

THE CHINESE UNIVERSITY OF HONG KONG

To: Members of the Chinese University of Hong Kong Staff Superannuation Scheme (1995) ("S1995") who will leave the University's service at or after the age of 55

Deferment of Payment of S1995 Benefits

I am writing to inform you that you may, if you choose to, apply in writing to the University Bursar to become a deferred payment member to defer receiving the full payment or a proportion of your scheme benefits payable on leaving service at or after the age of 55 (the "Deferred Benefits") from the S1995 in accordance with Rule 6.10 of S1995 and on the terms as set out below:

- (a) You may leave your Deferred Benefits invested in the S1995 for a period from the cessation of your full-time employment with the University until 30 June 2014 or an earlier date as you may notify in writing to the University Bursar two months in advance (the "Deferred Date"). Any staff loan outstanding and other indebtedness to the University have to be repaid in full upon your retirement or on leaving University employment either met by scheme benefits partially withdrawn allowed under paragraph (b) below or from your own finance. The Deferred Date shall be a date on the last day of a calendar month unless determined otherwise by the trustees of the S1995 with the approval of the University from time to time.
- (b) You may be allowed a one-off withdrawal of part of your scheme benefits (must be in multiples of HK\$10,000) at the time of effecting your "Deferment of Payment of S1995 Benefits" arrangements and no further partial withdrawal would be allowed during the deferral period. (Note: The payment of such partial withdrawal will be made within two months from the cessation of your employment with the University);
- (c) An administration fee of HK\$60 per calendar month (or such greater amount as the University may notify to you in writing from time to time) will be charged and to be deducted from the future payment of your Deferred Benefits;
- (d) You will be entitled to switch the investment options of your Deferred Benefits in the S1995 as at present, i.e. 12 times per year on a monthly basis, or in such other manner that the University may decide and notify you from time to time;
- (e) You should understand that the eventual benefit you will receive from the S1995 will be determined by reference to the value of your Deferred Benefits in the S1995 as at the Deferred Date in accordance with the scheme rules governing members' accounts, the payment of which will normally be made within two months from the Deferred Date. The investment return of the Deferred Benefits as at the Deferred Date may be positive or negative depending on the prevailing market condition at that time. The University is under no obligation whatsoever to make up any negative return of the actual amount you receive as at the Deferred Date nor is it responsible for the choice of investment during the deferral period as the investment choice remains with you. Accordingly, there is no guarantee that the benefits as at the Deferred Date you actually and eventually receive will be greater than or equal to the value of the benefits to which you would have been entitled had you chosen to receive a lump sum at the time of leaving service of the University. You are therefore advised to seek your own financial advice in respect of this deferment option;
- (f) If you are entitled to a long service payment or a severance payment on termination of your employment with the University, such long service payment or severance payment, as the case may be, will be deducted from your scheme benefits before they are deferred.

If you are a new member (i.e. one who first joined the S1995 after 1 December 2000), an amount equivalent to the minimum MPF benefits (MMB) will be required to be transferred upon cessation of your employment with the University in accordance with the rules of the

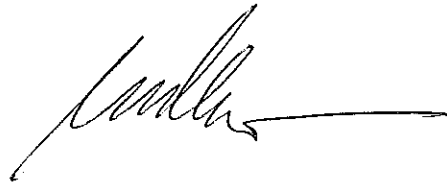
S1995;

- (g) You have to keep the University fully updated with your contact details. Your last contact details in the record of the University are conclusive and the University would not be obliged to take further action to locate you;
- (h) Any Deferred Benefits which are unclaimed within 5 years after the Deferred Date will be forfeited. Neither you nor your dependant nor your legal personal representative who may otherwise be entitled to such benefit would be entitled to claim any benefit from the S1995 or the University. The trustees may in their absolute discretion (but are not bound to) extend such period for claiming benefits;
- (i) The existing beneficiary nomination arrangement will no longer apply. In the event of death during the deferral period, the Deferred Benefits shall be paid out to executor(s) named in your will or administrator(s) in accordance with the intestate law or any other legally enforceable document. To speed up the payment procedure on such an occasion, you are strongly advised to make a will to declare how your Deferred Benefits are to be distributed in the event of death.
- (j) Since the Deferred Benefits under the S1995 are already vested in you, in the event you become bankrupt or charge, assign, pledge your Deferred Benefits under the S1995 at any time during or after the expiry of the deferral period and such benefit would become vested in or payable to the Official Receiver and/or the creditor and/or other person(s), all your benefits would be subject to claim by the Official Receiver and/or the creditor and/or such other person(s) (as the case may be).
- (k) In the event of death, you will be deemed to have given the advance notice of withdrawal of your Deferred Benefits on the day the University is notified of such death by your legal personal representative and your Deferred Benefits will be paid in accordance with the terms and conditions herein. The unclaimed benefit provision in paragraph (h) above would also apply if your legal personal representative do not claim the Deferred Benefits within 5 years from the date of notice of deemed withdrawal;
- (l) You are responsible for all taxes (if any) arising out of the receipt of the Deferred Benefits;
- (m) For the avoidance of doubt, the rules in respect of contributions and benefit payments and calculation of benefit under the S1995 will not apply to any members under the deferment arrangement. The terms and conditions herein shall prevail. The terms and conditions set out herein may be amended from time to time by the University and notified to the members. Further, the University may, with the consent of the trustees of the S1995, cease to continue such deferment arrangement at anytime and notify the members of such cessation;
- (n) Save as otherwise agreed by the University, the rules of the S1995 will not be applicable to a deferred payment member and a deferred payment member will not be entitled to further rights under the S1995;
- (o) You consent to the University to use the personal data you have provided to the University for the purpose of this deferment arrangement and for transmitting to the trustees/administrator of the S1995 for its use in this connection;
- (p) The acceptance of your application for "Deferment of Payment of S1995 Benefits" arrangements is subject to the final discretion of the University and the consent of the trustees of the S1995. The University also reserves its right to amend or discontinue the S1995 in accordance with its governing documentation at any time.

DISCLAIMER

We hope that the above arrangement could allow you sufficient time to plan and transfer your retirement investments for the longer term but the University cannot offer any guarantee of the value of your Deferred Benefits. Therefore, you should consider carefully whether to participate in the deferment arrangement in view of your own circumstances including but not limited to your age, risk tolerance and personal savings.

This offer is conditional upon your signing of the attached agreement and returning it to the University Bursar by the deadline specified on the letter (enclosing this circular) issued by the Payroll and Superannuation Unit of Bursary. For enquiry, please contact Mrs. Karen Ng, Finance Manager, at 2609-7185 or Ms. Adriane Tang, Assistant Finance Manager, at 2609-7244.

A handwritten signature in black ink, appearing to read 'Terence Chan', with a long horizontal line extending to the right.

Terence Chan
University Bursar

Encl.

2 November 2010