



## ING MPF Master Trust Basic Scheme

### Fourth Addendum To Explanatory Memorandum

This Fourth Addendum should be read in conjunction with and forms an integral part of the ING MPF Master Trust Basic Scheme Explanatory Memorandum dated 6 January 2006, as amended by the Addendum to the Explanatory Memorandum dated 31 March 2008 (the "First Addendum") and further amended by the Second Addendum to the Explanatory Memorandum dated 25 September 2009 (the "Second Addendum") and the Third Addendum to the Explanatory Memorandum dated 1 March 2010 (the "Third Addendum") (together, the "Explanatory Memorandum") and should not be distributed separately.

#### 1. Changes to the disclosure statements inserted to the inside front cover of the Explanatory Memorandum

With effect from 31 January 2011, paragraphs 4 and 5 in the disclosure box shall be deleted and replaced with the following:

THE ING MPF BASIC SCHEME CAPITAL GUARANTEED PORTFOLIO UNDER THE ABOVE SCHEME INVESTS ITS ASSETS SOLELY IN AN APPROVED POOLED INVESTMENT FUND IN THE FORM OF INSURANCE POLICY PROVIDED BY ING LIFE INSURANCE COMPANY (BERMUDA) LIMITED ("ING LIFE"). THE GUARANTEE IS ALSO GIVEN BY ING LIFE. YOUR INVESTMENTS IN THE ING MPF BASIC SCHEME CAPITAL GUARANTEED PORTFOLIO, IF ANY, ARE THEREFORE SUBJECT TO THE CREDIT RISK OF ING LIFE. THE GUARANTEE IS SUBJECT TO QUALIFYING CONDITIONS. PLEASE REFER TO PARAGRAPHS 19 THROUGH 28 OF PART II OF THE EXPLANATORY MEMORANDUM FOR DETAILS OF THE CREDIT RISK, GUARANTEE FEATURES AND GUARANTEE CONDITIONS.

#### 2. Changes to Part I "Operators and Principals"

With effect from 31 January 2011, paragraph 1 shall be deleted and replaced with the following:

- Trustee: ING Pension Trust Limited  
8/F ING Tower  
308 Des Voeux Road Central  
Hong Kong

With effect from 31 January 2011, paragraph 4 shall be deleted and replaced with the following:

- Investment Manager of the ING MPF Basic Scheme MPF Conservative Portfolio: Schroder Investment Management (Hong Kong) Limited  
Suite 3301, Level 33  
Two Pacific Place  
88 Queensway  
Hong Kong

Investment Managers of the Underlying Approved Pooled Investment Funds: ING Life Insurance Company (Bermuda) Limited  
28/F ING Tower  
308 Des Voeux Road Central  
Hong Kong

HSBC Investment Funds (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Schroder Investment Management (Hong Kong) Limited  
Suite 3301, Level 33  
Two Pacific Place  
88 Queensway  
Hong Kong

Franklin Templeton Investments (Asia) Ltd  
17/F, Chater House  
8 Connaught Road Central  
Hong Kong

### 3. Changes to Part II "Introduction"

- 3.1 With effect from 31 January 2011, paragraphs 14 through 17 of Part II of the Explanatory Memorandum shall be deleted and paragraphs 8, 9 and 19 of Part II of the Explanatory Memorandum shall be deleted and replaced with the following:

#### Constituent Funds

- 8 The Scheme offers a choice of six unitized Constituent Funds. Each Constituent Fund is established under the Deed of Trust of the Scheme. Except for ING MPF Basic Scheme MPF Conservative Portfolio (which invests directly in permissible investments), the other Constituent Funds invest their assets in respective single approved pooled investment fund. Details of the six Constituent Funds are summarized as follows:

Name of Constituent Fund	Type of Fund	Investment Structure	Investment Manager of the underlying APIF
ING MPF Basic Scheme MPF Conservative Portfolio	Money Market Fund – Hong Kong	Invest directly in permissible investments by <i>Schroder Investment Management (Hong Kong) Limited</i> , which is the investment manager of the constituent fund.	N/A
ING MPF Basic Scheme Capital Guaranteed Portfolio	Guaranteed Fund (please refer to paragraphs 19 through 28 of Part II of the Explanatory Memorandum for details of the guarantee features and conditions)	Invest solely in an insurance policy APIF, <i>ING MPF Capital Guaranteed Policy</i>	ING Life Insurance Company (Bermuda) Limited
ING MPF Basic Scheme Stable Growth Portfolio	Mixed Assets Fund - Global - Maximum Equity 65%	Invest solely in an unit trust APIF, <i>HSBC MPF "A" Stable Growth Fund</i>	HSBC Investment Funds (Hong Kong) Limited
ING MPF Basic Scheme Balanced Growth Portfolio	Mixed Assets Fund - Global - Maximum Equity 85%	Invest solely in an unit trust APIF, <i>Schroder MPF Balanced Investment Fund</i>	<i>Schroder Investment Management (Hong Kong) Limited</i>
ING MPF Basic Scheme International Equity Portfolio	Equity Fund – Global	Invest solely in an unit trust APIF, <i>Templeton MPF Global Equity Fund</i>	Franklin Templeton Investment (Asia) Limited
ING MPF Basic Scheme Hong Kong Equity Portfolio	Equity Fund - Hong Kong	Invest solely in an unit trust APIF, <i>Schroder IPF Hong Kong Equity Fund</i>	<i>Schroder Investment Management (Hong Kong) Limited</i>

- 9 ING Life Insurance Company (Bermuda) Limited will be the guarantor for the ING MPF Basic Scheme Capital Guaranteed Portfolio. The guarantee provisions may cause a dilution of performance of the fund. **Please read carefully the qualifying conditions of the ING MPF Basic Scheme Capital Guaranteed Portfolio in paragraphs 19 through 28 of Part II of the Explanatory Memorandum.**

#### ING MPF Basic Scheme Capital Guaranteed Portfolio

- 19 The ING MPF Basic Scheme Capital Guaranteed Portfolio (the "Capital Guaranteed Portfolio") invests its assets in the ING MPF Capital Guaranteed Policy (the "Capital Guaranteed Policy"), an insurance policy which includes a guarantee. The insurance policy is issued by the insurer, ING Life.

Investments in the insurance policy are held as the assets of ING Life. In the event where ING Life is liquidated, you may not have access to your investments temporarily, or their value may be reduced.

Before you invest in this constituent fund, you should consider the risk posed by the insurer (referred to as "credit risk") under the circumstances set out above and, if necessary, seek additional information or advice.

In respect of each member, the Capital Guaranteed Portfolio guarantees that the capital will be preserved at the end of every 5-year period of continuous investment (i.e. starting from the date when the member invests in the Capital Guaranteed Portfolio) or over a shorter period if the member reaches the age of 65.

#### 4. Changes to Part III "Statement of Investment Policy & Objectives"

4.1 With effect from 31 January 2011, paragraphs 1, 3 through 7, 16 and 17 of Part III of the Explanatory Memorandum shall be deleted and replaced with the following:

- 1 The following are common investment policies which apply to all Constituent Funds:
  - a) Each Constituent Fund will invest its assets in a single approved pooled investment fund, except ING MPF Basic Scheme MPF Conservative Portfolio (which will invest directly in permissible investments), but may also hold up to 5% of its assets in cash from time to time for ancillary purposes such as for meeting redemption requests, or for defraying operating expenses.
  - b) Except ING MPF Basic Scheme MPF Conservative Portfolio, none of the other Constituent Funds will have direct holdings of equities or bonds.
  - c) None of the Constituent Funds will trade in futures or options.
  - d) None of the Constituent Funds will lend securities.
  - e) Each Constituent Fund is subject to the investment and borrowing restrictions in Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation.

##### **ING MPF Basic Scheme MPF Conservative Portfolio**

- 3 The ING MPF Basic Scheme MPF Conservative Portfolio (the "MPF Conservative Portfolio") invests its assets directly in permissible investments. The investment objective of the MPF Conservative Portfolio is to provide a return, after administrative expenses, which matches or exceeds the Hong Kong dollar savings rate.
- 4 The MPF Conservative Portfolio's investment would be limited by the investment restrictions for a capital preservation fund as defined in the MPF legislation and guidelines. In summary, its assets may be invested only in:
  - a) Deposits of less than 12 months maturity with financial institutions; and/or
  - b) Debt securities, with a maturity of 2 years or less, issued by or guaranteed by the Hong Kong Government, the Exchange Fund, a company wholly owned by the Hong Kong Government; or a foreign government or multi-lateral agency (such as the World Bank) with the highest credit rating; and/or
  - c) Debt securities, with a maturity of 1 year or less and a minimum credit rating level (e.g. presently A-1 or better as determined by Standard & Poor's Corporation).
- 5 The MPF Conservative Portfolio's portfolio average remaining maturity must not exceed ninety days.
- 6 The mix of the investments of the MPF Conservative Portfolio is: 70%-100% in deposits and debt securities; 0%-30% in cash. The MPF Conservative Portfolio must hold 100% of its assets in Hong Kong dollar investments. **The MPF Conservative Portfolio is considered low risk** and its return is expected to be in line with the Hong Kong dollar savings rate.
- 7 The Conservative Portfolio will not trade any futures or options and will not engage in security lending and it is always subject to the investment and borrowing restrictions in the Mandatory Provident Fund Schemes (General) Regulation.

##### **ING MPF Basic Scheme Hong Kong Equity Portfolio**

- 16 The ING MPF Basic Scheme Hong Kong Equity Portfolio (the "Hong Kong Equity Portfolio") invests its assets in the Schroder IPF Hong Kong Equity Fund (the "Hong Kong Equity Fund"). The investment objective of the Hong Kong Equity Fund is to achieve long term capital appreciation. The Hong Kong Equity Fund's non-cash investments primarily invest in Hong Kong equities. The Hong Kong Equity Fund may invest up to 100% in quoted securities of companies established in or whose business is connected with the economy of Hong Kong. The current proposed asset allocation of the Hong Kong Equity Fund is **(1) Equities (90% - 100%):** HK (90% - 100%), **(2) Cash or cash equivalents (0% - 10%).** The Hong Kong Equity Fund will maintain a minimum Hong Kong currency exposure of 30% at all times. **The Hong Kong Equity Portfolio is considered relatively high risk.**
- 17 The Hong Kong Equity Fund is a sub-fund of the Schroder Institutional Pooled Funds which is an approved pooled investment fund managed by Schroder Investment Management (Hong Kong) Limited. It should be noted that, in respect of each member, the accrued benefits are fully exposed to fluctuations in the value of the Hong Kong Equity Fund's assets at each valuation date. As a consequence of the great volatility in equities market, the general nature of varied investments and possible exchange or interest rate fluctuations and default risks, the unit price of the Hong Kong Equity Fund may go down as well as up which will affect the return of the Hong Kong Equity Portfolio. The Hong Kong Equity Fund will not acquire any financial futures contract or financial option contracts except for hedging purposes and has no current intention to engage in security lending.

## 5. Changes to Part V "Dealing & Valuation"

With effect from 1 April 2011, paragraphs 1, 3 and 8 of Part V of the Explanatory Memorandum shall be deleted and replaced with the following:

- 1 Each of the Constituent Funds is unitized and valued daily. Units of the Constituent Funds will be issued and realized daily based on forward pricing.
- 3 Any dealing instructions will be dealt with by the Trustee as soon as reasonably practicable upon receipt of complete information and, in case of subscription, subscription monies in cleared funds. If dealing instructions and, in case of subscription, subscription monies in cleared funds are received after the cut-off point for a dealing day, we do not guarantee that these dealing instructions can be carried out on such dealing day. These dealing instructions, if not carried out on such dealing day, will be carried out on the next dealing day. The cut-off point in respect of each dealing day is 5 p.m.
- 8 Unless otherwise prohibited by the MPF legislation, dealing may be deferred or suspended and the method of valuation and daily pricing may be changed in the event of:
  - a) A closure or suspension of trading on any relevant stock exchange or market, or the suspension in dealings in the units, shares or other interests of an approved pooled investment fund, in which the Scheme invests.
  - b) A breakdown in any of the means normally utilized in determining the net asset value of the funds.
  - c) The value of the funds not being able to be reasonably ascertained.
  - d) Circumstances existing which result in it not being reasonably practicable to dispose of investments or fairly to determine the realization price of units in the Scheme.
  - e) The remittance of any relevant currency not being able to be effected at a normal rate of exchange.
  - f) A suspension being required under the MPF legislation.

## 6. Changes to Part VI "Fees, Charges & Expenses"

With effect from 31 January 2011, Table I shall be deleted and replaced by the Table below. The **EXPLANATORY NOTES** are deleted and replaced as below:

**TABLE I**

<b>(A) JOINING FEE &amp; ANNUAL FEE</b>			
<b>Type of fees</b>		<b>Current amount (HK\$)</b>	<b>Payable by</b>
Joining fee <sup>1</sup>		N/A	N/A
Annual fee <sup>2</sup>		N/A	N/A
<b>(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT</b>			
<b>Type of fees and charges</b>	<b>Name of Constituent Fund</b>	<b>Current level</b>	<b>Payable by</b>
Contribution charge <sup>3</sup> (see Notes (ii) and (v))	ING MPF Basic Scheme MPF Conservative Portfolio	N/A	N/A
	All other Constituent Funds	Currently waived	Scheme members (to be deducted from the contributions)
Offer spread <sup>4</sup> (see Notes (ii) and (v))	ING MPF Basic Scheme MPF Conservative Portfolio	N/A	N/A
	All other Constituent Funds	Currently waived	Scheme members (to be deducted from the unit price)
Bid spread <sup>5</sup> (see Notes (ii) and (v))	ING MPF Basic Scheme MPF Conservative Portfolio	N/A	N/A
	All other Constituent Funds	Currently waived	Scheme members (to be deducted from the unit price)

Withdrawal charge <sup>6</sup>  (see Notes (ii) and (v))	ING MPF Basic Scheme MPF Conservative Portfolio	N/A	N/A
	All other Constituent Funds	Currently waived	Scheme members (to be deducted from the realisation amount)

**(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS (INCLUDING FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS)**

Type of charges and expenses	Name of Constituent Fund	Current level (% of NAV per annum)	Deducted from
Management fees <sup>7</sup> (see Note (iv) and (viii))	ING MPF Basic Scheme MPF Conservative Portfolio	<u>1.19%</u>	Relevant constituent fund assets and the underlying fund assets
	ING MPF Basic Scheme Capital Guaranteed Portfolio	1.04% - 2.54% (see Note (vi))	
	ING MPF Basic Scheme Stable Growth Portfolio	1.57% - 1.915% (see Note (iii))	
	ING MPF Basic Scheme Balanced Growth Portfolio	1.629% - 1.659% (see Note (iii))	
	ING MPF Basic Scheme International Equity Portfolio	1.87% - 1.88% (see Note (iii) and (vii))	
	ING MPF Basic Scheme Hong Kong Equity Portfolio	<u>1.98% - 2.035% (see Note (ii))</u>	
Guarantee charge <sup>8</sup>	ING MPF Basic Scheme Capital Guaranteed Portfolio	Nil (see Note (x))	N/A
Other expenses	All Constituent Funds	Other expenses to be charged to the relevant Constituent Fund and underlying fund assets include MPF Compensation Fund fees, indemnity insurance charges, establishment costs, if any, audit, accounting, valuation, legal fees, custodian related charges, expenses for publishing unit prices, cost of preparing, publishing and distributing constitutive documents, notices, forms and reports, all Constituent Funds transaction related expenses, statutory charges and any other fees and charges incurred in respect of the management and administration of the Scheme and the underlying funds.	Relevant constituent fund assets and the underlying fund assets

**(D) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**

Type of additional services	Current level	Payable by
Fee to Trustee for a copy of the Deed of Trust (see Note (xi))	Currently waived	Persons who make the request
Fee to Trustee for any change of vesting provisions for future employer's voluntary contributions	Currently waived	Employers who request the change
Administration Fee charged by Administrator on the 5th and each subsequent request for withdrawal of Voluntary Accrued Benefits by a Self-Employed Person or for withdrawal of Voluntary Accrued Benefits derived from Additional Voluntary Contributions by a Member within a calendar year	HK\$200 for each request	Self-Employed Persons or Members (as appropriate) who make the request

**DEFINITIONS**

The following are the definitions of the different types of fees and charges.

1. “**Joining fee**” means the one-off fee charged by the Trustee/Sponsor of the Scheme and payable by the employers and/or members upon joining the Scheme.
2. “**Annual fee**” means the fee charged by the Trustee/Sponsor of the Scheme on an annual basis and payable by the employers and/or members of the Scheme.

3. **“Contribution charge”** means the fee charged by the Trustee/Sponsor of the Scheme against any contributions paid to the Scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to the ING MPF Basic Scheme MPF Conservative Portfolio. Contribution charge is part of the “initial charge” as mentioned in the Deed of Trust.
4. **“Offer spread”** is charged by the Trustee/Sponsor upon subscription of units of a Constituent Fund by the Scheme member. Offer spread does not apply to the ING MPF Basic Scheme MPF Conservative Portfolio. Offer spread is part of the “initial charge” as mentioned in the Deed of Trust.
5. **“Bid spread”** is charged by the Trustee/Sponsor upon redemption of units of a Constituent Fund by the Scheme member. Bid spread does not apply to the ING MPF Basic Scheme MPF Conservative Portfolio. Bid spread is part of the “exit charge” as mentioned in the Deed of Trust.
6. **“Withdrawal charge”** means the fee charged by the Trustee/Sponsor of the Scheme upon withdrawal of accrued benefits from the Scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the ING MPF Basic Scheme MPF Conservative Portfolio. Withdrawal charge is part of the “exit charge” as mentioned in the Deed of Trust.
7. **“Management fees”** include fees paid to the Trustee, Custodian, Administrator, Investment Manager (including fees based on fund performance, if any) and Sponsor of the Scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund.
8. **“Guarantee charge”** refers to an amount that is deducted out of the assets of the guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of the guaranteed fund.

## EXPLANATORY NOTES

- (i) In respect of any increase in fees and charges from the current level as stated, at least three months prior notice must be given to all scheme members and participating employers.
- (ii) No contribution charge, offer spread, bid spread or withdrawal charge will be imposed on a transfer from one scheme to another scheme or from one employer’s account to another employer’s account or from one Constituent Fund to another Constituent Fund.
- (iii) The Management fees shown in Table I have taken into account any applicable rebates received and represent all fees payable by scheme members.
- (iv) Table II shows the current and maximum level of gross management fees (i.e. fees not taking into account applicable rebates) payable out of the underlying funds and other fees and charges represented in sections (C) and (D) of Table I. They do not represent additional fees.

**TABLE II**

<b>FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS</b>			
<b>Name of Constituent Fund</b>	<b>Breakdown of management fees (p.a. of the NAV of the relevant underlying fund)</b>		
	<b>Management Fee</b>		<b>The Percentages consist of</b>
	<b>Current level</b>	<b>Maximum level</b>	
ING MPF Basic Scheme MPF Conservative Portfolio	<u>N/A</u>	N/A	Investment Management Fee, Trustee Fee and Administration Fee
ING MPF Basic Scheme Capital Guaranteed Portfolio	0 – 1.5% (see Note (vi))	1.5%	
ING MPF Basic Scheme Stable Growth Portfolio	1.03% - 1.125%	3.5%	
ING MPF Basic Scheme Balanced Growth Portfolio	0.745% - 0.775%	<u>4.5%</u>	
ING MPF Basic Scheme International Equity Portfolio	0.83% - 0.84% (see Note (vii) and (ix))	3.55%	
ING MPF Basic Scheme Hong Kong Equity Portfolio	<u>0.695% - 0.75%</u>	<u>2.5%</u>	
<b>OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES</b>			
<b>Type of additional services</b>	<b>Current level</b>		<b>Maximum level</b>
Fee to Trustee for a copy of the Deed of Trust (see Note (xi))	Currently waived		HK\$500 for each copy

Fee to Trustee for any change of vesting provisions for future employer's voluntary contributions	Currently waived	HK\$500 for each change
Administration Fee charged by Administrator on the 5th and each subsequent request for withdrawal of Voluntary Accrued Benefits by a Self-Employed Person or for withdrawal of Voluntary Accrued Benefits derived from Additional Voluntary Contributions by a Member within a calendar year	HK\$200 for each request	HK\$300 for each request

- (v) The maximum level of the various types of fees at the Constituent Fund level are set out below.

Maximum Level of Fees and Expenses

Joining fee	N/A
Annual fee	N/A
Contribution Charge	2.5% of contributions*
Offer Spread	2.5% of the issue price of a unit*
Bid Spread	1% of the realization price of a unit**
Withdrawal Charge	1% of the realization price of a unit**
Management Fees	
Trustee Fee	0.15% p.a. of the NAV of the relevant Constituent Fund
Administration Fee	1.0% p.a. of the NAV of the relevant Constituent Fund
Custodian Fee	0.1% p.a. of the NAV of the relevant Constituent Fund
Investment Management Fee	0.15% p.a. of the NAV of the relevant Constituent Fund
Fund Administration Fee	0.1% p.a. of the NAV of the relevant Constituent Fund
Sponsor Fee	1% p.a. of the NAV of the relevant Constituent Fund
Guarantee Charge	2% of NAV of the guaranteed fund

\* The aggregate of the contribution charge and offer spread will not exceed 2.5% of the issue price of a unit or contributions.

\*\* The aggregate of the bid spread and withdrawal charge will not exceed 1% of the realization price of a unit.

- (vi) The gross investment management fee of 0% – 1.5% p. a. of the underlying fund of the ING MPF Basic Scheme Capital Guaranteed Portfolio will only be deducted when the investment return of the underlying fund is in excess of the guaranteed benefits.
- (vii) It does not include a distribution fee of 0.25% p.a. of the NAV of the underlying fund, of which the full amount is in turn credited as income to the corresponding Constituent Fund. Moreover, in addition to the variable fee as listed in the table above, there is also a registrar's fee, which is charged at HK\$3,900 per month for each of the first 5 unitholders of the APIF and HK\$2,730 per month for each additional unitholder of the APIF.
- (viii) In addition to the variable fee, a flat fee of HK\$6,500 p.a. in relation to valuation of Constituent Funds will also be payable by each Constituent Fund as part of the Fund Administration fee. A flat fee in relation to preparation of financial statements for the Constituent Funds in the amount of HK\$7,200 p.a. per Constituent Fund will be payable by all Constituent Funds.
- (ix) The Administration fee (subject to a minimum of HK\$6,240 per month) will be charged on a sliding scale of 0.05% p.a. for the first HK\$780 million of NAV, 0.045% p.a. for the next HK\$780 million of NAV and 0.04% p.a. for the balance over HK\$1,560 million of NAV.
- (x) ING Life Insurance Company (Bermuda) Limited ("ING Life") has the right to set aside part of the fund with reference to the amortized value of the debt securities intended to be held to maturity, for the purpose of smoothing market fluctuations to enable ING Life to give the guarantee.
- (xi) The Deed of Trust may be inspected free of charge during office hour at the office of the Administrator.

**ING PENSION TRUST LIMITED**

28 December 2010