial circumstances before making any investment choices. If you are in doubt as to whether a Managed Fund is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice.

- You should read this Explanatory Memorandum for further details including product features, fees and charges and risk factors (set out in section 3 headed "INVESTMENT RISKS AND RISK FACTORS").

Important: If you are in doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

Sun Life accepts responsibility for the accuracy of the information contained in this Explanatory Memorandum as at the date of publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission would make any statement misleading. This Explanatory Memorandum may from time to time be updated. You should enquire with Sun Life for the latest Explanatory Memorandum or any supplements or addenda to this Explanatory Memorandum which will be available from Sun Life.

The Plan and the Investment Options have been authorized by the SFC. SFC authorization is not a recommendation or endorsement of the Plan and the Investment Options nor does it guarantee the commercial merits of the Plan and the Investment Options or their performance. It does not mean the Plan and the Investment Options are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

No action has been taken to permit an offering of the Plan or distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized. Further, the Plan may not be offered or sold, directly or indirectly, to any persons for reoffering or resale, in any jurisdiction where such action is not authorized. Receipt of this Explanatory Memorandum does not constitute an offer of the Plan in those jurisdictions in which it is illegal to make such an offer.

Sun Life Hong Kong Limited (incorporated in Bermuda with a limited liability)

30 November 2022

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DEFINITIONS:

"AEOI"	automatic exchange of financial account information implemented under the IRO
"Business Day"	a day (other than Saturday) on which banks in Hong Kong are open for normal banking business
"CAA"	a competent authority agreement entered into by Hong Kong with the relevant jurisdiction for AEOI
"Capital Guarantee (CG) Account"	an account maintained by Sun Life pursuant to the Policy for the purpose of holding (i) investment in the Sun Life Capital Guarantee Fund and (ii) cleared funds received by Sun Life pending investment in the Managed Funds
"Commencement Date"	the date specified on the Policy as the commencement date of the Plan
"Default Fund"	the Sun Life Capital Guarantee Fund or such other Managed Fund as determined and specified by the employer under the Plan and as notify to Sun Life from time to time
"FATCA"	the Foreign Account Tax Compliance Act enacted by the US in March 2010
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong IGA"	the intergovernmental agreement entered between Hong Kong and the US for implementation of FATCA
"Hong Kong IRD"	Hong Kong Inland Revenue Department
"**Investment Option**"	the Sun Life Capital Guarantee Fund or the Managed Fund and collectively the "Investment Options"
"IO"	the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong), as amended from time to time together with any regulations and rules made thereunder
"IRO"	the Inland Revenue (Amendment) (No.3) Ordinance
"Managed Fund"	a sub-fund separately maintained by Sun Life where the monies of such sub-fund shall be invested wholly in the corresponding Underlying Fund as described in Appendix 1

“Managed Fund Account”	an account notionally maintained by Sun Life for the purpose of holding investment in the Managed Fund
“Member”	an employee or a former employee who has met the eligibility requirements to participate in the Plan and whose membership has not been terminated under the Policy
“MPF Exemption Regulation”	the Mandatory Provident Fund Schemes (Exemption) Regulation
“Net Investment Contribution”	contributions received in a Plan Year, excluding any Past Service Contribution and any forfeited contributions which has been used to offset future employer’s contributions
“ORSO”	the Occupational Retirement Scheme Ordinance (Cap. 426 of the Laws of Hong Kong), as amended from time to time together with any regulations and rules made thereunder
“Past Service Contribution”	the amount (if any) to be paid by the employer in respect of employees becoming Members of the Plan on the Commencement Date as determined pursuant to the Policy
“**Plan**”	the Sun Life Multi-Funding Provident Plan
“**Plan Year**”	a period of twelve months from the Commencement Date and thereafter each period of twelve months from the Review Date
“Policy”	an insurance policy, namely, the Sun Life Multi-Funding Provident Policy, to be entered between the employer and Sun Life, together with the schedules, as amended from time to time
“PRF Code”	Code on Pooled Retirement Funds issued by the SFC, as amended and supplemented from time to time
“Registrar”	the Registrar of Occupational Retirement Schemes appointed under the ORSO
“Review Date”	the date each year as specified in the Policy as the review date
“Scheme”	an occupational retirement scheme established by an employer
“SFC”	the Securities and Futures Commission of Hong Kong

"Sun Life" or the "Company"	Sun Life Hong Kong Limited, a company incorporated in Bermuda with limited liability (and registered as a non-Hong Kong company in Hong Kong) whose registered office is at 16th Floor Cheung Kei Center Tower A, No. 18 Hung Luen Road, Hunghom, Kowloon, Hong Kong
"Sun Life Capital Guarantee Fund"	an Investment Option established in the form of an insurance policy pursuant to the Policy. For the avoidance of doubt, the Sun Life Capital Guarantee Fund is not unitized
"Underlying Fund"	an SFC authorized sub-fund[1] and invested in by the corresponding Managed Fund as described in Appendix 1
"US"	the United States of America
"UT Code"	Code on Unit Trusts and Mutual Funds issued by the SFC, as amended and supplemented from time to time
"US IRS"	the Internal Revenue Service of the United States of America

[1] SFC authorization is not a recommendation or endorsement of the Underlying Funds nor does it guarantee the commercial merits of the Underlying Funds or their performance. It does not mean the Underlying Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

1. ABOUT SUN LIFE MULTI-FUNDING PROVIDENT PLAN

The Plan is a pooled retirement fund scheme established as an insurance policy issued by Sun Life.

The Plan was set up on 17 February 1997. The Plan and the Investment Options were established in Hong Kong. The Plan provides participating employers flexibility on the choice of benefits by making available a combination of investment options to suit different needs of employers, including small size corporations which may prefer to have security of capital of a scheme while generating a favorable rate of return. The advantage of this approach is that both employers and employees may choose to invest their contributions according to their specific investment needs and risk profiles.

The Plan also provides participating employers with flexibility in terms of different features as further described in section 1.2 headed "Plan Features" below.

1.1 Application

The employer will need to complete the Scheme Profile and Application Form provided by Sun Life, sign it and return it to Sun Life at the following address together with other relevant information that Sun Life may require:

16th Floor Cheung Kei
Center Tower A

No. 18 Hung Luen Road

Hunghom, Kowloon

Hong Kong

The employer will also need to enter into the Policy with Sun Life which sets out the terms and conditions of the Plan.

1.2 Plan Features

ELIGIBILITY

All employees in regular, permanent and full-time employment between the ages of 18 and 65 (inclusive) and who have been employed by the employer for at least 60 days under an employment contract, or on other terms as agreed with the employer, are eligible to join the Plan.

RETIREMENT AGE

The retirement age will normally be 60 or 65 (or any other age as agreed with the employer) for all employees. Should the employee continue working beyond the normal retirement age, contributions shall continue to be made by the employee and the employer until actual retirement of the relevant employee.

CONTRIBUTION RATE

The contribution rate as a percentage of an employee's basic monthly salary is typically 5% for both employer contribution and employee contribution. An employer may also agree to a greater contribution rate.

Contributions are remitted monthly by the employer by the due date as agreed with the employer in accordance with the rules as specified by the employer under the Plan to Sun Life in Hong Kong dollars or such other currency agreed with the employer. Subject to the terms of the Policy, there is no grace period or penalties for late payment of the contributions. However, the employer may be subject to contribution surcharge for late payment or financial penalties for outstanding contribution payments in accordance with the ORSO if the employer fails to comply with the legislative requirements.

The employer may also make a Past Service Contribution for an employee or transfer the whole of the existing fund assets to the Plan by way of a single lump sum or by installments over a certain period on terms to be agreed with Sun Life.

If an employer shall cease or fail to make any or all contributions to Sun Life in accordance with rules as specified by the employer under the Plan, Sun Life may notify the Registrar and thereafter the Policy may be terminated and cease to apply to the Scheme of such employer forthwith on notice given in writing by Sun Life and upon receipt of the written consent of the Registrar thereto.

INVESTMENT ALLOCATION

Employers' and employees' contributions (including any Past Service Contribution and/or contribution as a result of transfer from existing fund assets to the Plan) will first be credited to the Capital Guarantee (CG) Account upon receipt of cleared funds by Sun Life, which will then be allocated to the relevant Managed Fund Accounts for investment in the respective Managed Funds, in accordance with the allocation instructions as notified to Sun Life from time to time pursuant to the rules as specified by the employer under the Plan. Any allocation to the Sun Life Capital Guarantee Fund will remain in the Capital Guarantee (CG) Account. Subscription, redemption and switching of investments among the Investment Options will be made pursuant to sub-section 2.1 headed "SUBSCRIPTION, REDEMPTION AND SWITCHING OF THE INVESTMENT OPTIONS" under section 2 headed "INVESTMENT OPTIONS".

For the avoidance of doubt, while the benefit payments under the Plan are calculated with reference to the performance of the Investment Options, employers and employees are not investing in the underlying investment funds / assets and do not have any rights or ownership over the underlying investment funds / assets. Such underlying investment funds / assets are legally owned by Sun Life. Employers and employees only have a contractual right to claim the amount representing the benefits under the Plan from Sun Life. Any investment in the Plan is subject to the credit risks of Sun Life.

Currently, the Plan offers the following Investment Options for investment by employers and employees:

Investment Option	Date of Authorisation	Base Currency
Sun Life Capital Guarantee Fund	1 April 2003*	Hong Kong dollar
Global – Asia Pacific Fund	1 April 2003*	Hong Kong dollar
Global Fund	1 April 2003*	Hong Kong dollar
Global Balanced Fund	1 April 2003*	Hong Kong dollar
Global Bond Fund	1 April 2003*	Hong Kong dollar
Hong Kong China Fund	15 October 2003*	Hong Kong dollar
American Growth Fund	15 October 2003*	Hong Kong dollar
European Growth Fund	15 October 2003*	Hong Kong dollar
Asia Opportunities Equity Fund	29 August 2018*	Hong Kong dollar

* *The Investment Option has been established as of this date.*

With the exception of the Sun Life Capital Guarantee Fund which is internally managed by Sun Life, each of the above Managed Funds will invest in the corresponding Underlying Funds managed by external fund managers. Please refer to Appendix 1 for details of each of the Investment Options and their respective investment objectives and features.

Please refer to the examples below for illustration of allocations of the employer's contributions and employee's contributions:

a. Employer's Contributions

Name of Member or Category of Member	Percentage to be credited to the Capital Guarantee (CG) Account for investment in the Sun Life Capital Guarantee Fund	Percentage to be credited to the respective Managed Fund Accounts for investment in the Managed Funds [--]								
	Sun Life Capital Guarantee Fund	Global - Asia Pacific Fund	Global Fund	Global Balanced Fund	Global Bond Fund	Hong Kong China Fund	American Growth Fund	European Growth Fund	Asia Opportunities Equity Fund	Total
Peter Chan	100%	0%	0%	0%	0%	0%	0%	0%	0%	=100%
Mary Lee	100%	0%	0%	0%	0%	0%	0%	0%	0%	=100%
Ann Wong	50%	25%	25%	0%	0%	0%	0%	0%	0%	=100%

b. Employees' Contributions

Name of Member or Category of Member	Percentage to be credited to the Capital Guarantee (CG) Account for investment in the Sun Life Capital Guarantee Fund	Percentage to be credited to the respective Managed Fund Accounts for investment in the Managed Funds [--]								
	Sun Life Capital Guarantee Fund	Global - Asia Pacific Fund	Global Fund	Global Balanced Fund	Global Bond Fund	Hong Kong China Fund	American Growth Fund	European Growth Fund	Asia Opportunities Equity Fund	Total
Peter Chan	0%	100%	0%	0%	0%	0%	0%	0%	0%	=100%
Mary Lee	0%	50	0%	0%	50%	0%	0%	0%	0%	=100%
Ann Wong	30%	0%	0%	30%	0%	40%	0%	0%	0%	=100%

REALLOCATION OF ASSETS AND REDESIGNATION OF FUTURE CONTRIBUTIONS

Subject to the rules as specified by the employer under the Plan, an employer or employee may, by giving one month's prior written notice to Sun Life:

(i) reallocate the investments in the Sun Life Capital Guarantee Fund or each Managed Fund; or
(ii) redesignate the percentage of the amount of future contributions to be invested in the Sun Life Capital Guarantee Fund or each Managed Fund.

No fees and charges will be levied for one reallocation of investments among the Sun Life Capital Guarantee Fund and the Managed Funds in any one single Plan Year. Such reallocation or redesignation shall take place not more than once (unless otherwise agreed with Sun Life) in any Plan Year. The reallocation of assets/redesignation of future contributions shall take effect on the first Business Day of the month immediately after expiry of the one month's notice period.

1.3 Benefits

Benefits payable upon normal retirement

The benefit payable upon normal retirement will comprise of the value of the employee's account attributable to (i) contributions from the employer and employee credited to the Capital Guarantee (CG) Account and any interest earned from the Sun Life Capital Guarantee Fund and accrued on the cash held in the Capital Guarantee (CG) Account (please refer to Appendix 1 for the mechanism for determining the interest rate), (ii) contributions from the employer and employee invested in the relevant Managed Fund(s) which invest in the corresponding Underlying Fund(s) and any investment return thereon, and (iii) any uninvested cash from time to time held in an account for each employee. The realized balance in the employee's account will be paid upon normal retirement of the employee in a lump sum by Sun Life.

Benefits payable upon leaving service before normal retirement

Where an employee leaves employment of the employer prior to the normal retirement age for reasons other than death or incapacity (as certified by a registered medical practitioner), the benefit payable will comprise of the value of the employee's account attributable to (i) all the employee's contributions and any investment return and interest earned (if applicable) thereon, (ii) a percentage of any sum with interest (if applicable) representing the Past Service Contributions and any investment return thereon, and (iii) a percentage of any sum with interest (if applicable) representing the employer's contributions and any investment return thereon. The percentage of employer's contributions (other than Past Service Contributions) and the percentage of Past Service Contributions for employees leaving employment other than on death or incapacity shall be determined in accordance with the vesting schedules as determined and specified by the employer under the Plan.

For employees who joined the Plan after 1 December 2000 with an employer who has been granted an exemption certificate under the MPF Exemption Regulation, the benefits of that employee upon termination of employment will be dealt with in accordance with the MPF Exemption Regulation. For example, the minimum MPF benefits of that employee, as defined in the MPF Exemption Regulation, will have to be preserved until retirement.

Benefits payable upon death or incapacity

Upon death or incapacity (as certified by a registered medical practitioner) prior to retirement of the employee, the realized balance in the employee's account to be determined in the same manner as in the case of normal retirement will be paid in a lump sum by Sun Life to the person(s) nominated by the employee in writing to Sun Life or the employee's legal personal representatives if no nomination has been made by the employee.

Forfeiture of benefits

If an employee is dismissed upon any of the following grounds, he / she will not be entitled to any part of the employer's contribution (including any Past Service Contribution) or any investment return and interest earned (if applicable) thereon:

(a) wilfully disobeying a lawful and reasonable order;

(b) misconduct, such conduct being inconsistent with the due and faithful discharge of his / her duties;

(c) being guilty of fraud or dishonesty;

(d) being habitually neglectful in his / her duties; or

(e) upon any other ground on which the employer would be entitled to terminate the contract of employment without notice at common law.

Liens on benefits

The employer may be paid from the benefit payable to an employee the amount of debt acknowledged in writing by the employee as owing to the employer. Upon production of such written acknowledgment to Sun Life, Sun Life will pay to the relevant employer such part of benefit due to be paid to the employee under the Plan for the purpose of effective repayment of such debt. Any payment so made by Sun Life shall discharge all liabilities of Sun Life in respect of such part of the benefit payable to such employee.

Forfeited contributions

The forfeited contributions, i.e. those contributions which are not paid out to an employee as benefit under the Plan (other than as liens on such benefits), due to the employee's termination or dismissal of employment, may be used to offset the employer's future contributions or for other purposes as agreed by the employer and Sun Life.

2. INVESTMENT OPTIONS

Sun Life offers flexibility in terms of investment choices and allows the employer, the employee or a combination of both, to choose the investment options and determine the asset allocation according to their investment objective.

To meet the different needs of employers and employees, Sun Life is able to draw upon the expertise of both internal and external professional fund managers to provide investment management services to a wide variety of retirement fund clients.

Currently, the Plan offers nine Investment Options for investment by employers and employees. With the exception of the Sun Life Capital Guarantee Fund which is internally managed by Sun Life, the contributions are invested in the Managed Funds which, in turn, feed into the corresponding Underlying Funds that are authorized by the SFC and managed by external fund managers. Please note that SFC authorization is not a recommendation or endorsement of the Underlying Funds nor does it guarantee the commercial merits of the Underlying Funds or their performance. It does not mean the Underlying Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Investment Options are required to comply with the applicable investment requirements under Chapters 8.10 – 8.11 of the PRF Code and as summarised in Appendix 3.

Currently, the Investment Options do not engage in securities lending, repurchase and reverse repurchase transactions. However, the Underlying Fund in which an Investment Option invests may engage in such securities financing transactions. Please refer to Appendix 1 for further details.

The Underlying Funds are expected to comply with the general provisions of Chapter 7 of the UT Code. This Explanatory Memorandum must be read together with the relevant Appendices and/or addendum to this Explanatory Memorandum which relate to an Investment Option or its underlying investment portfolios, including its investment objectives, fund features, risks involved and additional terms, conditions and such other restrictions which may be applicable. Please also refer to the offering documents (including Product Key Facts Statements) of the Underlying Funds, which are available free of charge on the website of Sun Life, at www.sunlife.com.hk for further information. Copies of the offering documents of the Underlying Funds are also available for inspection during normal working hours at the following address:

16th Floor Cheung Kei
Center Tower A

No. 18 Hung Luen Road

Hunghom, Kowloon

Hong Kong

2.1 Subscription, Redemption and Switching of the Investment Options

Employers' and employees' contributions (including any Past Service Contribution and/or contribution as a result of transfer from existing fund assets to the Plan) will be credited to the Capital Guarantee (CG) Account upon receipt of cleared funds by Sun Life, which will then be allocated to the relevant Managed Fund Accounts for investment in the respective Managed Funds, in accordance with the allocation instructions as notified to Sun Life from time to time pursuant to the rules as specified by the employer under the Plan. Any allocation to the Sun Life Capital Guarantee Fund will remain in the Capital Guarantee (CG) Account.

Sun Life Capital Guarantee Fund

In respect of contributions credited to the Capital Guarantee (CG) Account for investment in the Sun Life Capital Guarantee Fund, subscriptions will be made on each Business Day on which the Sun Life Capital Guarantee Fund is open for subscription, following receipt of cleared funds and verification of the relevant documents as required by Sun Life.

Upon cessation of employment, redemption of the Sun Life Capital Guarantee Fund will be made on a Business Day on which the Sun Life Capital Guarantee Fund is open for redemption, following verification of the relevant documents as required by Sun Life.

Switching of the Sun Life Capital Guarantee Fund to other Managed Fund(s) will be made on the first Business Day of each month on which the Sun Life Capital Guarantee Fund is open for redemption, upon receipt of one month's prior written notice to Sun Life. The redemption proceeds will be the amount credited to the Capital Guarantee (CG) Account attributable to investment in the Sun Life Capital Guarantee Fund plus the interests accrued up to the day before redemption. Subscription into other Managed Fund(s) will be made upon receipt of cleared funds from redemption proceeds of the Sun Life Capital Guarantee Fund on the relevant dealing day(s) of the respective Underlying Fund(s).

Switching instructions will not be processed in the month that falls on the Review Date of the Plan and any instruction received during that month will be treated as if it were received by Sun Life in the next succeeding month.

Other Managed Funds

In respect of contributions credited to the Capital Guarantee (CG) Account which are then allocated to the relevant Managed Fund Accounts pending for investment in the respective Managed Funds, subscriptions to each of the Managed Funds will be made on the 10th, 20th or 30th (or in case of February, the last day) of each month, or the next following Business Day on which the respective Underlying Fund is open for subscription. The subscription to each Managed Fund would be carried out based on the subscription price of the relevant Underlying Fund on the corresponding dealing day of the Underlying Fund. Subscriptions to the Managed Funds are subject to the receipt of cleared funds and verification of the relevant documents as required by Sun Life.

Upon cessation of employment, redemption from each of the Managed Funds will be made on the 10th, 20th or 30th (or in case of February, the last day) of each month, or the next following Business Day on which the respective Underlying Fund is open for redemption. The redemption from each Managed Fund would be carried out based on the redemption price of the relevant Underlying Fund on the corresponding dealing day of the Underlying Fund. Redemptions from the Managed Funds are subject to the verification of the relevant documents as required by Sun Life.

Switching of the Managed Fund to other Investment Option(s) will be made on the first Business Day of each month on which the relevant Underlying Fund or the Sun Life Capital Guarantee Fund (if applicable) is open for redemption, upon receipt of one month's prior written notice to Sun Life and based on the redemption price of the relevant Underlying Fund (adjusted to reflect any redemption charges at the Underlying Fund's level) or the Sun Life Capital Guarantee Fund (if applicable). Subscription into other Investment Option(s) will be made upon receipt of cleared funds from redemption proceeds of the Managed Fund.

Switching instructions will not be processed in the month that falls on the Review Date of the Plan and any instruction received during that month will be treated as if it were received by Sun Life in the next succeeding month.

No offer spread or bid spread will be charged for subscriptions to, redemption from or switching between the Managed Funds. For the avoidance of doubt, although no separate fees and charges are levied at the Managed Fund's level, fees and charges may be payable in respect of the investment in the Underlying Funds. Please refer to sub-section 5.2 headed "CHARGES AT MANAGED FUND AND UNDERLYING FUND LEVELS" under section 5 headed "CHARGES" for further information.

The respective constitutive documents of the Underlying Funds set out provisions for the suspension of the determination of the net asset value of their respective portfolio of investments in certain circumstances. These circumstances may include, but are not limited to, (i) where there is a closure of or the restriction or suspension of trading on any securities market on which the investments made by the relevant Underlying Funds are normally traded; (ii) where the determination of the value of an investment made by the relevant Underlying Fund is suspended or otherwise cannot be reasonably, promptly, accurately and fairly ascertained; or (iii) where it is not reasonably practicable to realize any investment of the Underlying Fund. In these circumstances, the subscription to and redemption of shares or units in the Underlying Funds will be suspended and investment of contributions and payment of benefits under the Plan will be delayed. In addition, the constitutive documents of the Underlying Funds may also contain provisions imposing a limit on the number of shares or units of the Underlying Fund realized to 10% of the total number of shares or units in issue on any valuation date.

2.2 Termination of the Underlying Funds

In the event that an Underlying Fund is terminated, employers and Members entitled to exercise investment choice will have the opportunity (so far as is practicable) to direct that amounts currently invested in the terminating Underlying Fund and any further contribution to be invested in the terminating Underlying Fund be transferred to any of the other Investment Options. Employers and Members entitled to exercise investment choice who fail to give such directions shall be deemed to have given directions to switch the invested amounts into the Default Fund, and to invest the relevant future contributions in the Default Fund.

2.3 Valuation and Pricing of the Investment Options

Sun Life Capital Guarantee Fund

The Sun Life Capital Guarantee Fund is valued on the last Business Day of each calendar month by Sun Life in accordance with the prevailing generally accepted accounting practices.

For the Sun Life Capital Guarantee Fund, the annual declared rate of return is based on the yield earned as at the end of its fiscal year ending on September 30 each year, net of all relevant taxes but including realized and unrealized gains and adjustments to smooth market fluctuations and to provide for the investment guarantee. When determining the yield earned, Sun Life will use the market value of the investments held except in the case where the securities are intended to be held to maturity, if any, in which case the amortized value of such securities will be employed.

Other Managed Funds

For Managed Funds that invest in the respective Underlying Funds (other than the American Growth Fund and European Growth Fund), the subscription or redemption price of each Managed Fund shall be the net asset value of that class of shares or units of the relevant Underlying Fund on the 10th, 20th or 30th (or in case of February, the last day) of each month, or the next following Business Day on which the respective Underlying Fund is open for subscription or redemption (as the case may be), adjusted to reflect any dealing charges as appropriate, divided by the number of shares or units of that class then in issue or deemed to be in issue in respect of the relevant Underlying Fund. In respect of the American Growth Fund and European Growth Fund, the subscription or redemption price of shares of any class shall be the net asset value of that class on the day of receipt of clear funds by the respective Underlying Funds, less any applicable dealing charges, divided by the number of shares of that class then in issue or deemed to be in issue.

Members may access the website of Sun Life at www.sunlife.com.hk/en/investments/mpf-orso-fund-prices-performance/ for the latest prices of the Managed Funds.

Members may also obtain the value of their holdings in the Sun Life Capital Guarantee Fund either through the Member’s logon to the website at www.sunlife.com.hk or upon request to Sun Life.

The abovementioned websites have not been reviewed or authorised by the SFC.

3. INVESTMENT RISKS AND RISK FACTORS

Investment involves risk and losses may be sustained on any investment.

Each of the Investment Options has different investment objectives and is therefore subject to different types of risks. There is no assurance that the investment objective of the respective Investment Option will be achieved. Some of the risks to which the Investment Options may be exposed either directly or via their investment in the Underlying Funds are set out below. Please refer to the latest offering documents (including Product Key Facts Statements) of the Underlying Funds corresponding to the Investment Options, which are available by the means set out in section 2 headed "INVESTMENT OPTIONS", for details of the investment objectives, policies, strategies and risks of the Underlying Funds.

Investment Risk

There can be no assurance that the Investment Options will achieve their investment objectives. Past performance is no guarantee of future results. Investments may also be affected by changes to the rules and regulations governing exchange controls or taxation, including withholding tax, and by changes to economic or monetary policies.

Market / liquidity risk

Investments in the Investment Options are subject to market fluctuations, liquidity risk and other risks inherent to investing in securities. As a result, the value of investments in the Investment Options may go down as well as up and an employee may not get back the amount he/she invests.

An Investment Option or an Underlying Fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. The inability of the Investment Option or Underlying Fund to sell securities or positions may also impede its ability to meet redemption requests in a timely manner. Certain securities may also be illiquid due to limited trading markets or contractual restrictions on their resale. Reduced liquidity due to these factors may have an adverse impact on the value of the Investment Option or Underlying Fund.

Equity Market risk

An Investment Option or Underlying Fund that invests in equities will be subject to market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Credit / counterparty risk

The value of an Investment Option or Underlying Fund may be affected if any of the financial institutions with which the assets of the Investment Option or Underlying Fund is invested or deposited, or a counterparty of the securities invested by the Investment Option or Underlying Fund, defaults or suffers insolvency or other financial difficulties. Investment Options or Underlying Funds which invest in debt securities of lower credit ratings may be subject to higher credit and counterparty risks than funds investing in debt securities of higher credit ratings.

Interest Rate Risk

Interest rates may be subject to fluctuations. Investment Options or Underlying Funds that invest in debt securities are particularly susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may affect the income received by the Investment Options directly or via their Underlying Funds (if applicable). In addition, the value of certain debt securities may fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies.

Downgrading Risk

The credit rating of a debt security or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Investment Option may be adversely affected. The manager of the Investment Option or the Underlying Fund may or may not be able to dispose of the debt securities that are being downgraded.

Sovereign Debt Risk

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

Valuation Risk

Valuation of an Investment Option or an Underlying Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the valuation of the Investment Option or Underlying Fund.

Credit Rating Risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Credit Rating Agency Risk

The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Emerging market risk

Some countries in which some of the Investment Options or Underlying Funds may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. 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 products of emerging market may also become illiquid which may constrain the investment manager's ability to realise some or all of the portfolio and thus affect the repatriation of capital. Further, the interpretation or application of current laws or regulations in emerging markets may have adverse effects on the relevant Investment Option's or Underlying Fund's investments.

Concentration risk

Investment Options or Underlying Funds which focus on investing in a single geographical area or country or a single sector may be subject to greater degree of volatility than a more diversified fund.

Eurozone risk

In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, an Investment Option's or Underlying Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of European Union members from the Eurozone, may have a negative impact on the value of the Investment Option or Underlying Fund.

Mainland China risk

An Investment Option's or Underlying Fund's investments may be concentrated in Mainland China. The value of the Investment Option or Underlying Fund may be more volatile than that of an Investment Option or Underlying Fund having a more diverse portfolio of investments.

The value of the Investment Option or Underlying Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Mainland China market.

Renminbi (RMB) currency and conversion risks

An Investment Option or Underlying Fund may be invested in investments denominated in RMB. RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Investment Options and Underlying Funds not denominated in RMB are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the relevant Investment Options' or Underlying Funds' respective base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of the relevant Investment Option or Underlying Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact end-investors of relevant Investment Options or Underlying Funds.

Where an Investment Option is invested in an RMB-denominated unit / share class of an Underlying Fund, payment of redemptions and/or dividend payment in RMB to such Investment Option may be delayed due to the exchange controls and restrictions applicable to RMB under exceptional circumstances.

Risks associated with investment made through the Qualified Foreign Investors (QFI) regime

In respect of an Underlying Fund which invests via the QFI regime, such Underlying Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in Mainland China, which are subject to change and such change may have potential retrospective effect.

The Underlying Fund may suffer substantial losses if the approval of the relevant QFI status is being revoked/terminated or otherwise invalidated as the Underlying Fund may be prohibited from trading of relevant securities and repatriation of its monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities). This will have adverse impact on the return of the Investment Option investing in such Underlying Fund.

Risks associated with the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect

The relevant rules and regulations on the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are subject to change which may have potential retrospective effect. The Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are subject to quota limitations. Where a suspension in the trading through the programme is effected, the relevant Investment Option or Underlying Fund's ability to invest in China A-shares or access the Mainland China market through the programme will be adversely affected. In such event, the Investment Option or Underlying Fund's ability to achieve its investment objective could be negatively affected.

China Interbank Bond Market (CIBM) risk

An Investment Option or Underlying Fund may invest in debt securities via the CIBM, and hence may be subject to the risks associated with the CIBM. Trading on the CIBM may expose the Investment Option or Underlying Fund to higher liquidity and counterparty risk.

In order to access the CIBM, prior approval from the People's Bank of China ("PBC") as a market participant must be obtained. Such approval may be refused or withdrawn at any time at the discretion of the PBC, which may limit the Investment Option or Underlying Fund's investment opportunities in the instruments traded on the CIBM market.

Furthermore, the clearing and settlement systems on the Mainland Chinese securities market may not yet be extensively tested, and are subject to increased risks due to errors in valuation and delays in settling transactions. In adverse situations, the Investment Option or Underlying Fund's investment via the CIBM may be adversely affected.

In order to meet potential tax liability for gains for investment via the CIBM, the investment manager of the relevant Investment Option or Underlying Fund may provide for the withholding tax on interest income and capital gain, plus Value-added Tax if applicable, for the account of the Investment Option or Underlying Fund in respect of any potential tax on interest income and capital gain on bond investment via CIBM.

Risks associated with Bond Connect

Investing in debt securities via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on Bond Connect, the relevant Investment Option or Underlying Fund's ability to invest via Bond Connect will be adversely affected. In such event, the Investment Option or Underlying Fund's ability to achieve its investment objective will be negatively affected.

Risk associated with small-capitalisation / mid-capitalisation companies

The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Environmental, Social and Governance (ESG) Investment Policy Risk

An Investment Option or Underlying Fund may apply ESG or sustainability criteria in its investment process. Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities in which the relevant Investment Option or Underlying Fund might otherwise invest. Such securities could be part of the benchmark against which the relevant Investment Option or Underlying Fund is managed, or be within the universe of potential investments. This may have a positive or negative impact on performance and may mean that the relevant Investment Option or Underlying Fund's performance profile differs from that of funds which are managed against the same benchmark or invest in a similar universe of potential investments but without applying ESG or sustainability criteria.

In assessing the eligibility of an issuer based on ESG research, there is a dependence upon information and data from third party ESG research data providers and internal analyses, which may be subjective, incomplete, inaccurate or unavailable. In addition, there is a lack of common or harmonised definitions and labels regarding ESG and sustainability criteria. As a result, there is a risk of incorrectly or subjectively assessing a security or issuer or there is a risk that the relevant Investment Option or Underlying Fund could have exposure to issuers who do not meet the relevant criteria.

Furthermore, the lack of common or harmonised definitions and labels regarding ESG and sustainability criteria may result in different approaches by managers when integrating ESG and sustainability criteria into investment decisions. This means that it may be difficult to compare funds with ostensibly similar objectives and that the relevant Investment Option or Underlying Fund will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar funds may deviate more substantially than might otherwise be expected.

Additionally, in the absence of common or harmonised definitions and labels, a degree of subjectivity is required and this will mean that a fund may invest in a security that another manager or an investor would not.

The use of ESG criteria may also result in the relevant Investment Option or Underlying Fund being concentrated in companies with ESG focus and its value may be more volatile than that of funds having a more diverse portfolio of investments.

Risks of investing in convertible bonds

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Risks associated with investing in financial derivative instruments

Some of the Investment Options or Underlying Funds may use financial derivative instruments such as credit default swaps, futures and options contracts. 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, including market risk, the risk of lack of correlation or leverage effect, liquidity risk and the risk of non-performance or default by the counterparty.

Risks associated with securities lending, sale and repurchase transactions, and/or reverse repurchase transactions (collectively "securities financing transactions")

An Investment Option or Underlying Fund may engage in securities financing transactions and hence, may be subject to the following risks:

Risks relating to securities lending transactions – Securities lending transactions may 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.

Risks relating to sale and repurchase transactions – In the event of the failure of the counterparty with which collateral has been placed, the fund may suffer loss 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.

Risks relating to reverse repurchase transactions – In the event of the failure of the counterparty with which cash has been placed, the fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Risks associated with investing in low-rated or non-investment grade debt securities and defaulted debt securities

Some of the Investment Options or Underlying Funds may invest in low-rated or non-investment grade debt securities. In addition to higher credit and counterparty risks, these debt securities are generally subject to greater price volatility when compared to debt securities of higher rating. In addition, some of the Investment Options or Underlying Funds may invest in debt securities on which the issuer is no longer making interest payments (i.e. defaulted debt securities). The risk of loss due to default of this type of securities may be considerably greater, as they are generally unsecured and are often subordinated to other creditors of the issuer. These securities are generally illiquid and tend to lose much of their value before issuer default.

Currency risk

Some of the Investment Options or Underlying Funds may invest in whole or in part in assets quoted in other currencies. Performance may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and their respective base currencies. Some of the Investment Options or Underlying Funds may engage in currency hedging to reduce exchange rate fluctuations. There is no assurance that the hedging objective will be achieved, and currency hedging may limit the benefit from any increase in value of the hedged currency, and expose an Investment Option or Underlying Fund to any gains / losses on and the costs of the relevant financial instrument.

Risks of investing in Underlying Fund(s)

A Managed Fund may be solely invested in one Underlying Fund, and will thus be subject to the risks associated with such Underlying Fund. A Managed Fund does not have control of the investments of its Underlying Fund and there is no assurance that the investment objective and strategy of the Underlying Fund will be successfully achieved which may have a negative impact on the value of the Managed Fund.

A Managed Fund is subject to the costs involved with investing in its Underlying Fund, and there is no guarantee that the Underlying Fund will always have sufficient liquidity to meet the Managed Fund's redemption requests as and when made.

Custodial Risk

Custodians or sub-custodians may be appointed by an Investment Option or an Underlying Fund in local markets for purpose of safekeeping assets in those markets. Where an Investment Option or an Underlying Fund invests in markets where custodial and/or settlement systems are not fully developed, such investments may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Investment Option or Underlying Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Investment Option or Underlying Fund may even be unable to recover all of its assets and this may have adverse impact on the relevant Investment Option. The costs borne by an Investment Option or an Underlying Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

Risks Associated with Investment in Sun Life Capital Guarantee Fund

(a) General Investment Risk

The investment returns of the Sun Life Capital Guarantee Fund will be affected by market fluctuations, liquidity risk, interest rate risk, currency risk, and economic and social risks. Further, such risk factors may affect Sun Life as the Guarantor, as well as the value of underlying assets of the Sun Life Capital Guarantee Fund. Hence the declared rate of return and the interim declared rate of return which will be determined entirely by Sun Life may also be affected.

(b) Limited Duration of the Guarantee

The guarantee that the declared rate of return and the interim declared rate of return will not be less than zero is only applicable for the first ten years from the Commencement Date of the Plan. After the ten years period, the guarantee will lapse and the return will depend on the actual investment gains or losses of the Sun Life Capital Guarantee Fund, and therefore may be positive or negative.

(c) Credit Risk of Sun Life

Members do not have any rights or ownership over the Sun Life Capital Guarantee Fund or its underlying assets. The Sun Life Capital Guarantee Fund and its underlying assets are legally and beneficially owned by Sun Life. Investors only have a contractual right to claim the amount representing the benefits under the Plan from Sun Life.

The guarantee of the Sun Life Capital Guarantee Fund is also provided by Sun Life. Investments in the Plan are therefore subject to the credit risks of Sun Life.

(d) Regulatory Risk

Investments may be affected by changes to the rules and regulations governing exchange controls or taxation, including withholding tax, and by changes to economic or monetary policies.

(e) Inflation Risk

The cost of living in the future may be higher than now due to the effects of inflation. Therefore, the benefits under the Sun Life Capital Guarantee Fund may not be sufficient for increasing protection needs in the future even if Sun Life fulfils all of its contractual obligations.

Other risk factors

Investment in the Plan is not equivalent to placing funds on deposit with a bank or deposit taking company. Investments in the Plan should be regarded as a medium to long-term investment.

4. ROLE OF SUN LIFE & OTHER OPERATORS

As a leading financial services company, Sun Life Hong Kong Limited offers a comprehensive range of life insurance, mandatory provident fund and pension plans and other financial products and services to individuals and corporate customers.

At Sun Life, we are committed to serving the workforce in Hong Kong by providing diverse financial solutions for their retirement. To accomplish this long term goal, we offer our customers flexible and effective employee benefits solutions through one-stop services on pension scheme management, including trustee, administration and investment management.

Registered address of Sun Life:

16th Floor Cheung Kei Center Tower A,
No. 18 Hung Luen Road, Hunghom,
Kowloon, Hong Kong

4.1 Insurer and Product Provider

Sun Life is the insurer of the Policy establishing the Plan. Sun Life is also the product provider for the purposes under the PRF Code.

Sun Life is responsible for the safekeeping of the underlying assets of the Plan. Please note that the Plan is constituted in the form of an insurance policy. While the benefit payments under the Plan are calculated with reference to the performance of the Investment Options, you are not investing in the underlying investment funds / assets and do not have any rights or ownership over the underlying investment funds / assets. Such underlying investment funds / assets are legally owned by Sun Life. You only have a contractual right to claim the amount representing the benefits under the Plan from Sun Life. Your investment in the Plan is therefore subject to the credit risks of Sun Life.

As an insurer and product provider, Sun Life will carry out its obligations as provided under the Policy and the PRF Code.

4.2 Administrator

Sun Life maintains separate accounts to record the contributions made by the employer and the employees, respectively. In addition, Sun Life also provides the following administration services including:

(i) scheme design and / or the review of benefits levels;

(ii) registration of the Plan under the ORSO;

(iii) maintenance of a register of ORSO schemes which participates in the Plan;

(iv) maintenance of a membership register to record and reflect the level of benefits, account balances and employer and employee contributions;

(v) provisions of administration documents and records for employer and employees such as the applications for membership, membership certificates, membership benefit advice forms, a comprehensive membership booklet explaining the basis of the Plan , and an annual statement showing the transactions which have occurred in a summary form; and

(vi) calculation and arrangement for payment of benefits pursuant to the terms of the Plan and levels of insurance (if any) on each Review Date.

5. CHARGES

5.1 Charges at Plan Level

Administration Charge

An annual administration fee of HK$750* and a membership fee of HK$30* per member based on the number of Members at the start of each Plan Year, subject to an overall minimum administration charge of HK$1,000*, will be payable by the employer together with annual charges ("**Net Investment Contribution Charges**") calculated based on the amount of Net Investment Contributions according to the following scale:

Contributions (HK$)		Rate of charge (% p.a.)	
First	100,000*	3.50	Plus
Next	100,000*	3.00	Plus
Next	100,000*	2.50	Plus
Next	100,000*	2.00	Plus
Next	600,000*	1.50	Plus
Next	1,000,000*	1.00	Plus
Next	3,000,000*	0.75	Plus
Excess		0.40	

* indicates "indexation" status applies, which means Sun Life may unilaterally increase the amount to which indexation applies in the immediately preceding year on 1st January in the following year, subject to the condition that Sun Life guarantees that the total percentage increase, if any, to the administration charge and the Net Investment Contribution Charges since the commencement of the Plan will not exceed the total percentage increase, if any, in the "Composite Consumer Price Index" published by the Census and Statistics Department of the government of Hong Kong during the same period.

Illustration: Assuming the Net Investment Contribution for a Plan on a Review Date is HK$350,000, then the annual Net Investment Contribution Charges payable by the employer based on the above scale will be as follows –

HK$100,000 x 0.035 + HK$100,000 x 0.030 + HK$100,000 x 0.025 + HK$50,000 x 0.020 = HK$10,000

Registration Charges

An initial charge of HK$1,600 and a further annual charge (currently HK$1,300 but subject to review on the Review Date of the Plan and any increase will be subject to regulatory approval) will be payable by the employer to cover the charges incurred from time to time by Sun Life and all professionals, including but not limited to, auditors and legal advisers in relation to the Plan.

The annual charge for registration of the Plan under ORSO payable to the Registrar (currently HK$1,800) and all other charges that may be imposed thereunder will be borne directly by the employer and paid to Sun Life for forwarding to the Registrar.

Termination Charge

In the event that the Plan is terminated by the employer within five years from the Commencement Date, a termination charge expressed as a percentage of the Managed Fund Account (if applicable) and the Capital Guarantee (CG) Account as at the effective date of termination will be levied as follows:

Year of Termination (from Commencement Date)	Termination Charge (%)
1	5
2	4
3	3
4	2
5	1
6 or over	0

Asset Reallocation Charge

One free reallocation of assets (as instructed by the employer and/or the employee pursuant to the rules as specified by the employer under the Plan) shall be allowed in any single Plan Year. Unless otherwise agreed with Sun Life, further reallocations of assets in the same Plan Year shall attract a charge of $80 per member per reallocation, subject to a minimum charge of $5,000 payable by the employer to Sun Life.

Contribution Redesignation Charge

No charges shall apply to redesignation of contributions.

Past Services Contributions and Transfer of Existing Fund Assets

No charges shall apply in respect of an employer making Past Service Contributions or for transferring existing fund assets to Sun Life. This is irrespective of whether the payment or transfer is made in a single lump sum or by installments over a certain period to be agreed in writing with Sun Life.

Please refer to Appendix 2 for a summary of the fees and charges imposed at the Plan level.

5.2 Charges at Managed Fund and Underlying Fund Levels

No separate fees and charges are levied at the Managed Fund's level.

Where a Managed Fund invests in the corresponding Underlying Fund, the Managed Fund will also indirectly bear a proportionate share of the fees and charges of that Underlying Fund as set out in the Underlying Fund's constitutive documents including, but are not limited to, management fees, costs of acquisition and disposal of assets, safe keeping of assets, other maintenance or administration fees, auditor's fees, legal fees, charges, taxes and duties incurred in the course of investment of the assets by the Underlying Fund. The fees and expenses pertaining to an Underlying Fund would be reflected in the prices of the units or shares of the relevant Underlying Fund. For further details on the current applicable fees and charges of an Underlying Fund, please refer to the latest offering document (including Product Key Facts Statement) of the Underlying Fund, which is available by the means set out in section 2 headed "INVESTMENT OPTIONS". A summary of the fees payable at the relevant Underlying Fund level is also set out in Appendix 1 of this Explanatory Memorandum.

5.3 Payment of Charges

All applicable charges at the Plan level payable by the employer to Sun Life, on the Commencement Date or on each Review Date (other than for reallocation of asset charges which shall be paid on a day when the reallocation of assets is effected by Sun Life), shall be paid either directly by the employer to Sun Life or deducted from the sums in the Capital Guarantee (CG) Account and each Managed Fund Account attributable to the employer's contributions, following the sale of the relevant assets held therein, in the same proportion as the percentage of investment allocation between the Capital Guarantee (CG) Account and the respective Managed Fund Account as specified by the employer and notified to Sun Life from time to time, at the option of the employer.

6. GENERAL INFORMATION

6.1 Benefit Request

The employer should make a request for payment of benefit in respect of any Member who becomes eligible for benefit by completing an Employee Termination Advice Form and sending it to Sun Life, or otherwise complying with such requirements as may be specified by Sun Life from time to time subject to the ORSO.

Provided that the terms of the Policy establishing the Plan have been complied with and all contributions have been paid up to date, Sun Life will pay the relevant benefit within a month of receipt of the duly completed request and all documentation that it may reasonably require to verify and confirm the entitlement of the Member or such nominated person or such legal personal representatives to such benefit and in accordance with and in such manner as is required by the rules established under the ORSO and the PRF Code.

Interest reflecting the prevailing declared rate of return will be paid on the benefit attributable to investment in the Sun Life Capital Guarantee Fund from the date such benefit becomes payable to the actual payment date. In respect of the Managed Funds, no interest is payable from the date the benefits attributable to investments in the Managed Funds become payable until the date of actual payment.

Benefits will be paid in Hong Kong dollars or subject to Sun Life's approval, in other currency at the prevailing market rate. Benefits will be paid at the recipient’s risk by cheque unless otherwise agreed between Sun Life and the relevant recipient. Bank charges (if any) incurred in making payment will be borne by the relevant recipient and accordingly, will be deducted from the amount of the benefits.

6.2 Alteration

Subject to compliance with applicable legal and regulatory requirements, the employer reserves the right to change, modify, suspend or terminate the Plan provided that registration of the Plan under the ORSO is not prejudiced or cancelled.

6.3 Change in Fees and Charges

Any increase in the fees and charges at the Plan level (except for adjustment to the administration charge to reflect inflation) will be subject to one month’s prior written notice to employers and Members of the Plan and (if required under the PRF Code) to the approval by the SFC. If there are changes to the fees and charges in respect of the Investment Options, Sun Life will provide prior written notice to the employers and Members of the Plan according to the applicable regulatory requirements.

6.4 Termination of the Policy or the Policy Ceasing to Apply to the Scheme

Either Sun Life or the employer may terminate the Policy or cause the Policy to cease to apply to the Plan provided:

(a) three months’ prior written notice is given by either party to the other, and

(b) such termination has received the written consent of the Registrar.

When the Policy ceases to apply to the Plan, Sun Life shall sell the assets held in each Managed Fund Account, if any, and transfer the proceeds thereof to the Capital Guarantee (CG) Account and pay the amount of the Capital Guarantee (CG) Account calculated as at the date of the termination. The proceeds can be paid in one lump sum or, at the discretion of Sun Life, in two installments, such lump sum or the first such installment, to be paid within three months of cessation and the remainder of such installment, if relevant, to be paid six months after payment of the first installment, to a named authorized insurer or trustee for the purposes of the Plan.

In cases where the Policy is terminated because the Plan is terminated by the employer, benefits of Members will be calculated and paid as if those Members were leaving employment on the date of termination, less any applicable termination charges payable. Please refer to the heading “Termination Charge” under sub-section 5.1 headed “CHARGES AT PLAN LEVEL” in section 5 headed “CHARGES” of this Explanatory Memorandum for further detail.

6.5 Unclaimed proceeds

During the termination process of the Policy or the Plan, any unclaimed proceeds may at any time after the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of Sun Life to deduct therefrom any expenses it may incur in making such payment.

6.6 Annual Report and Statement of Accounts

Sun Life will provide an annual report of the Capital Guarantee (CG) Account and each Managed Fund Account to the employer on each Review Date. The relevant report will detail the respective opening and closing value of the Capital Guarantee (CG) Account and the Managed Fund Accounts together with a summary of relevant transactions made during the relevant year, the amount of contributions made and such other information as is required under ORSO.

Sun Life will also provide a statement of accounts to each employee setting out the balance held in the Capital Guarantee (CG) Account and the value of assets invested in the Managed Funds on each Review Date together with a summary of relevant transactions made during the relevant year, the amount of contributions made and such other information as is required under ORSO.

6.7 Governing Law

The Plan shall be governed by and construed in accordance with the laws of Hong Kong. Employers and Members have a right to bring a legal action in the Hong Kong courts as well as in any court which has a relevant connection with the Plan.

6.8 Conflict of Interest

Sun Life or its connected persons may act as the product provider or investment manager of investment funds in which Managed Funds invest and receive a management fee in respect thereof. Where a Managed Fund invests in an investment fund managed or distributed by Sun

Life or its connected persons, all initial charges of the underlying investment fund must be waived but, recurrent management fees and charges may be levied proportionately to the amount invested by the Managed Fund.

Sun Life or its connected persons may also be acting in other capacities in respect of the investments of Managed Funds directly invested, for example, it may make investments for other clients or as principal without making the same available to a Managed Fund or transactions may be effected through a connected person which is acting as principal agent or broker and receiving separate compensation or profit provided that all transactions between the Plan and Sun Life or any of its connected persons as principal must be executed at arm's length on normal commercial terms and in best interests of the employers and Members.

6.9 Rebate and soft dollars

Sun Life currently does not have any rebate or soft commission arrangement in respect of the Plan.

Neither Sun Life nor any of its connected persons or delegates may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the investment of the Plan to such broker or dealer, save that goods and services (soft dollars) may be retained if:

(a) the goods or services to be provided pursuant thereto are of demonstrable benefit to the Members of the Plan;

(b) the transaction executed is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;

(c) adequate prior disclosure is made in the Explanatory Memorandum of the Plan, the terms of which the Members of the Plan have consented to; and

(d) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

For the avoidance of doubt, goods and services include research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications . Such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

6.10 Taxation

A retirement scheme registered under ORSO will have the following tax consequences:

6.10.1 For the Employee

The employee is not liable to salaries tax on sums payable under the Plan upon death, incapacity, retirement or terminal illness (as defined in the IRO). In addition, this exemption applies on termination of service with the relevant employer, the lesser of the amount received or such amount, capped at 15% of the employees' income from employment, multiplied by the number of completed months of service with the employer divided by 120. However, this exemption does not apply if an employer terminates a scheme and pays out benefit to the Members without terminating their services and permanent departure from Hong Kong but without terminating service.

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The employer's contributions to ORSO scheme are not taxable on the employee. For salary tax purposes, where an employee is a member of an MPF-exempted ORSO scheme, contributions by an employee are tax deductible, but subject to the permitted maximum limit, being HK$18,000 per year for the year of assessment 2021/22and each subsequent year of assessment.

6.10.2 For the Employer

The employer's normal contributions to a registered scheme may be deducted for profits tax purposes to the extent that they do not exceed 15% of the employee's total income from employment. Excess contributions are not tax deductible. The normal tests laid down for deductibility of expenses will apply.

The employer is also given relief for special contributions made to a registered retirement scheme, spread over five annual installments. If the special contributions are themselves made in installments, one-fifth of each installment is allowed annually.

6.10.3 For the Plan

The Plan is not expected to be subject to Hong Kong tax in respect of any of its authorized activities.

The above information is provided for guidance only on the basis of Hong Kong law in force at the date of this Explanatory Memorandum. Employers and Members should appreciate that as a result of changing law or practice, the taxation consequences of participating in the Plan may change. The above is not intended to be comprehensive and should not be relied upon as a substitute for detailed and specific advice. Employees and Members should seek professional advice regarding their own particular tax circumstances.

6.11 Foreign Account Tax Compliance Act

The US has introduced the FATCA provisions under the US Hiring Incentives to Restore Employment Act in 2010 to address potential tax evasion by certain US persons holding financial assets and accounts via non-US (i.e., foreign) entities. Unless the Plan and/or the Scheme qualifies for exemption or deemed-compliant status under the FATCA provisions and/or applicable intergovernmental agreement with the US, FATCA provides that US withholding tax will be imposed on certain US payments constituting "withholdable payments" (and, according to presently available guidance, the withholding will also apply, beginning in 2017, to gross proceeds of the disposal of an asset which produces certain withholdable payments and potentially to payments treated under FATCA as “foreign passthru payments”) received by the Plan and/or the Scheme (where applicable) unless the Plan or the Scheme (where applicable), respectively, agrees to be subject to the terms of an agreement with the US IRS to, among others, identify, document and disclose the name, address, US taxpayer identification number of certain Members that are US persons that own, directly or indirectly, an interest in the Plan or the Scheme (where applicable), as well as other information relating to any such interest. Certain undocumented or non-compliant Members in the Plan or the Scheme may also be subject to reporting to the IRS.

The Hong Kong government has entered into a Hong Kong IGA with the US to facilitate the implementation of FATCA. Each of the Plan and the Scheme (where applicable) will be subject to a Hong Kong IGA and, therefore, they would be obligated to perform certain obligations, including the implementation of prescribed due diligence procedures to identify and report certain U.S. accounts and certain other account information to the US IRS.

To ensure compliance with FATCA, the Plan and the Scheme (if applicable) have already registered with the US IRS as of the date of this Explanatory Memorandum. To the extent that a Scheme does not qualify for one or more of the exemptions or certified deemed-compliant status under the Hong Kong IGA, such Scheme should register with the US IRS.

In view of the above, employers and Members may be required to provide certain information as required under FATCA and/or Hong Kong IGA to the Plan, the Scheme (where applicable) and/or Sun Life, including self-certification and/or other documents to establish their FATCA status as well as consents to the reporting of relevant information to the US IRS, if applicable. Requests for such information and/or documents will be made with a view to complying with the relevant FATCA and/or Hong Kong IGA requirements. Further requests may be made when there is any change in circumstances that would affect an employer or Member’s FATCA status or when there is reason for the Plan, the Scheme (where applicable) and/or Sun Life to know that the information and/or documents previously provided require updates and/or clarification. The employers and Members should agree to the provision of additional information upon request by the Plan, the Scheme (where applicable) and/or Sun Life and consent to the disclosure of collected information to the local or overseas governments, regulatory and/or taxation authorities and counterparties under applicable laws, regulations and/or intergovernmental agreements. In addition, the employers and Members agree to inform the Plan, the Scheme and/or Sun Life of any change in circumstances (including changes that may affect the FATCA status of the employers or Members) or to information provided such as name, address, US taxpayer identification number within 30 days of the relevant change.

Each of the Plan and the Scheme (where applicable) will attempt to satisfy any obligations imposed on it under FATCA and/or Hong Kong IGA to avoid the imposition of withholding tax. The ability of the Plan and/or the Scheme (where applicable) to satisfy the obligations under FATCA and/or Hong Kong IGA may depend on employers and Members providing the Plan, the Scheme (where applicable) and/or Sun Life with any information, including information concerning certain direct or indirect owners of the employer, that the Plan, the Scheme (where applicable) and/or Sun Life determine that are necessary to satisfy such obligations. Failure by the employer or Member to comply with any of the said requests may result in reporting to the IRS and possibly withholding to the employer or Member under FATCA or Hong Kong IGA.

In addition, the Plan and/or the Scheme (where applicable) may suffer US withholding tax on the investments as a result of non-compliance and the value of the Plan and/or the Scheme (where applicable) may be adversely affected. Employers or Members should consult with their own tax advisor as to the potential impact of FATCA with respect to their own tax position.

6.12 Automatic Exchange of Financial Account Information

The IRO came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the AEOI. The AEOI requires financial institutions in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with Hong Kong financial institutions, and exchange such information with the jurisdiction(s) in which that account holder is tax resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a CAA; however, Sun Life, the Plan, the Scheme (where applicable) and/or their agents may further collect information relating to tax residents of other jurisdictions.

Sun Life, the Plan and the Scheme (where applicable) are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that Sun Life, the Plan, the Scheme (where applicable) and/or its agents shall collect and provide to the Hong Kong IRD tax information relating to Members.

The AEOI rules as implemented by Hong Kong require Sun Life, the Plan, the Scheme (where applicable) to, amongst other things: (i) register as a “Reporting Financial Institution” with the Hong Kong IRD; (ii) conduct due diligence on its accounts (i.e., Members) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and (iii) report to the Hong Kong IRD information on such Reportable Accounts. The Hong Kong IRD is expected on an annual basis to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong financial institutions should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax resident in such other jurisdiction. Under the IRO, details of Members, including but not limited to their name, date of birth, jurisdiction of birth, address, tax residence, taxpayers identification number, account details, account balance/value, and income or sale or redemption proceeds, may be reported to the Hong Kong IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

By participating in the Plan and the Scheme (where applicable), Members acknowledge that they may be required to provide additional information to Sun Life, the Plan, the Scheme (where applicable) and/or their agents in order for Sun Life, the Plan, the Scheme (where applicable) to comply with AEOI.

Each Member should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment and participation in the Plan and the Scheme (where applicable).

6.13 Liquidity Risk Management

Sun Life has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the relevant Investment Option and to ensure that the liquidity profile of the investments of the relevant Investment Option will facilitate compliance with the Plan's obligation to meet redemption requests. Such policy, combined with the liquidity management tool(s) that may be employed by Sun Life, also seeks to achieve fair treatment of Members and safeguard the interests of remaining Members in case of sizeable redemption.

Sun Life would regularly assess the liquidity profile of the relevant Investment Option under the current and likely future market conditions, against the expected liquidity demands having regard to factors such as past withdrawal patterns.

As a liquidity management tool, a Managed Fund investing in SFC-authorized fund(s) may borrow up to 10% (by total net asset value) of its underlying assets on a temporary basis for the purpose of meeting redemptions or defraying operating expenses.

Employers and Members should note that there is a risk that the abovementioned tools may be ineffective to manage liquidity risks.

6.14 Enquiries

Members may call or write to Sun Life for any enquiries in relation to the Plan:

Sun Life Hong Kong Limited

16th Floor Cheung Kei Center Tower A

No. 18 Hung Luen Road

Hunghom, Kowloon

Hong Kong

Enquiry hotline: +852 2929 3029

Sun Life will handle or channel to the relevant party any enquiries from Members and revert accordingly.

Members may access the website of Sun Life at www.sunlife.com.hk for further information on the Plan (including the latest Explanatory Memorandum, notices, and the latest prices of the Managed Funds). This website has not been reviewed or authorized by the SFC.

6.15 Documents for Inspection

Copies of the following documents are available for inspection free of charge during normal working hours at Sun Life's registered office at 16th Floor Cheung Kei Center Tower A, No. 18 Hung Luen Road, Hunghom, Kowloon, Hong Kong:

(a) Explanatory Memorandum of the Plan;

(b) template Policy; and

(c) offering documents (including Product Key Fact Statement) of the Underlying Funds.

Copies of the template Policy can be purchased from Sun Life on payment of a reasonable price.

Copies of the Explanatory Memorandum of the Plan and offering documents (including Product Key Facts Statements) of the Underlying Funds, are also available free of charge on the website of Sun Life, at www.sunlife.com.hk.

APPENDIX 1

Information regarding the Investment Options, together with an overview of their corresponding Underlying Funds (if applicable), is set out below. Sun Life will, where practicable, give reasonable notice to employers and Members of any material change to this overview according to the applicable regulatory requirements. For further details about the investment objectives and policies, asset allocation targets, collateral policy and criteria (if applicable, risk factors, as well as other investment related information of the Underlying Funds, please refer to the latest offering document (including Product Key Facts Statement) of each Underlying Fund, which is available by the means set out in section 2 headed "INVESTMENT OPTIONS" of this Explanatory Memorandum.

Employer and Members should ensure that they fully understand the nature of and the risks associated with investments in any Investment Options and are strongly advised to seek independent financial and/or professional advice before making any investment decision.

1. SUN LIFE CAPITAL GUARANTEE FUND

Sun Life Capital Guarantee Fund is an insurance policy issued by Sun Life that guarantees the declared rate of return and the interim declared rate of return every year during the period of ten years from the Commencement Date of this Plan shall be not less than 0% per annum on the total contributions made to the Sun Life Capital Guarantee Fund, less any withdrawals and other applicable charges and fees. The annual declared rate will be announced on or around 31 December each year.

The employer and employee contributions must be retained in the Sun Life Capital Guarantee Fund until the end of the immediate preceding fiscal year ended on 30 September to be entitled to the annual declared rate of return on the entitlement subject to the applicable rules of the Plan; otherwise the interim declared rate of return shall be applied for determining investment return on the entitlement and credited to the Member's Capital Guarantee (CG) Account. The interim declared rate of return is declared prospectively with an objective to provide stable return during the year. **Please also note that, should a Member cease to be a member of the Plan prior to the cut-off day on 30 September, the prorated interim declared rate of return will apply for determining the Member's investment return on the entitlement for the relevant period.** The relevant interest amount or the declared return will be credited to the Capital Guarantee (CG) Account on each Review Date or the date of termination of the Plan, whichever is earlier. Such guarantee shall remain unchanged until the expiry of such period of ten years from the Commencement Date or the termination of this Plan, whichever is earlier. **The guarantee is provided by Sun Life. Any investment in the Sun Life Capital Guarantee Fund is subject to the credit risks of Sun Life.** In case there is any shortfall, Sun Life will make up the difference for a period of ten years from the Commencement Date of this Plan.

Subject to this guarantee, the declared rate of return and the interim declared rate of return will be determined entirely at Sun Life's discretion, based on the yield earned, net of all relevant taxes but including realised and unrealised gains and adjustments made by the actuary to smooth market fluctuations and to provide for the abovementioned guarantee. The portion of the declared rate of return and/or the interim declared rate or return above 0%, if any, represents distribution of discretionary benefits by Sun Life to the Member. Please note that such discretionary benefits declared by Sun Life, if any, could be nominal, and are subject to investment risk and are not guaranteed. **Moreover, Sun Life, at its sole discretion, has the right to retain investment income of the Sun Life Capital Guarantee Fund in excess of that required to be set aside to meet the guaranteed benefits under the Sun Life Capital Guarantee Fund, i.e. there may be a dilution of performance of the investment return of the Sun Life Capital Guarantee Fund.** Sun Life has the right to set aside additional smoothing reserve and such smoothing reserve would act as a buffer to absorb market fluctuations.

After ten years from the Commencement Date of the Plan, unless Sun Life decides otherwise, the guarantee will lapse. After that, the return will be determined based on the actual investment gains or losses of the Sun Life Capital Guarantee Fund, and therefore may be positive or negative. The declared rate of return and the interim declared rate of return will no longer be applicable.

Sun Life Capital Guarantee Fund is an insurance scheme. Under the IO, Sun Life has to maintain a segregated fund supporting policies of this kind. Assets in the fund are legally and beneficially owned by Sun Life but are kept separately from other funds held by Sun Life. The policyholder only has a contractual right to claim the amount representing the fund balance from Sun Life. Your investment in the Sun Life Capital Guarantee Fund is therefore subject to the credit risks of Sun Life.

(a) Investment Objective and Restrictions

In order to deliver the abovementioned "capital guarantee" and to generate a stable income stream for any Plan participants, not less than two-thirds of the sums held in the Sun Life Capital Guarantee Fund will be invested in high quality worldwide fixed-income securities (quoted or unquoted) with credit ratings issued by Standard and Poor's or Moody’s or any other equivalent reputable rating agency of “A” or above. The balance of the sums held in the Sun Life Capital Guarantee Fund may be invested in worldwide blue-chip securities and other assets either through direct investment or through collective investment schemes which may or may not be authorized by the SFC. Subject to compliance with applicable legal and regulatory requirements (including the prior notice requirement, if applicable) and the prior written consent of the relevant employer or trustee (where applicable), the investment strategy may be changed from time to time by Sun Life on written notice sent to the employers and Members before implementation of any such change.

Sun Life will adopt an asset allocation strategy focusing on the quality of assets rather than geographical distribution of the investments. The Sun Life Capital Guarantee Fund is compliant with Section 27 of the ORSO requirements and the MPF Exemption Regulation.

The investment and borrowing restrictions of the MPF Exemption Regulation shall apply in respect of the Sun Life Capital Guarantee Fund and in particular:-

- No more than 15% of the investment assets will be invested in precious metals, commodities, real estate, warrants, futures contracts, options, bonds rated below

"A" by Standard and Poor's or Moody's or any other equivalent reputable rating agency and rights and other interest in these assets.

- No moneys forming part of the investment assets of the Sun Life Capital Guarantee Fund will be invested in the securities of, or lent to, Sun Life or any of its connected persons except where any of those parties is a substantial financial institution or an insurance company or the securities are units or shares in a unit trust or mutual fund authorized under the SFO or being a recognized jurisdiction scheme pursuant to section 1.2 of the UT Code.
- No investment assets may be used to guarantee any loans.
- Borrowing not exceeding 10% of the investment assets of the Sun Life Capital Guarantee Fund may be made to address any short term funding needs arising from payments of large sums under the Plan or to length the duration of fixed-income securities forming part of the investment assets of the Sun Life Capital Guarantee Fund. For the avoidance of doubt, no lender will be registered as the owner of the investment assets of the Sun Life Capital Guarantee Fund.
- No asset which assumes an unlimited liability may be acquired by any person of or on behalf of the Sun Life Capital Guarantee Fund.

(b) Base Currency

The base currency of Sun Life Capital Guarantee Fund is Hong Kong dollar.

(c) Illustration of the Guarantee Mechanism

Assumptions

1. Contributions being deposited at the beginning of each month equal to 10% of salary: 5% from the employee and 5% from the employer.
2. The annual salary increment is 8%.
3. The following contributions are net of all applicable charges.
4. The declared rate of return and the interim declared rate of return will be determined entirely at Sun Life's discretion and Sun Life may retain investment income of the Sun Life Capital Guarantee Fund in excess of that required to be set aside to meet the guaranteed benefits under the Sun Life Capital Guarantee Fund.
5. Interest is credited to the Capital Guarantee (CG) Account on the Review Date, being 30 September of each year.
6. Contributions, interests, deductions and entitlements are rounded to the nearest whole number for illustration purposes.
7. Plan commencement date: October 1, 2018
8. Employees' information:

Employee	Date Joined Plan	Starting Salary (per month)
A	October 1 2018	HK$10,000
B	October 1 2022	HK$10,000

The employee's entitlements are calculated in accordance with the following formulae:

Where the guarantee applies or the declared rate of return or the interim declared rate of return is positive:

Entitlement as at the end of each month = Entitlement as at the beginning of the month + Contribution for the month + Interest earned during the month

Where the guarantee lapses and the declared rate of return or the interim declared rate of return is negative:

Entitlement as at the end of each month = Entitlement as at the beginning of the month + Contribution for the month - Deductions made during the month

where:

Interest earned or deductions made during the month = (Entitlement as at the beginning of the month + Contribution for the month) x [(1 + Declared Rate)$^{1/12}$ -1]

The employee's entitlement as shown in the following table refers to the projected entitlement as at the end of the relevant fiscal year.

Numerical Illustration

The following table shows the respective Plan balances for each of employees A and B.

Year	Interim Rate	Declared Rate	Employee A - Fund Bal (HK$)				
			Contribution	Interim Interest / Deduction	**Entitlement before interest declaration**	Additional Interest / Deduction	**Entitlement after interest declaration**
1	1.5%	2.6%	12,000	97	**12,097**	71	**12,168**
2	1.5%	3.0%	12,960	288	**25,416**	287	**25,703**
3	1.5%	3.2%	13,997	499	**40,199**	565	**40,764**
4	1.5%	4.4%	15,117	734	**56,614**	1,418	**58,032**
5	1.5%	1.5%	16,326	1,003	**75,361**	0	**75,361**
6	0.0%	0.0%	17,632	0	**92,992**	0	**92,992**
7	0.0%	5.4%	19,042	0	**112,035**	5,574	**117,609**
8	0.0%	2.2%	20,566	0	**138,175**	2,832	**141,007**
9	0.0%	3.2%	22,211	0	**163,218**	4,895	**168,113**
10	0.0%	3.6%	23,988	0	**192,101**	6,517	**198,619**
11	1.0%	-3.0%	25,907	2,126	**226,652**	-8,508	**218,144**
12	1.0%	-2.5%	27,980	2,333	**248,457**	-8,167	**240,290**
13	1.0%	6.0%	30,218	2,566	**273,074**	12,824	**285,899**
14	1.0%	5.0%	32,635	3,035	**321,570**	12,137	**333,706**
15	1.0%	4.5%	35,246	3,528	**372,480**	12,342	**384,823**

Year	Interim Rate	Declared Rate	Employee B - Fund Bal (HK$)				
			Contribution	Interim Interest / Deduction	**Entitlement <u>before</u> interest declaration**	Additional Interest / Deduction	**Entitlement <u>after</u> interest declaration**
1	1.5%	2.6%	0	0	**0**	0	**0**
2	1.5%	3.0%	0	0	**0**	0	**0**
3	1.5%	3.2%	0	0	**0**	0	**0**
4	1.5%	4.4%	0	0	**0**	0	**0**
5	1.5%	1.5%	12,000	97	**12,097**	0	**12,097**
6	0.0%	0.0%	12,960	0	**25,057**	0	**25,057**
7	0.0%	5.4%	13,997	0	**39,054**	1,759	**40,813**
8	0.0%	2.2%	15,117	0	**55,930**	1,077	**57,007**
9	0.0%	3.2%	16,326	0	**73,333**	2,106	**75,439**
10	0.0%	3.6%	17,632	0	**93,071**	3,058	**96,129**
11	1.0%	-3.0%	19,042	1,064	**116,235**	-4,259	**111,976**
12	1.0%	-2.5%	20,566	1,231	**133,773**	-4,310	**129,463**
13	1.0%	6.0%	22,211	1,415	**153,089**	7,068	**160,158**
14	1.0%	5.0%	23,988	1,731	**185,877**	6,921	**192,799**
15	1.0%	4.5%	25,907	2,068	**220,774**	7,235	**228,009**

Interest payments or deductions are net of all applicable charges.

Please note:

1. "Interim Interest / Deduction" refers to the interest / deduction to which the Member's entitlement is subject calculated based on the interim declared rate of return for the relevant year.

   "Entitlement before interest declaration" refers to the Member's entitlement after taking into account the "Interim Interest / Deduction" but prior to taking into account the "Additional Interest / Deduction".

   "Additional Interest / Deduction" refers to further interest / deduction to which the Member's entitlement is subject calculated based on the difference between the declared rate of return and the interim declared rate of return for the relevant year.

   "Entitlement after interest declaration" refers to the Member's entitlement after taking into account both the "Interim Interest / Deduction" and "Additional Interest / Deduction".

2. The above declared rate and examples are for illustration only and serves only as an estimate of possible future values and benefits. The figures noted above are not necessarily indicative of the rate of return likely to be secured by investment in the Sun Life Capital Guarantee Fund. The actual rate at which interest has been credited to the Sun Life Capital Guarantee Fund for the past years are shown in the sub-section headed

"Investment Performance" below. Investment involves risks and investment return may fluctuate.

3. The above illustration represents an estimate of possible future values of Employees A and B's entitlement should both employees make no withdrawals from their respective accounts for the period depicted in the above illustration. Should a member withdraw from his/her account, the interest to which such member is entitled would be less than if the member had otherwise not withdrawn from his/her account, notwithstanding such interest amount would nevertheless be calculated in the same manner based on the declared rate of return and the interim declared rate of return (as the case may be) of the relevant year.

4. **The Member must remain as a Member of the Plan and the contributions must be retained in the Sun Life Capital Guarantee Fund until the end of the immediate preceding fiscal year ended on 30 September to be entitled to the annual declared rate of return on the entitlement; otherwise, the interim declared rate of return will apply for determining the investment return on the entitlement. Should a Member cease to be a member of the Plan prior to the cut-off day on 30 September, the pro-rated interim declared rate of return will apply for determining the Member's investment return on the entitlement for the relevant period.**

Example 1 – Employee A ceases to be a Member of the Plan and the contributions are withdrawn from the Sun Life Capital Guarantee Fund on 15 September 2022. The pro-rated interim declared rate of return (1.5%) will thus apply for determining the investment return for the relevant period in Year 4 and Employee A will be entitled to the amount of HK$56,579.

Right before the interest rate declaration on 30 September 2022, the entitlement amount is projected to be HK$56,614 as shown in the above numerical illustration. Right before the interest rate declaration on 30 August 2022, the entitlement amount is projected to be HK$55,284 and the contribution in September is projected to be HK$1,260. The difference between the foregoing figure in the numerical illustration (i.e.HK$56,614) and the above entitlement of HK$56,579 is the interim rate prorated for a half-month period (i.e. (HK$55,284 + HK$1,260) x $[(1 + 1.5\%)^{1/12} -1)]/2$ = HK$35).

Example 2 – Employee A ceases to be a Member of the Plan and the contributions are withdrawn from the Sun Life Capital Guarantee Fund on 30 September 2022. The declared rate of return (4.4%) will thus apply for determining the investment return for Year 4 and Employee A will be entitled to the amount of HK$58,032.

Example 3 – Employee A ceases to be a Member of the Plan, no further contributions are made and the contributions are withdrawn from the Sun Life Capital Guarantee Fund on 15 October 2022. The declared rate of return (4.4%) will thus apply for determining the investment return for Year 4 and the pro-rated interim declared rate of return (1.5%) will apply for the period between 1 October 2022 and 15 October 2022. Employee A will be entitled to the amount of HK$58,068

Right after the interest rate declaration on 30 September 2022, the entitlement amount is projected to be HK$58,032 as shown in the above numerical illustration. No further contribution is assumed to be made. The difference between the foregoing figure in the numerical illustration and the above entitlement of HK$58,068 is the interim rate, prorated for a half-month period (i.e. 58,032 x $[(1 + 1.5\%)^{1/12}-1)]/2$ = HK$36).

5. The benefit payable to an employee for leaving service before normal retirement age will be determined according to the column headed "Entitlement", which equals the previous year's entitlement plus the current year's contributions plus interest earned. This Entitlement will be further adjusted accordingly to the applicable vesting percentage.

6. Employee B joined four years after the commencement date of the Plan and consequently enjoyed only six years of guarantee offered by the Sun Life Capital Guarantee Fund.

7. At the end of Year 6, Sun Life declared a 0% interest rate to provide the guaranteed benefits notwithstanding the fact that the Sun Life Capital Guarantee Fund may have suffered a loss with a negative investment return.

8. After Year 10, the guarantee lapses unless Sun Life decides otherwise in its absolute discretion and the declared rate of return and the interim declared rate of return can drop below zero as shown in the above illustration.

(d) Investment Performance

The Sun Life Capital Guarantee Fund is denominated in Hong Kong dollars and the annual declared rates for the past five years are:

Year	Annual Declared Rate (from 1 October to 30 September)
2020/2021	1.5%
2019/2020	2.2%
2018/2019	2.2%
2017/2018	2.2%
2016/2017	2.4%

Source : Sun Life (in respect of annual declared rate for 2020/2021) and FWD Life Insurance Company (Bermuda) Ltd (the former insurer of the Sun Life Capital Guarantee Fund) ("**FWD**") (in respect of annual declared rate for 2016/2017 to 2019/2020. Please refer to the fund fact sheet at https://www.sunlife.com.hk/en/investments/mpf-and-orso-scheme/sun-life-multi-funding-provident-fund-plan/^ for further detail, including the latest declared rate.

^This website has not been reviewed or authorized by the SFC.

Note : The above are historical rates declared by Sun Life and FWD in respect of Sun Life Capital Guarantee Fund for the past five years. Please note that **the declared rate is the actual rate at which interest has been credited to the Sun Life Capital Guarantee Fund and that no deductions are made by Sun Life from such interest**. Please also note that the figures are for indication only and that past performance should not be taken as an indication of future performance. Investment return may fluctuate. The annual declared rate will be announced by Sun Life normally on or around 31 December each year or on such other date as determined by Sun Life from time to time. **The Member must remain as a Member of the Plan and the contributions must be retained in the Sun Life Capital Guarantee Fund until the end of the immediate preceding fiscal year ended on 30 September to be entitled to the annual declared rate of return; otherwise, the interim declared rate of return will apply for determining the investment return on the entitlement. Should a Member cease to be a member of the Plan prior to the cut-off day on 30 September, the pro-rated interim declared rate of return will apply for determining the Member's investment return on the entitlement for the relevant period.**

The declared return will be credited to the Capital Guarantee (CG) Account on each Review Date or the date of termination of the Plan, whichever is earlier.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed “INVESTMENT RISKS AND RISK FACTORS” for a description of the relevant risks, including “Risks Associated with Investment in Sun Life Capital Guarantee Fund”.

2. GLOBAL – ASIA PACIFIC FUND

Monies of this Managed Fund will be solely invested in the Class "A-Acc" Shares of the Aberdeen Standard SICAV I - Asia Pacific Sustainable Equity Fund ("**Asia Pacific Sustainable Equity Fund**").

Details of the Asia Pacific Sustainable Equity Fund are summarized below: Investment Manager of Asia Pacific Sustainable Equity Fund

Aberdeen Asset Managers Limited (sub-managed by abrdn Asia Limited (formerly known as Aberdeen Standard Investments (Asia) Limited))

(a) Investment Objective

Asia Pacific Sustainable Equity Fund seeks to achieve long-term total return by investing at least 90% of its assets in equities and equity-related securities of:

1) companies listed, incorporated or domiciled in Asia Pacific countries (excluding Japan); or
2) companies that derive a significant proportion of their revenues or profits from the Asia Pacific countries (excluding Japan) operations; or
3) companies that have significant proportion of their assets in Asia Pacific countries (excluding Japan).

Investment in all equity and equity-related securities will follow abrdn's "Asia Pacific Sustainable Equity Investment Approach". For further details of the "Asia Pacific Sustainable Equity Investment Approach", please refer to the latest offering document (including Product Key Facts Statement) of Asia Pacific Sustainable Equity Fund.

Asia Pacific Sustainable Equity Fund may invest up to 30% of its net assets in Mainland China equity and equity-related securities, although only up to 20% of its net assets may be invested directly through available QFI regime, the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programme or by any other available means.

Asia Pacific Sustainable Equity Fund is actively managed. Asia Pacific Sustainable Equity Fund aims to outperform the MSCI AC Asia Pacific ex Japan Index (USD) before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, Asia Pacific Sustainable Equity Fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. The investments of Asia Pacific Sustainable Equity Fund may deviate significantly from the components of and their respective weightings in the benchmark. Due to the active and sustainable nature of the management process, Asia Pacific Sustainable Equity Fund's performance profile may deviate significantly from that of the benchmark.

Asia Pacific Sustainable Equity Fund may utilise financial derivative instruments for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. The use of derivatives for hedging and/or investment purposes is expected to be very limited, mainly in those cases where there are significant inflows into Asia Pacific Sustainable Equity Fund so that cash can be invested while Asia Pacific Sustainable Equity Fund's investments in equity and equity related securities is maintained.

The investment manager retains the discretion to enter into securities lending for Asia Pacific Sustainable Equity Fund and Asia Pacific Sustainable Equity Fund may enter into securities lending for up to 50% of its net asset value.

(b) Base Currency
The base currency of Asia Pacific Sustainable Equity Fund is US dollars.

(c) Investment Performance
Please refer to the latest fund fact sheet and offering document of Asia Pacific Sustainable Equity Fund for further detail.

(d) Risk Factors
Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Equity market risk, Emerging market risk, Concentration risk, Risks associated with investment made through the Qualified Foreign Investors (QFI) regime, Risks associated with the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, Environmental, Social and Governance (ESG) Investment Policy Risk, Risks associated with investing in financial derivative instruments, Risks relating to securities lending transactions, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Asia Pacific Sustainable Equity Fund for further detail.

(e) Securities Financing Transactions and Collateral Management Policy
Please refer to the latest offering document (including Product Key Facts Statement) of Asia Pacific Sustainable Equity Fund for further detail.

(f) Fees and Expenses

Current rates of management fee, operating, administrative and servicing expenses of the Asia Pacific Sustainable Equity Fund (which may be from time to time adjusted) are:

Management Fee	1.75% p.a. of net asset value of the Asia Pacific Sustainable Equity Fund
Operating, Administrative and Servicing Expenses	fixed at a maximum level of 0.60% p.a. of the Asia Pacific Sustainable Equity Fund

The Asia Pacific Sustainable Equity Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Asia Pacific Sustainable Equity Fund.

3. GLOBAL FUND

Monies of this Managed Fund will be solely invested in the Class “A” [(Ydis / acc)] Shares of the Templeton Global Fund, a sub-fund of Franklin Templeton Investment Funds.

Details of the Templeton Global Fund are summarized below:

(a) Investment Manager of Templeton Global Fund

Templeton Global Advisors Limited

(b) Investment Objective

Templeton Global Fund aims to increase the value of its investments over the medium to long term. Templeton Global Fund invests principally (that is, at least two-thirds of its net assets) in equity securities issued by companies of any size located in any country, including emerging markets. In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, 100% of Templeton Global Fund’s net assets may be invested in liquid assets, with due regard to the principle of risk spreading.

Templeton Global Fund can invest on an ancillary basis in preferred stock, securities convertible into common stock and fixed income securities.

The investment team uses in-depth analysis to select individual equity securities that it believes are undervalued and will provide the best opportunities for increased value over the long term.

Templeton Global Fund does not intend to invest extensively or primarily in financial derivative instruments for investment purposes.

For the purpose of generating additional capital or income or for reducing costs or risks, Templeton Global Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Templeton Global Fund only.

(c) Base Currency

The base currency of the Templeton Global Fund is U.S. dollars.

(d) Investment Performance

Please refer to the latest fund fact sheet and offering document of Templeton Global Fund for further detail.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed “INVESTMENT RISKS AND RISK FACTORS” for a description of the relevant risks, including: Investment Risk, Equity market risk, Emerging markets risk, Liquidity risk, Counterparty risk, Risks associated with investing in financial derivative instruments, Risks relating to securities lending transactions, Currency risk, Eurozone risk, Mainland China risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Templeton Global Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy

Please refer to the latest offering document (including Product Key Facts Statement) of Templeton Global Fund for further detail.

(g) Fees and Expenses

Current rates of management fee, depository fee, registrar and transfer, corporate, domiciliary and administrative agent fee of the Templeton Global Fund (which may be from time to time adjusted) are:

Management Fee	1.50% p.a. of net asset value of the Templeton Global Fund
Depository Fee	up to 0.140% p.a. of net asset value of the Templeton Global Fund
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent Fee	up to 0.2175% p.a. of net asset value of the Templeton Global Fund

The Templeton Global Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Templeton Global Fund.

4. GLOBAL BALANCED FUND

Monies of this Managed Fund will be solely invested in the Class "A" [(Qdis / acc)] Shares of the Templeton Global Balanced Fund, a sub-fund of Franklin Templeton Investment Funds.

Details of the Templeton Global Balanced Fund are summarized below:

(a) Investment Managers of Templeton Global Balanced Fund

Franklin Advisors, Inc. and Templeton Investment Counsel, LLC as co- investment managers

(b) Investment Objective

Templeton Global Balanced Fund aims to increase the value of its investments and to earn income over the medium to long term. Templeton Global Balanced Fund invests principally (that is, at least two-thirds of its net assets) in (i) equity and equity-related securities (including convertible securities) issued by companies of any size located in any country, including emerging markets; and (ii) debt securities issued by government and government-related issuers or corporate issuers located in any country, including emerging markets.

In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, 100% of Templeton Global Balanced Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading.

Templeton Global Balanced Fund may also invest on an ancillary basis in:

- debt securities of supranational entities organized or supported by several national governments, such as the European Investment Bank
- derivatives for hedging and efficient portfolio management purposes. These financial derivative instruments may be dealt on either (i) regulated markets, such as futures contracts (including those on government securities), as well as options or (ii) over-the-counter such as currency, exchange rate, and interest rate related swaps and forwards
- non-investment grade securities (limited to 5% of Templeton Global Balanced Fund's net assets)
- Mainland China through the Bond Connect or directly (also referred to as CIBM Direct) (less than 30% of Templeton Global Balanced Fund's net assets).

At no time will the investment manager of Templeton Global Balanced Fund invest more than 40% of Templeton Global Balanced Fund's total net assets into fixed income securities. Two separate teams using different strategies manage Templeton Global Balanced Fund's equity and debt portfolios. The equity team uses in-depth analysis to select individual securities that it believes are significantly undervalued and will provide the best opportunities, over the long term, for increased value. The debt securities team evaluates each issuer individually while also looking at broad-based trends.

Templeton Global Balanced Fund does not intend to invest extensively or primarily in financial derivative instruments for investment purposes.

If and for so long as Templeton Global Balanced Fund accepts investment by Malaysian investment funds authorized by the Malaysian Securities Commission as feeders, Templeton Global Balanced Fund will typically invest 65% of its net assets in equity and equity-linked securities and 35% of its net assets in fixed income securities and liquid assets, with a permitted deviation of up to 5% of its net assets from this allocation.

For the purpose of generating additional capital or income or for reducing costs or risks, Templeton Global Balanced Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of Templeton Global Balanced Fund only.

(c) Base Currency

The base currency of Templeton Global Balanced Fund is U.S. dollars.

(d) Investment Performance

Please refer to the latest fund fact sheet and offering document of Templeton Global Balanced Fund for further detail.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed “INVESTMENT RISKS AND RISK FACTORS” for a description of the relevant risks, including: Investment Risk, Equity market risk, Emerging market risk, Liquidity risk, Credit / counterparty risk, Interest Rate Risk, Downgrading Risk, Sovereign Debt Risk, Valuation Risk, Credit Rating Risk, Credit Rating Agency Risk, Eurozone risk, Mainland China risk, Risks associated with investing in financial derivative instruments, Risks relating to securities lending transactions, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Templeton Global Balanced Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy

Please refer to the latest offering document (including Product Key Facts Statement) of Templeton Global Balanced Fund for further detail.

(g) Fees and Expenses

Current rates of management fee, depository fee, registrar and transfer, corporate, domiciliary and administrative agent fee of the Templeton Global Balanced Fund (which may be from time to time adjusted) are:

Management Fee	1.30% p.a. of net asset value of the Templeton Global Balanced Fund
Depository Fee	up to 0.140% p.a. of net asset value of the Templeton Global Balanced Fund
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent Fee	up to 0.2175% p.a. of net asset value of the Templeton Global Balanced Fund

The Templeton Global Balanced Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Templeton Global Balanced Fund.

5. GLOBAL BOND FUND

Monies of this Managed Fund will be solely invested in the Class "A" Shares of the Templeton Global Bond Fund, a sub-fund of Franklin Templeton Investment Funds.

Details of the Templeton Global Bond Fund are summarized below:

(a) Investment Manager of Templeton Global Bond Fund

Franklin Advisers, Inc.

(b) Investment Objective

Templeton Global Bond Fund aims to maximise total investment return by achieving an increase in the value of its investments, earning income and profiting from currency movement over the medium to long term. Templeton Global Bond Fund invests principally (that is, at least two-thirds of its net assets) in debt securities of any quality (including non-investment grade securities) issued by governments and government-related entities worldwide.

In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, 100% of Templeton Global Bond Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading.

Templeton Global Bond Fund may also invest on an ancillary basis in:

- debt securities of any quality issued by corporations located in any country
- debt securities of supranational entities, organized or supported by several national governments, such as the European Investment Bank
- structured products (such as credit-linked securities, mortgage- and asset-backed securities)
- securities in default (limited to 10% of net assets)
- equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation
- Mainland China through the Bond Connect or directly (less than 30% of net assets)
- units of Undertakings for Collective Investment in Transferable Securities ("**UCITS**") and other Undertakings for Collective Investment ("**UCIs**") for cash management purposes only (up to 10% of its net assets). The ESG methodology is not applied to UCITS / UCI used for cash management purposes
- fixed income securities and debt obligations denominated in any currency, including convertible bonds and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation

Templeton Global Bond Fund may invest in financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may invest include swaps (such as interest rate swaps, credit default swaps or fixed income related total return swaps), currency forwards and cross currency forwards, futures contracts (including those on government securities) as well as options. The ESG methodology is applied to the notional value of derivatives used to gain long positions in interest rates, currencies or credit exposures. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit.

Templeton Global Bond Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Brazil, Colombia, Egypt, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Portugal, Russia, Spain and Ukraine). Such investments (if any) are made based on the professional judgment of the investment manager of Templeton Global Bond Fund whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

Templeton Global Bond Fund employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess each country that issues sovereign bonds that are existing or potential investments for the Templeton Global Bond Fund. The Templeton Global Bond Fund's investment manager's methodology captures not only a country's current ESG score based on a variety of sub-categories but more importantly, any expected improvement or deterioration in the country's ESG practices. The investment manager of Templeton Global Bond Fund believes that this two-pronged test best represents the investment worthiness of a country and also promotes ESG by investing in countries that are expected to improve from an ESG perspective. The ESG methodology is applied to 100% of the sovereign debt holdings in the Templeton Global Bond Fund's portfolio and is binding for the portfolio construction. As an initial step in its methodology, the investment manager of Templeton Global Bond Fund evaluates countries that issue sovereign debt that may be potential investments for the Templeton Global Bond Fund (the "Templeton Global Bond Fund Fund's Investment Universe"). Each country in the Templeton Global Bond Fund Fund's Investment Universe is scored on a scale of 0–100 (100 being the highest) in various ESG subcategories that the investment manager of Templeton Global Bond Fund has determined to have significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global indexes providers. The Templeton Global Bond Fund's investment manager's team will then use internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the investment manager of the Templeton Global Bond Fund expects countries to improve or deteriorate in each of the subcategories.

Projected scores in anticipation of how conditions will change in the medium term are emphasized as part of the research process. Preference is given to countries with higher ESG ratings or projected neutral to improving ESG ratings. The weighted average base ESG score of the issuers in the Templeton Global Bond Fund's portfolio is higher than the average base ESG score of the Templeton Global Bond Fund's Investment Universe.

The investment manager of the Templeton Global Bond Fund monitors countries that (i) are below the minimum ESG threshold (the lowest 20% of ESG rated countries) and (ii) present meaningful projected deteriorating scores, with a view to evaluate the potential divestment of sovereign bonds issued by countries that demonstrate no improvement over time. When the disposition of an existing position is not feasible due to legal or regulatory restrictions or exceptional market circumstances the investment team shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be. Countries that are subject to international economic sanctions, including sanctions imposed by the United Nations, the European Union or the United States Office of Foreign Assets Control are excluded from the Templeton Global Bond Fund's Investment Universe.

The countries in the Templeton Global Bond Fund's Investment Universe, the ESG subcategories, weightings for environment, social and governance, and the global reference indices used for scoring are reviewed at least bi-annually and may change over time. For the avoidance of doubt, the Templeton Global Bond Fund is not classified as an ESG fund, pursuant to the "Circular to management companies of SFC-authorized unit trusts and mutual funds - ESG funds" issued by the SFC on 29 June 2021.

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Templeton Global Bond Fund's net assets.

(c) Base Currency
The base currency of the Templeton Global Bond Fund is U.S. dollars.

(d) Investment Performance
Please refer to the latest fund fact sheet and offering document of Templeton Global Bond Fund for further detail.

(e) Risk Factors
Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Emerging market risk, Liquidity risk, Credit / counterparty risk, Interest Rate Risk, Downgrading Risk, Sovereign Debt Risk, Valuation Risk, Credit Rating Risk, Credit Rating Agency Risk, Concentration risk, Eurozone risk, Mainland China risk, Renminbi (RMB) currency and conversion risks, China Interbank Bond Market (CIBM) risk, Risks associated with Bond Connect, Environmental, Social and Governance (ESG) Investment Policy Risk, Risks associated with investing in financial derivative instruments, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Templeton Global Bond Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy
Please refer to the latest offering document (including Product Key Facts Statement) of Templeton Global Bond Fund for further detail.

(g) Fees and Expenses

Current rates of management fee, depository fee, registrar and transfer, corporate, domiciliary and administrative agent fee of the Templeton Global Bond Fund (which may be from time to time adjusted) are:

Management Fee	1.05% p.a. of net asset value of the Templeton Global Bond Fund
Depository Fee	up to 0.140% p.a. of net asset value of the Templeton Global Bond Fund
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent Fee	up to 0.2175% p.a. of net asset value of the Templeton Global Bond Fund

The Templeton Global Bond Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Templeton Global Bond Fund.

6. HONG KONG CHINA FUND

Monies of this Managed Fund will be solely invested in the Class “A/C” units of the Barings Hong Kong China Fund, a sub-fund of the Barings International Umbrella Fund.

Details of the Barings Hong Kong China Fund are summarized below:

(a) Investment Manager of Barings Hong Kong China Fund
Baring International Fund Managers (Ireland) Limited (sub-advised by Baring Asset Management Limited and Baring Asset Management (Asia) Limited)

(b) Investment Objective
Barings Hong Kong China Fund seeks to achieve long-term capital growth in the value of assets by investing in Hong Kong, China and Taiwan. Barings Hong Kong China Fund will invest at least 70% of its total assets at any one time, either directly in equities or through equity-related securities (such as structured notes, participation notes, equity-linked notes or depositary receipts) of companies (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges in markets in Hong Kong or China. For this purpose, total assets exclude cash and ancillary liquidities. The investment manager of Barings Hong Kong China Fund may also invest up to 30% of the total assets of Barings Hong Kong China Fund outside its principal geographies (including but not limited to Taiwan), market sectors, currency or asset classes. With regard to investment in debt securities, Barings Hong Kong China Fund does not have any specific restrictions or limits on the credit rating of the underlying debt securities.

The portfolio will be balanced according to the managers’ assessment of investment prospects but may, depending upon underlying investment conditions, emphasise investment in companies operating in those sectors of the Hong Kong or China economies that, in the managers’ opinion, provide the determinants for Hong Kong’s or China’s economic growth such as those involved in international trade, property and construction activity, engineering, electronics or the service sectors.

Barings Hong Kong China Fund will invest at least 50% of its total assets in equities of companies that exhibit positive or improving environmental, social and governance (ESG) characteristics. Such companies are selected through the use of proprietary research supported with the use of third party data. This analysis is also an important driver behind the investment manager’s policy of active company engagement in which the investment manager seeks to influence (or identify the need to influence) ESG practices and to improve disclosure.

Furthermore, Barings Hong Kong China Fund may also invest up to 50% of its total assets in equities and equity related securities of companies that exhibit less positive ESG characteristics.

Barings Hong Kong China Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank of Ireland up to a maximum of 10% of the net asset value of Barings Hong Kong China Fund.

With regard to investment in China, no more than 20% of the net asset value of the Barings Hong Kong China Fund may at any one time be invested directly or indirectly in China A shares and B shares. It is anticipated that this exposure will be obtained either directly through investment in China A shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Shanghai-Hong Kong Stock Connect Scheme and Shenzhen-Hong Kong Stock Connect Scheme and/or through the QFI regime or indirectly through investment in other eligible collective investment schemes or participation notes.

Barings Hong Kong China Fund may use derivatives (including warrants, futures, options, currency forward contracts (including non-deliverable forwards), swap agreements and contracts for difference) for efficient portfolio management (including hedging) or investment purposes. Although derivatives may be used, they will not be used extensively for investment purposes.

The derivative techniques may include, but are not limited to: (i) hedging a currency exposure; (ii) using derivatives as a substitute for taking a position in the underlying asset where the investment manager feels that a derivative exposure to the underlying asset represents better value than a direct exposure; (iii) tailoring Barings Hong Kong China Fund's interest rate exposure to the investment manager's outlook for interest rates; and/or (iv) gaining an exposure to the composition and performance of a particular index which are consistent with the investment objective and policies of Barings Hong Kong China Fund.

Pursuant to the Investmentsteuergesetz (2018), Barings Hong Kong China Fund intends to meet the requirements to be classified as being an "equity fund" and will invest at least 50% of its assets in direct equities.

Barings Hong Kong China Fund's net derivative exposure may be up to 50% of its net asset value.

(c) Base Currency

The base currency of the Barings Hong Kong China Fund is U.S. dollars.

(d) Investment Performance

Please refer to the latest fund fact sheet and offering document of Barings Hong Kong China Fund for further detail.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Equity market risk, Emerging market risk, Liquidity risk, Counterparty risk, Concentration risk, Environmental, Social and Governance (ESG) Investment Policy Risk, Risks associated with investing in financial derivative instruments, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Barings Hong Kong China Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy
Please refer to the latest offering document (including Product Key Facts Statement) of Barings Hong Kong China Fund for further detail.

(g) Fees and Expenses
Current rates of management fee, administrator, depository and operating fee of the Barings Hong Kong China Fund (which may be from time to time adjusted) are:

Management Fee	1.25% p.a. of net asset value of the Barings Hong Kong China Fund
Administrator, Depository and Operating Fee	0.45% p.a. of net asset value of the Barings Hong Kong China Fund

The Barings Hong Kong China Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Barings Hong Kong China Fund.

7. AMERICAN GROWTH FUND

Monies of this Managed Fund will be solely invested in Class "A" Shares of the Fidelity Funds – American Growth Fund, a sub-fund of Fidelity Funds SICAV.

Details of the Fidelity Funds – American Growth Fund are summarized below:

(a) Investment Manager of Fidelity Funds – American Growth Fund

FIL Fund Management Limited

(b) Investment Objective

Fidelity Funds – American Growth Fund is an equity fund and aims to provide long-term capital growth with the level of income expected to be low.

At least 70% of Fidelity Funds – American Growth Fund's net asset value (and normally 75%) will be invested in a focused portfolio of the shares of companies having their head office or main activities in the US. For the remaining assets, the investment manager has the freedom to invest outside Fidelity Funds – American Growth Fund's principal geographies, market sectors, currency or asset classes. In selecting securities for Fidelity Funds – American Growth Fund, several factors are considered in the investment process; for example, consideration may include, but is not limited to, a company's financials, including revenue and profit growth, return on capital, cash flows and other financial measures. In addition, company management, industry and economic environment, and other factors may be considered in the investment process.

Fidelity Funds – American Growth Fund may invest in assets directly or achieve exposure indirectly through other eligible means including financial derivative instruments. Such derivatives may include over-the-counter and/or exchange traded instruments such as futures, contracts for difference, equity swaps, options such as puts, calls and warrants, forwards, non-deliverable forwards and currency swaps. Fidelity Funds – American Growth Fund may use derivatives with the aim of risk or cost reduction or to generate additional capital or income (including for investment purposes), in line with the risk profile of Fidelity Funds – American Growth Fund. However, Fidelity Funds – American Growth Fund will not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet its investment objectives.

Fidelity Funds – American Growth Fund will not invest more than 10% of their net asset value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade. Fidelity Funds – American Growth Fund will not engage extensively in securities lending, repurchase and reverse repurchase transactions.

(c) Base Currency

The base currency of the Fidelity Funds – American Growth Fund is U.S. dollars.

(d) Investment Performance

Please refer to the latest fund fact sheet and offering document of Fidelity Funds – American Growth Fund for further detail.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Equity market risk, Concentration risk, Environmental, Social and Governance (ESG) Investment Policy Risk, Risks associated with investing in financial derivative instruments, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Fidelity Funds – American Growth Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy

Please refer to the latest offering document (including Product Key Facts Statement) of Fidelity Funds – American Growth Fund for further detail.

(g) Fees and Expenses

Current rates of management fee, depository fee and administrative fee of the Fidelity Funds – American Growth Fund (which may be from time to time adjusted) are:

Management Fee	up to 1.50% p.a. of net asset value of the Fidelity Funds – American Growth Fund
Depository Fee	varies from 0.003% to 0.35% of the net asset value of the Fidelity Funds – American Growth Fund
Administrator Fee	up to 0.35% p.a. of net asset value of the Fidelity Funds – American Growth Fund

The Fidelity Funds – American Growth Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Fidelity Funds – American Growth Fund.

8. EUROPEAN GROWTH FUND

Monies of this Managed Fund will be solely invested in Class "A" Shares of the Fidelity Funds – European Growth Fund, a sub-fund of Fidelity Funds SICAV.

Details of the Fidelity Funds – European Growth Fund are summarized below:

(a) Investment Manager of Underlying

Fund FIL Fund Management Limited

(b) Investment Objective

Fidelity Funds – European Growth Fund is an equity fund and aims to provide long-term capital growth with the level of income expected to be low. At least 70% of Fidelity Funds – European Growth Fund's net asset value (and normally 75%) will be invested in equity securities quoted on European stock exchanges. For the remaining assets, the investment manager has the freedom to invest outside Fidelity Funds – European Growth Fund's principal geographies, market sectors, currency or asset classes. In selecting securities for Fidelity Funds – European Growth Fund, several factors are considered in the investment process; for example, consideration may include, but is not limited to, a company's financials, including revenue and profit growth, return on capital, cash flows and other financial measures. In addition, company management, industry and economic environment, and other factors may be considered in the investment process.

A minimum of 50% of Fidelity Funds – European Growth Fund's net assets will be invested in securities deemed to maintain sustainable characteristics (defined by reference to a combination of different measurements such as ESG (environment, social and governance) ratings provided by external agencies or Fidelity Sustainability Ratings). Fidelity Funds – European Growth Fund will consider a wide range of environmental and social characteristics on an ongoing basis. Environmental characteristics include but are not limited to climate change mitigation and adaptation, water and waste management, biodiversity, while social characteristics include but are not limited to product safety, supply chain, health and safety and human rights. Environmental and social characteristics are analysed by Fidelity's fundamental analysts and rated through Fidelity Sustainability Ratings. Fidelity Sustainability Ratings is a proprietary rating system developed by Fidelity's research analysts to assess individual issuers.

Fidelity Funds – European Growth Fund is actively managed. The investment manager will, when selecting investments for Fidelity Funds – European Growth Fund and for the purposes of monitoring risk, reference MSCI Europe Index (the "Index") as the Index constituents are representative of the type of companies Fidelity Funds – European Growth Fund invests in. Fidelity Funds – European Growth Fund's performance can be assessed against its Index. The investment manager has a wide range of discretion relative to the Index. While Fidelity Funds – European Growth Fund will hold assets that are components of the Index, it may also invest in companies, countries or sectors that are not included in, and that have different weightings from, the Index in order to take advantage of investment opportunities. It is expected that over long time periods, Fidelity Funds – European Growth Fund's performance will differ from the Index. However, over short time periods, Fidelity Funds – European Growth Fund's performance may be close to the Index, depending on market conditions.

Investors' attention is drawn to the fact that the Index is not an index which integrates environmental and social considerations.

Fidelity Funds – European Growth Fund may invest in assets directly or achieve exposure indirectly through other eligible means including financial derivative instruments. Such derivatives may include over-the-counter and/or exchange traded instruments such as futures, contracts for difference, equity swaps, options such as puts, calls and warrants, forwards, non-deliverable forwards and currency swaps. Fidelity Funds – European Growth Fund may use derivatives with the aim of risk or cost reduction or to generate additional capital or income (including for investment purposes), in line with the risk profile of Fidelity Funds – European Growth Fund. However, Fidelity Funds – European Growth Fund will not make extensive use of derivatives for investment purposes or use complex derivatives or strategies to meet its investment objectives.

Fidelity Funds – European Growth Fund will not invest more than 10% of their net asset value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade. Fidelity Funds – European Growth Fund will not engage extensively in securities lending, repurchase and reverse repurchase transactions.

(c) Base Currency

The base currency of the Fidelity Funds – European Growth Fund is the Euro.

(d) Investment Performance

Please refer to the latest fund fact sheet and offering document of the Fidelity Funds – European Growth Fund for details.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Equity market risk, Eurozone risk, Environmental, Social and Governance (ESG) Investment Policy Risk, Risks associated with investing in financial derivative instruments, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Fidelity Funds – European Growth Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy

Please refer to the latest offering document (including Product Key Facts Statement) of Fidelity Funds – European Growth Fund for further detail.

(g) Fees and Expenses

Current rates of management fee, depository fee and administrative fee of the Fidelity

Funds – European Growth Fund (which may be from time to time adjusted) are:

Management Fee	up to 1.50% p.a. of net asset value of the Fidelity Funds – European Growth Fund
Depository Fee	varies from 0.003% to 0.35% of the net asset value of the Fidelity Funds – European Growth Fund
Administrator Fee	up to 0.35% p.a. of net asset value of the Fidelity Funds – European Growth Fund

The Fidelity Funds – European Growth Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Fidelity Funds – European Growth Fund.

9. ASIA OPPORTUNITIES EQUITY FUND

Monies of this Managed Fund will be solely invested in Class "A" Shares of the Invesco Asia Opportunities Equity Fund, a sub-fund of Invesco Funds.

Details of the Invesco Asia Opportunities Equity Fund are summarized below:

(a) Investment Manager of Underlying Fund

Invesco Hong Kong Limited

(b) Investment Objective

To provide long-term capital growth from a diversified portfolio of investments in Asian companies, with the potential for growth, including investments in small to medium-sized companies with a market capitalisation of less than US$1 billion. Invesco Asia Opportunities Equity Fund invests at least 70% of its net asset value in equity or equity related securities issued by companies with their registered office in an Asian country or with their registered office outside of Asia but carrying out their business activities predominantly in Asia or holding companies, the interests of which are predominantly invested in companies with their registered office in an Asian country.

Up to 30% of the net asset value of Invesco Asia Opportunities Equity Fund may be invested in cash and cash equivalents, money market instruments, equity and equity related instruments issued by companies and other entities not meeting the above requirement or debt securities (including convertible debt) of issuers worldwide. For the avoidance of doubt, less than 30% of the net asset value of Invesco Asia Opportunities Equity Fund may be invested in debt securities (including convertible debt).

Not more than 10% of the net asset value of Invesco Asia Opportunities Equity Fund may be invested in securities issued by or guaranteed by a country which is unrated (debt securities which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch) and/or whose credit rating is below investment grade (below investment grade is defined as credit rating that is below BBB- from Standard & Poor's and Fitch, or below Baa3 from Moody's or an equivalent rating from an internationally recognized rating agency).

Up to 20% of the net asset value of the Invesco Asia Opportunities Equity Fund may be exposed to China A shares listed on the Shanghai or Shenzhen Stock Exchanges, via Stock Connect. Invesco Asia Opportunities Equity Fund may invest up to 30% of its net asset value in China A shares and China B shares (including exposure through Stock Connect, participation notes, equity linked notes or similar access products or arrangements).

Invesco Asia Opportunities Equity Fund will have a flexible approach to country allocation covering investments in Asia including the Indian subcontinent but excluding Japan and Australasia.

There is no requirement as to the geographical spread of the investments of Invesco Asia Opportunities Equity Fund. Investors should not assume that the assets of Invesco Asia Opportunities Equity Fund will at all times include investments from each country in the Asia region.

Invesco Asia Opportunities Equity Fund may use derivatives (including but not limited to futures, forwards, non-deliverable forwards, swaps and complex options structures) for hedging and efficient portfolio management purposes. Such derivatives may also incorporate derivatives on derivatives (i.e. forward dated swaps, swap options). However, financial derivative instruments will not be extensively used for investment purposes (i.e. entering into financial derivative instruments to achieve the investment objectives).

(c) Base Currency

The base currency of the Invesco Asia Opportunities Equity Fund is U.S. dollars.

(d) Investment Performance

Please refer to the latest fund fact sheet and offering document of the Invesco Asia Opportunities Equity Fund for details.

(e) Risk Factors

Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Equity market risk, Emerging market risk, Concentration risk, Risks associated with investing in financial derivative instruments, Currency risk, and Risks of investing in Underlying Fund(s).

Please also refer to the latest offering document (including Product Key Facts Statement) of Invesco Asia Opportunities Equity Fund for further detail.

(f) Securities Financing Transactions and Collateral Management Policy

Please refer to the latest offering document (including Product Key Facts Statement) of Invesco Asia Opportunities Equity Fund for further detail.

(g) Fees and Expenses

Current rates of management fee, custodian fee/depository charge and service agents fee of the Invesco Asia Opportunities Equity Fund (which may be from time to time adjusted) are:

Management Fee	1.50% p.a. of net asset value of the Invesco Asia Opportunities Equity Fund
Custodian Fee/Depository Charge	up to 0.0075% p.a. of net asset value of the Invesco Asia Opportunities Equity Fund
Service Agent Fee	up to 0.40% p.a. of net asset value of the Invesco Asia Opportunities Equity Fund

The Invesco Asia Opportunities Equity Fund also bears other costs, charges and expenses. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Invesco Asia Opportunities Equity Fund.

APPENDIX 2

Cost Summary Table

PLAN LEVEL		
Fees and Charges	Amount	Remarks
Administration Charge	HK$750 p.a. plus HK$30 per member p.a.	Subject to an overall minimum of HK$1,000 Based on number of Members at the beginning of the Plan Year Indexation* status applies
Net Investment Contribution Charges	3.5% p.a. declining to 0.4% p.a. of Net Investment Contribution	The percentage decreases as the contribution received in a Plan Year increases
Registration Charge	HK$1,600 HK$1,300 p.a.	Initial charge Subsequent annual charge (currently HK$1,300 but subject to review on the Review Date of the Plan and any increase will be subject to regulatory approval)
ORSO Registration Charge	HK$1,800 Annual Charge	For scheme registered under ORSO, also other charges may be imposed
Termination Charge (only applicable if termination initiated by employer)	5% decreasing to 1% of the Managed Fund Account (if applicable) and the Capital Guarantee (CG) Account depending on the policy year of termination	For the first five Plan Years
Asset Reallocation Charge	1 (or otherwise agreed with Sun Life) free reallocation in any one single Plan Year Further reallocations in the same Plan Year shall attract a charge of HK$80 per member per reallocation, subject to a minimum charge of HK$5,000.	

APPENDIX 3

Investment and Borrowing Restrictions

Each Investment Option is subject to the investment restrictions under the PRF Code, as summarised below.

Summary	**Reference in the Code**
An Investment Option of the Plan shall only be one of the following: (i) a fund investing in SFC-authorized fund(s); (ii) a cash management portfolio; (iii) a guaranteed fund; or (iv) a direct investment fund.	8.10
(i) Fund investing in SFC-authorized fund(s)	8.10A
(a) An Investment Option investing in SFC-authorized fund(s) may normally invest 90% or more of its total net asset value in one or more SFC-authorized fund(s) falling under Chapter 7 (plain vanilla funds), 8.2 (money market funds), 8.6 (unlisted index funds and index tracking exchange traded funds) or 8.10 (listed open-ended funds) of the UT Code, or approved pooled investment funds. The remaining assets shall be held in cash or cash equivalents. In addition, the name(s) of the underlying fund(s) and their respective investment allocation(s) must be disclosed in the offering document.	
(b) Furthermore, any underlying fund must be a non-derivative fund ("**Non-Derivative Fund**"). (Note: A Non-Derivative Fund is one with a net derivative exposure of up to 50% of its net asset value, calculated in accordance with the UT Code and the requirements and guidance issued by the SFC which may be updated from time to time.)	
(c) An Investment Option investing in SFC-authorized fund(s) may borrow up to 10% (by total net asset value) of its underlying assets but only on a temporary basis for the purpose of meeting redemptions or defraying operating expenses.	
(d) Where an Investment Option investing in SFC-authorized fund(s) invests in any SFC-authorized fund(s) issued by Sun Life (being the product provider of the Plan) or its connected person(s) or delegate(s), all initial charges and redemption charges on such underlying fund(s) must be waived.	
(e) Sun Life (being the product provider of the Plan) or its delegate(s) may not obtain a rebate on any fees or charges levied by the underlying fund(s) (or their management companies), or any quantifiable monetary benefits in connection with investments in the underlying fund(s), of a fund investing in SFC-authorized fund(s).	
(ii) Cash management portfolio	8.10B
(a) An Investment Option which is a cash management portfolio may only invest in and hold cash or cash equivalents in short-term bank deposits, bank current accounts, and certificates of deposit.	
(b) An Investment Option which is a cash management portfolio shall comply with the requirements under 8.2(f) of the UT Code, as amended by the PRF Code. (Note: References in 8.2(f) of the UT Code to: (1) "two years in case of Government and other public securities [see Notes (1) and (2) to 7.5]" shall be deleted; (2) "security" and "securities" under Notes (1) and (2) shall be replaced by "asset" and "assets" respectively; and (3) Note (3) shall be deleted.)	
(c) An Investment Option which is a cash management portfolio shall comply with the requirements under 8.2(h) of the UT Code, as amended by the PRF Code. (Note: References in 8.2(h) of the UT Code to "Notwithstanding 7.21" shall be deleted.)	
(d) An Investment Option which is a cash management portfolio shall comply with the requirements under 8.2(n) of the UT Code, as amended by the PRF Code. (Note: References in 8.2(n) of the UT Code to: (1) "securities" under Notes (1) and (2) shall be deleted; (2) "(iii) amount receivable and due unconditionally within one working day on pending sales of portfolio securities" under Note (1) shall be deleted; (3) "(iii) amount receivable and due unconditionally within five working days on pending sales of portfolio securities" under Note (2) shall be deleted; and (4) Note (3) shall be deleted.)	

(iii) Guaranteed fund	8.10C
An Investment Option which is a guaranteed fund contains a structure in which a guaranteed amount will be paid to scheme participants at a specific date in the future and that complies with requirements under Chapter 9 of the PRF Code.	
(iv) Direct investment fund	8.10D
(a) An Investment Option which is a direct investment fund may invest at the management company's discretion, subject to the provisions of its constitutive documents and the PRF Code.	
(b) An Investment Option which is a direct investment fund must comply with the core investment requirements under Chapter 7, and where applicable, the specific investment requirements under 8.2 or 8.6 of the UT Code.	
(c) An Investment Option which is a direct investment fund must be a Non-Derivative Fund.	
In addition, no moneys of an Invesment Option may be invested in the securities of, or lent to, as applicable, Sun Life (being the product provider of the Plan), any investment manager, the guarantor, or any of their connected persons except where any of these parties is a substantial financial institution or an insurance company. For the purposes of this provision securities do not include interests in collective investment schemes, either authorized under section 104(1) of the Securities and Futures Ordinance ("**SFO"**) or recognized jurisdiction schemes pursuant to 1.2 of the UT Code.	8.11

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Sun Life
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Sun Life Multi-Funding Provident Plan (the "Plan")

First Addendum to the Explanatory Memorandum dated 30 November 2022

Important: This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional advice.

This First Addendum should be read in conjunction with and forms part of the explanatory memorandum of the Plan dated 30 November 2022 ("**Explanatory Memorandum**"). Unless otherwise stated in this document, capitalised terms shall have the same meaning(s) as defined in the Explanatory Memorandum.

Sun Life Hong Kong Limited ("**Sun Life**") accepts responsibility for the accuracy of the information contained in this First Addendum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this First Addendum misleading as at the date of issuance.

With effect from the date of this First Addendum, the Explanatory Memorandum shall be amended as follows:

Page 23 Environmental, Social and Governance (ESG) Investment Policy Risk

1. **The following paragraph shall be added after the fourth paragraph of the sub-section headed "*Environmental, Social and Governance (ESG) Investment Policy Risk*" under the section headed "3. INVESTMENT RISKS AND RISK FACTORS":**

   "An ESG risk could materialise as the occurrence of an environmental, social or governance event or condition causing material negative impact on the value of one or several underlying investments of the relevant Underlying Funds and thus negatively affecting the returns of the Managed Funds."

Page 49 Appendix 1 2. GLOBAL – ASIA PACIFIC FUND

2. **The existing first paragraph of the section headed "2. Global - Asia Pacific Fund" in Appendix 1 shall be deleted in its entirety and replaced with the following:**

   "Monies of this Managed Fund will be solely invested in the Class "A-Acc" Shares of the abrdn SICAV I - Asia Pacific Sustainable Equity Fund ("**Asia Pacific Sustainable Equity Fund**")."

3. **The paragraph under the sub-section headed "Investment Manager of Asia Pacific Sustainable Equity Fund" under the section headed "2. Global - Asia Pacific Fund" in Appendix 1 shall be deleted in its entirety and replaced with the following:**

   "abrdn Investments Limited (formerly known as Aberdeen Asset Managers Limited) (sub-managed by arbdn Asia Limited ((formerly known as Aberdeen Standard Investments (Asia) Limited))"

4. The following paragraphs shall be added after the existing sixth paragraph of the sub-section headed "(a) Investment Objective" under the section headed "2. Global - Asia Pacific Fund" in Appendix 1:

"The Asia Pacific Sustainable Equity Fund may hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its assets for treasury purposes.

The Asia Pacific Sustainable Equity Fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes."

Page 50 Appendix 1 2. GLOBAL – ASIA PACIFIC FUND

5. The existing first and second paragraphs of the sub-section headed "(f) Fees and Expenses" under the section headed "2. Global - Asia Pacific Fund" in Appendix 1 shall be deleted in their entirety and replaced with the following:

"Current rates of management fee, general administration charge and management company charges of the Asia Pacific Sustainable Equity Fund (which may be from time to time adjusted) are:

Management Fee	1.75% p.a. of net asset value of the Asia Pacific Sustainable Equity Fund
General Administration Charge	up to a maximum of 0.10% p.a. of net asset value of the Asia Pacific Sustainable Equity Fund
Management Company Charge	up to a maximum level of 0.05% p.a. of net asset value of the Asia Pacific Sustainable Equity Fund

Other fees and expenses may also be paid out of the assets of Asia Pacific Sustainable Equity Fund, such as the depositary fees, and those related to buying and selling investments for Asia Pacific Sustainable Equity Fund, such as dilution levy or adjustment, brokerage charges, asset spreads and margin on the purchase or sale of portfolio assets. For more details of other fees and charges, please also refer to the latest offering documents (including the product key facts statement) of the Asia Pacific Sustainable Equity Fund."

Page 52 Appendix 1 3. GLOBAL FUND

6. The existing paragraphs under the sub-section headed "(b) Investment Objective" under the section headed "3. Global Fund" in Appendix 1 shall be deleted in their entirety and replaced with the following:

"Templeton Global Fund aims to increase the value of its investments over the medium to long term. Templeton Global Fund invests principally (that is, at least two-thirds of its net assets) in equity securities issued by companies of any size located in any country, including emerging markets.

The investment manager of Templeton Global Fund also considers ESG factors as an integral component of its fundamental investment research and decision process. For further details of the environmental and/or social characteristics (within the meaning of Article 8 of the SFDR) promoted by Templeton Global Fund, please refer to the latest offering document of Templeton Global Fund. For the avoidance of doubt, Templeton Global Fund is not classified as an ESG fund, pursuant to the "Circular to management companies of SFC authorized unit trusts and mutual funds - ESG funds" issued by the SFC on 29 June 2021.

On a temporary basis and if justified by exceptionally unfavourable market conditions, Templeton Global Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 100% of its net assets.

Templeton Global Fund may also, in order to achieve its investment goals and for treasury purposes, invest in bank deposits, money market instruments or money market funds pursuant to the investment restrictions. For defensive purposes, Templeton Global Fund may invest up to 100% of its net assets in these instruments on a temporary basis.

The investment team uses in-depth analysis to select individual equity securities that it believes are undervalued and will provide the best opportunities for increased value over the long term.

Templeton Global Fund may further utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may include, inter alia, futures contracts (including futures based on equity, equity index, interest rate and currency), forwards as well as options. Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

For the purpose of generating additional capital or income or for reducing costs or risks, Templeton Global Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Templeton Global Fund only."

7. The paragraph of the sub-section headed "(e) Risk Factors" of the section headed "3. Global Fund" in Appendix 1 shall be deleted in its entirety and replaced with the following:

"Please refer to section 3 of this Explanatory Memorandum headed "INVESTMENT RISKS AND RISK FACTORS" for a description of the relevant risks, including: Investment Risk, Equity market risk, Emerging markets risk, Liquidity risk, Counterparty risk, Risks associated with investing in financial derivative instruments, Risks relating to securities lending transactions, Currency risk, Eurozone risk, Environmental, Social and Governance (ESG) Investment Policy Risk, Mainland China risk, and Risks of investing in Underlying Fund(s)."

Page 54 Appendix 1 4. GLOBAL BALANCED FUND

8. The existing second paragraph of the sub-section headed "(b) Investment Objective" under the section headed "4. Global Balanced Fund" in Appendix 1 shall be deleted in its entirety and replaced with the following:

"On a temporary basis and if justified by exceptionally unfavourable market conditions, Templeton Global Balanced Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 100% of its net assets.

Templeton Global Balanced Fund may also, in order to achieve its investment goals and for treasury purposes, invest in bank deposits, money market instruments or money market funds pursuant to the investment restrictions. For defensive purposes, Templeton Global Balanced Fund may invest up to 100% of its net assets in these instruments on a temporary basis."

Page 57 Appendix 1 5. GLOBAL BOND FUND

9. The existing paragraphs under the sub-section headed "(b) Investment Objective" under the section headed "5. Global Bond Fund" in Appendix 1 shall be deleted in their entirety and replaced with the following:

"Templeton Global Bond Fund aims to maximise total investment return by achieving an increase in the value of its investments, earning income and profiting from currency movement over the medium to long term. Templeton Global Bond Fund invests principally (that is, at least two-thirds of its net assets) in debt securities of any quality (including noninvestment grade securities) issued by governments and government-related entities worldwide.

On a temporary basis and if justified by exceptionally unfavourable market conditions, Templeton Global Bond Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 100% of its net assets.

In order to achieve its investment goals and for treasury purposes, Templeton Global Bond Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

Templeton Global Bond Fund may also invest on an ancillary basis in:

- debt securities of any quality issued by corporations located in any country
- debt securities of supranational entities, organized or supported by several national governments, such as the European Investment Bank
- structured products (such as credit-linked securities, mortgage- and asset-backed securities)
- securities in default (limited to 10% of net assets)
- equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation
- Mainland China through the Bond Connect or directly (less than 30% of net assets)
- units of Undertakings for Collective Investment in Transferable Securities ("UCITS") and other Undertakings for Collective Investment ("UCIs") for cash management purposes only (up to 10% of its net assets). The ESG methodology is not applied to UCITS / UCI used for cash management purposes
- fixed income securities and debt obligations denominated in any currency, including convertible bonds and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation.

Templeton Global Bond Fund may invest in financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may invest include swaps (such as interest rate swaps, credit default swaps or fixed income related total return swaps), currency forwards and cross currency forwards, futures contracts (including those on government securities) as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit.

Templeton Global Bond Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Brazil, Colombia, Egypt, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Portugal, Russia, Spain and Ukraine). Such investments (if any) are made based on the professional judgment of the investment manager of Templeton Global Bond Fund whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

The Templeton Global Bond Fund employs a proprietary ESG rating methodology to assess each country that issues sovereign bonds that are existing or potential investments for the Templeton Global Bond Fund. For further details of the environmental and/or social characteristics (within the meaning of Article 8 of the SFDR) promoted by Templeton Global Bond Fund, please refer to the latest offering document of Templeton Global Bond Fund. For the avoidance of doubt, the Templeton Global Bond Fund is not classified as an ESG fund, pursuant to the "Circular to management companies of SFC authorized unit trusts and mutual funds - ESG funds" issued by the SFC on 29 June 2021.

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Templeton Global Bond Fund's net assets."

Page 61 Appendix 1 6. HONG KONG CHINA FUND

10. The existing paragraphs under the sub-section headed "(b) Investment Objective" under the section headed "6. Hong Kong China Fund" in Appendix 1 shall be deleted in their entirety and replaced with the following:

"Barings Hong Kong China Fund seeks to achieve long-term capital growth in the value of assets by investing in Hong Kong, China and Taiwan. Barings Hong Kong China Fund will invest at least 70% of its net asset value at any one time, either directly in equities or through equity-related securities (such as structured notes, participation notes, equity-linked notes or depositary receipts) of issuers (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges in markets in Hong Kong or China. Barings Hong Kong China Fund may also invest in cash and ancillary liquidities. The investment manager of Barings Hong Kong China Fund may also invest less than 30% of the net asset value of Barings Hong Kong China Fund outside its principal geographies (including but not limited to Taiwan), market sectors, currency or asset classes. With regard to investment in debt securities, Barings Hong Kong China Fund does not have any specific restrictions or limits on the credit rating of the underlying debt securities.

The portfolio will be balanced according to the managers' assessment of investment prospects but may, depending upon underlying investment conditions, emphasise investment in companies operating in those sectors of the Hong Kong or China economies that, in the managers' opinion, provide the determinants for Hong Kong's or China's economic growth such as those involved in international trade, property and construction activity, engineering, electronics or the service sectors.

Barings Hong Kong China Fund will invest at least 50% of its net asset value in equities of issuers that exhibit positive or improving environmental, social and governance (**ESG**) characteristics. Issuers that exhibit positive or improving ESG characteristics are assessed through the proprietary research of the investment manager of Barings Hong Kong China Fund. Furthermore, Barings Hong Kong China Fund may also invest up to 50% of its net asset value in equities and equity related securities of issuers that exhibit less positive ESG characteristics.

Barings Hong Kong China Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank of Ireland up to a maximum of 10% of the net asset value of Barings Hong Kong China Fund.

With regard to investment in China, no more than 20% of the net asset value of the Barings Hong Kong China Fund may at any one time be invested directly or indirectly in China A shares and B shares. It is anticipated that this exposure will be obtained either directly through investment in China A shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Shanghai-Hong Kong Stock Connect Scheme and Shenzhen-Hong Kong Stock Connect Scheme and/or through the QFI regime or indirectly through investment in other eligible collective investment schemes or participation notes.

Under exceptional circumstances (e.g. economic conditions, political risks or world events, high downside risks during uncertainties, or closure of relevant market(s) due to unexpected events, such as political unrest, war or bankruptcy of large financial institutions), Barings Hong Kong China Fund may temporarily invest up to 100% of its net asset value in cash, deposits, treasury bills, government bonds or short-term money market instruments or have substantial holdings in cash and cash equivalents.

Barings Hong Kong China Fund may use financial derivatives instruments ("**FDIs**") (including warrants, futures, options, currency forward contracts (including non-deliverable forwards), swap agreements and contracts for difference) for efficient portfolio management (including hedging) or investment purposes.

The derivative techniques may include, but are not limited to: (i) hedging a currency exposure; (ii) using FDIs as a substitute for taking a position in the underlying asset where the investment manager feels that a derivative exposure to the underlying asset represents better value than a direct exposure; (iii) tailoring Barings Hong Kong China Fund's interest rate exposure to the investment manager's outlook for interest rates; and/or (iv) gaining an exposure to the composition and performance of a particular index which are consistent with the investment objective and policies of Barings Hong Kong China Fund.

Barings Hong Kong China Fund adheres to the investment restrictions required to qualify as "equity fund" pursuant to section 2 paragraph 6 of the German Investment Tax Act (Investmentsteuergesetz) ("**GITA**") and continuously invests more than 50% of its net asset value in equity participations within the meaning of section 2 paragraph 8 GITA.

Barings Hong Kong China Fund's net derivative exposure may be up to 50% of its net asset value."

Sun Life Hong Kong Limited (incorporated in Bermuda with limited liability)

27 September 2023