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Future*



**Bank** 銀聯信託有限公司  
**Trust Consortium**  
Company Limited



## INTRODUCTION

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The Mandatory Provident Fund Schemes Ordinance (“MPFS Ordinance”) was enacted in August 1995 and was subsequently amended in 2001 and 2002. The legislation sets out the framework for the compulsory provision of retirement protection for the workforce in Hong Kong. Under the MPFS Ordinance, employers are required to establish their own mandatory provident fund arrangement for their employees starting from 1 December 2000. In addition, self-employed persons are required to establish mandatory provident fund plans for themselves.

The Bank Consortium Industry Plan (the “Plan”) is an industry scheme registered with the Mandatory Provident Fund Schemes Authority (the “Authority”) and authorised by the Securities and Futures Commission (the “SFC”). The Plan is designed specifically for the workforce in the catering and construction industries, the classification of which is more particularly described in the Appendix to this Principal Brochure.

The trustee of the Plan, Bank Consortium Trust Company Limited (the “Trustee”), is a company incorporated in Hong Kong and registered as a trust company under the Trustee Ordinance. The Trustee has also been approved as an approved trustee under the MPFS Ordinance in October 1999. The Trustee is a wholly owned subsidiary of Bank Consortium Holding Limited which was initially founded by a shareholder group of seven banks, namely, Asia Commercial Bank, Chekiang First Bank, Dah Sing Bank, Liu Chong Hing Bank, Shanghai Commercial Bank, Wing Hang Bank and Wing Lung Bank. Later, the shareholder group was further expanded to include Fubon Bank (Hong Kong) Limited (formerly known as International Bank of Asia) and Industrial and Commercial Bank of China (Asia). It is expected that in the future, other major banks may join the shareholder group.

All the ultimate shareholders of the Trustee are licensed banks in Hong Kong with a long history and reputation in the banking field in Hong Kong. The aggregate of their assets and their shareholders’ fund were respectively in excess of HK\$461 billion and HK\$56 billion as at the end of December 2003. The banks had an aggregate of over 250 branches and over 8,000 employees in Hong Kong. In terms of number of branches, the banks collectively have the third largest banking network in Hong Kong. Whilst the Trustee is supported by a group of shareholders banks, no single shareholder is a controlling shareholder or may exercise management control over the Trustee. The shareholding structure has been designed to ensure that the Trustee is completely autonomous and independent in serving the interest of the Plan members.

The Plan consists of nine constituent funds which provide members of the Plan with a wide range of investment choices (please refer to section 1 for the availability of the funds). Members may select their investments under the Plan in accordance with their respective preferences. The constituent funds other than the Capital Preservation Fund are feeder funds and their assets are invested solely in the specific pooled investment funds corresponding to each constituent fund. Such investment funds have been approved by the Authority and the SFC as approved pooled investment funds (“APIFs”)\*. All the investment managers appointed are independent of and unconnected to the Trustee. Subject to the approval of the Authority and the SFC, the Trustee may establish new constituent funds for the Plan in the future.

\* Such approval does not imply official recommendation by the Authority and the SFC.



**If you are in doubt about the meaning or effect of the contents of this Principal Brochure, you should seek independent professional advice.**

Bank Consortium Trust Company Limited accepts responsibility for the information contained in this Principal Brochure as being accurate at the date hereof.

1 August 2005

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## 1. SUMMARY

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The Plan is an industry scheme constituted by a trust deed dated 12 April 2000 and is governed by the laws of the Hong Kong Special Administration Region (“Hong Kong”). The trust deed was subsequently amended and ultimately superseded by Deed of Amendment dated 1 August 2005 (the “Trust Deed”). The Plan is designed with the object of providing retirement benefits to the workforce in the catering and construction industries in Hong Kong. All employers, employees and self-employed persons who are engaged in either of the two industries are eligible to join the Plan.

Although the Plan has been registered with the Authority and authorised by the SFC, such registration and authorisation does not constitute official recommendation of the Plan by the Authority or the SFC.

The Plan offers nine constituent funds. Each constituent fund has been approved\* by the Authority and will only be offered to the members of the Plan. Subject to the investment restrictions in section 3.3 below, the funds in each constituent fund will be invested in either permissible investments or pooled investment funds as defined, respectively, under Part II and Part IV of Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation (the “Regulation”). Subject to the approval of the Authority, additional constituent funds can be established at any time by the Trustee.

The Plan is a defined contribution provident fund scheme which is made available to all eligible employees and self-employed persons in the catering and construction industries. In view of the nature and mobility of the workforce in the two industries, the Plan has been designed to cater for the special needs of various types of employees participating in the Plan. Under the Plan, employees are classified as either “casual employees” or “regular employees”. Employees who are employed by a participating employer on a day-to-day basis or for a fixed period of less than 60 days may join the Plan as “casual employees” while all other employees who are employed for a period of 60 days or more may join the Plan as “regular employees”. All members of the Plan are bound by the rules of the Trust Deed. In this Principal Brochure, “employee member” refers to “casual employee member” or “regular employee member”.

All mandatory contributions (see section 4.2 below) will be fully vested from the dates on which such contributions are made. The participating employers and Plan members may elect to make additional contributions on a voluntary basis. Such voluntary contributions will be vested in the members in accordance with the rules specified in their respective participating plans.

The nine constituent funds in the Plan are defined below:

- (i) BCT Capital Preservation Fund (the “Capital Preservation Fund”);
- (ii) BCT Stable Fund (the “Stable Fund”);
- (iii) BCT Balanced Fund (the “Balanced Fund”);
- (iv) BCT Growth Fund (the “Growth Fund”);

\* Such approval by the Authority does not imply official recommendation of the constituent funds by the Authority.



- (v) BCT Global Bond Fund (the “Global Bond Fund”);
- (vi) BCT Global Equity Fund (the “Global Equity Fund”);
- (vii) BCT Hong Kong Equity Fund (the “Hong Kong Equity Fund”);
- (viii) BCT Asian Equity Fund (the “Asian Equity Fund”); and
- (ix) BCT Absolute Return Fund (the “Absolute Return Fund”).

The four constituent funds in (i) to (iv) were established as at 12 April 2000. The three constituent funds in (v) to (vii) were established and made available for investment from 1 October 2002. The constituent fund in (viii) was established and made available for investment from 1 May 2004 while the constituent fund in (ix) was established and made available for investment from 1 August 2005.

INVESCO Asia Limited has been appointed by the Trustee as the investment manager to carry out the investment management functions of the constituent funds in (i) to (iv). Franklin Templeton Investments (Asia) Limited has been appointed as the investment manager of the Global Bond Fund and Global Equity Fund and Salomon Brothers Asset Management Asia Pacific Limited (a member of Citigroup Asset Management Group) has been appointed as the investment manager of the Hong Kong Equity Fund. Schroder Investment Management (Hong Kong) Limited has been appointed as the investment manager of the Asian Equity Fund. Allianz Global Investors Hong Kong Limited has been appointed as the investment manager of the Absolute Return Fund. INVESCO Asia Limited, Franklin Templeton Investments (Asia) Limited, Salomon Brothers Asset Management Asia Pacific Limited, Schroder Investment Management (Hong Kong) Limited and Allianz Global Investors Hong Kong Limited are collectively referred to as “Investment Managers”.

Each constituent fund under the Plan is an unitized fund and its units are valued at the close of business in the last relevant market to close (or such other time as the Trustee may from time to time determine) on each dealing day which is any day on which banks in Hong Kong are open for business (excluding Saturdays) or such other day as the Trustee may from time to time determine. Units in each constituent fund may be subscribed or redeemed through the Trustee.

Amounts payable on the subscription and redemption of units under the Plan is in Hong Kong dollars.

The constituent funds in the Plan are subject to risks inherent in all investments. Please refer to the risk factors in section 3.2 for more details.



## 2. MANAGEMENT AND ADMINISTRATION

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Trustee, Administrator and Custodian:	Bank Consortium Trust Company Limited Units 901-910, 9 <sup>th</sup> Floor, Miramar Tower 132 Nathan Road, Tsimshatsui Kowloon, Hong Kong
Investment Managers:	(1) INVESCO Asia Limited 12 <sup>th</sup> Floor, Three Exchange Square 8 Connaught Place Hong Kong  (2) Franklin Templeton Investments (Asia) Limited 17 <sup>th</sup> Floor, The Chater House 8 Connaught Road Central Hong Kong  (3) Salomon Brothers Asset Management Asia Pacific Limited 39 <sup>th</sup> Floor, Citibank Tower, Citibank Plaza 3 Garden Road, Central Hong Kong  (4) Schroder Investment Management (Hong Kong) Limited 19 <sup>th</sup> Floor, Two Exchange Square 8 Connaught Place Hong Kong  (5) Allianz Global Investors Hong Kong Limited ("Allianz Global Investors") 21st Floor, Cheung Kong Centre 2 Queen's Road Central Hong Kong
Legal Advisers:	Deacons 5 <sup>th</sup> Floor, Alexandra House 16-20, Chater Road Central Hong Kong
Auditors:	PricewaterhouseCoopers 22 <sup>nd</sup> Floor, Prince's Building 1 Des Voeux Road Central Hong Kong

For further enquiries, please call our Employer Hotline at 2298-9388 or Member Hotline at 2298-9333 or write to us by facsimile at 2992-0809.



### 3. INVESTMENT AND BORROWING

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#### 3.1 Investment Policy

Nine constituent funds (in (i) to (ix) below), each with a different investment policy, have been established under the Plan. Each Plan member may invest his or her contributions in one or more of these constituent funds. Please refer to section 4.4 entitled “Investment Mandate” and section 6.3 entitled “Change of Investment Instructions” for further details.

The Capital Preservation Fund, Stable Fund, Balanced Fund and Growth Fund are managed by INVESCO Asia Limited.

(i) Capital Preservation Fund

The objective of the Capital Preservation Fund is to provide members with a rate of return which matches or exceeds the Hong Kong dollar savings rate with a view to minimizing the exposure of the principal amount invested to market fluctuation and volatility.

The fund seeks to achieve its investment objective by investing in a portfolio of Hong Kong dollar denominated bank deposits and short-term debt securities in conformity to the requirements set out in section 37(2) of the Regulation. In summary, these include:

- (a) deposits, less than 12 months’ maturity with banks meeting specific requirements.
- (b) debt securities, with a remaining 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 government, the central bank of a country or a multi-lateral international agency (such as the World Bank) all with the highest credit rating determined by a credit rating agency approved by the Authority.
- (c) debt securities, with a maturity of 1 year or less with a credit rating level set by the Authority.

The average remaining maturity of all securities must not exceed 90 days. The direct holdings of the fund must be wholly in Hong Kong dollars.

100% of the investments of the fund will be denominated in Hong Kong dollars through direct holdings of investments. The fund will not engage in any securities lending, futures or options trading transactions.

The fund is designed as a low risk investment option with minimal exposure to market fluctuations or volatility. The return of the fund over the long term is expected to approximate the interest rate payable from time to time by major banks in Hong Kong on Hong Kong dollar savings accounts.



Members in the Plan should be informed that an investment in the Capital Preservation Fund is not the same as placing funds on deposit with a bank or deposit taking company and that there is no obligation to redeem the investment at the subscription value and that the Capital Preservation Fund is not subject to the supervision of the Hong Kong Monetary Authority.

(ii) Stable Fund

The objective of the Stable Fund is to provide members with capital growth over the long term with a view to minimizing the risk of capital loss by investing solely in “INVESCO Pooled Investment Fund - Global Stable Fund” which is an APIF, the investment policy of which is consistent with that of the Stable Fund. The underlying APIF will in turn invest in other APIFs or in fixed income securities and maintain a limited exposure to global equities.

The investments primarily include bank deposits, global bonds and global equities. The benchmark weightings of the investments of the underlying APIF are expected to be, but not restricted to, 70% in fixed income securities and 30% in equities. The underlying APIF will hold a minimum of 30% of assets denominated in Hong Kong dollar through holdings of investments in other APIFs. The underlying APIF is thus globally diversified with a bias towards Hong Kong.

It is expected that the Stable Fund will achieve a long term return in line with Hong Kong’s price inflation. (Note: short term performance of the Stable Fund may be higher or lower than the long term expected return.)

The underlying APIF will not engage in any securities lending and futures and options will be used only for hedging purposes.

Investors should regard the Stable Fund as a low to medium risk investment. As the majority of the underlying APIF will be invested in fixed income securities, the Stable Fund is expected to exhibit a relatively lower level of risk in the investment in the short term.

(iii) Balanced Fund

The objective of the Balanced Fund is to provide members with capital appreciation and a stable level of income over the long term by investing solely in “INVESCO Pooled Investment Fund - Global Stable Growth Fund” which is an APIF, the investment policy of which is consistent with that of the Balanced Fund. The underlying APIF may in turn invest in other APIFs or in bank deposits, global bonds and global equities.

The benchmark weightings of the investments of the underlying APIF are expected to be, but not restricted to, 50% in fixed income securities and 50% in equities. The underlying APIF will hold a minimum of 30% of assets denominated in Hong Kong dollar through holdings of investments in other APIFs. The underlying APIF is thus globally diversified with a bias towards Hong Kong.

It is expected that the Balanced Fund will achieve a long term return which exceeds Hong Kong’s price inflation. (Note: short term performance of the Balanced Fund may



be higher or lower than the long term expected return.)

The underlying APIF will not engage in any securities lending and futures and options will be used only for hedging purposes.

As the underlying APIF will be invested equally in fixed income securities and equities, the Balanced Fund is suitable for investors who are willing to assume a moderate level of risk to achieve higher returns in the medium to long term.

(iv) Growth Fund

The objective of the Growth Fund is to provide members with capital appreciation over the long term through diversified investments in global equities where higher rates of returns are usually available by investing solely in “INVESCO Pooled Investment Fund - Global Balanced Fund” which is an APIF, the investment policy of which is consistent with that of the Growth Fund. The underlying APIF may in turn invest in other APIFs or in bank deposits, global bonds and global equities. In addition, the underlying APIF will also maintain a limited exposure to global fixed income securities.

The benchmark weightings of the investments of the underlying APIF are expected to be, but not restricted to, 30% in fixed income securities and 70% in equities. The underlying APIF will hold a minimum of 30% of assets denominated in Hong Kong dollar through holdings of investments in other APIFs. The underlying APIF is thus globally diversified with a bias towards Hong Kong.

It is expected that the Growth Fund will achieve a long term return which exceeds the salary inflation in Hong Kong. (Note: short term performance of the Growth Fund may be higher or lower than the long term expected return.)

The underlying APIF will not engage in any securities lending and futures and options will be used only for hedging purposes.

As a substantial portion of the underlying APIF will be invested in the equities market, the Growth Fund is expected to be subject to the higher level of volatility of the equity markets in the short to medium term. Accordingly, the Growth Fund is suitable for members who are willing to take a relatively longer term of investment and assume a higher level of risk to achieve potentially higher returns in the long term.

(v) Global Bond Fund

The objective of the Global Bond Fund is to provide members with total investment return over the medium to longer term by investing solely in the Templeton MPF Global Bond Fund which is an APIF and in turn invests primarily into fixed income securities issued by governments and governmental agencies globally.

The underlying APIF has no prescribed allocations for investments in any specific countries or currencies. As the underlying APIF is a bond fund, the investment adviser intends to invest, under normal conditions, a majority of the underlying APIF's assets in fixed income securities. The underlying APIF will have a minimum of 30% of its net assets in Hong Kong dollar currency investments.



The underlying APIF is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The underlying APIF will not engage in any securities lending and futures and options will be used only for hedging purposes.

It is expected that the Global Bond Fund will achieve a long term return in line with Hong Kong's price inflation. (Note: short term performance of the Global Bond Fund may be higher or lower than the long term expected return.)

(vi) Global Equity Fund

The objective of the Global Equity Fund is to provide members with capital growth over the medium to longer term by investing solely in the Templeton MPF Global Equity Fund which is an APIF and in turn invests primarily in securities of companies listed on the global stock markets.

The underlying APIF has no prescribed allocations for investments in any specific countries or currencies. As the underlying APIF is an equity fund, the investment adviser intends to invest, under normal conditions, a majority of the underlying APIF's assets in equity securities. The underlying APIF will have a minimum of 30% of its net assets in Hong Kong dollar currency investments.

The underlying APIF is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The underlying APIF will not engage in any securities lending and futures and options will be used only for hedging purposes.

It is expected that the Global Equity Fund will achieve a long term return which exceeds the salary inflation in Hong Kong. (Note: short term performance of the Global Equity Fund may be higher or lower than the long term expected return.)

(vii) Hong Kong Equity Fund

The objective of the Hong Kong Equity Fund is to provide members with long term capital appreciation by investing solely in the Citi Hong Kong Equities Fund which is an APIF and put a dominant emphasis on the Hong Kong equity market.

The underlying APIF invests in equity securities including common stocks, warrants, listed options, preferred stocks or convertible bonds convertible into stocks listed on a recognized stock exchange. The underlying APIF may also invest in listed index-linked futures contracts and structured products as permitted by the MPFS Ordinance, the objective of which is to track the performance of one or more equity securities and equity markets indices.

The underlying APIF will not engage in securities lending. In normal circumstances, a minimum of 60% of the underlying APIF's net assets will be invested in Hong Kong



equities. The underlying APIF will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.

As the underlying APIF will be mainly invested in the stock market of Hong Kong, the inherent risk and return of the underlying APIF will be associated with the Hong Kong stock market.

It is expected that the Hong Kong Equity Fund will achieve a long term return which follows the trend of the Hong Kong equity market. (Note: short term performance of the Hong Kong Equity Fund may be higher or lower than the long term expected return.)

(viii) Asian Equity Fund

The objective of the Asian Equity Fund is to provide members with long term capital growth by investing solely in the Schroder MPF Asian Fund which is an APIF and in turn invests primarily in securities of companies in Asian equity markets (excluding Japan).

At least 60% of the assets of the underlying APIF is invested in Asian equities. The underlying APIF holds a minimum of 30% of its assets in Hong Kong dollars investments. As the underlying APIF will be mainly invested in the stock markets in Asia, the inherent risk and return of the Asian Equity Fund will be associated with the Asian stock markets.

The Schroder MPF Asian Fund will not engage in any securities lending and futures and options will be used for hedging purpose only.

It is expected that the Asian Equity Fund will achieve a long-term capital growth which modestly exceeds Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(ix) Absolute Return Fund

The objective of the Absolute Return Fund is to provide members with long-term capital preservation not related to an index by investing solely in Dresdner RCM Absolute Return Fund which is an APIF which in turn invests primarily in a diversified portfolio of global equities and fixed-interest securities.

The underlying APIF adopts a dynamic asset allocation strategy. In strong equity markets, the underlying APIF may invest up to 50% of its assets in equities. In weaker equity market conditions, the underlying APIF may be rebalanced to preserve capital through the holding of fixed-interest securities. If market conditions so require, the underlying APIF may hold no equities and invest fully in fixed interest securities and cash only. It is expected that under normal circumstances, at least 75% of the assets of the underlying APIF will be invested in fixed-interest securities and cash in order to minimize short term volatility.



The underlying APIF may engage in securities lending, subject to a limit of 10% of the underlying APIF's latest net asset value and in respect of no more than 50% of securities of the same issue. Futures and options will be used for hedging purpose only.

Members should be aware that whilst the underlying APIF aims to achieve absolute returns, there may be circumstances under which this is not possible. Therefore, the absolute positive returns are not guaranteed.

Subject to the approval of the Authority and the SFC, the Trustee may, by giving to the members of the Plan a 3 months' notice, or such shorter notice as the SFC may approve:

- (i) change the investment policy of any constituent fund;
- (ii) terminate any constituent fund (other than the Capital Preservation Fund); or
- (iii) merge or sub-divide the Plan or any constituent fund.

In addition, subject to the approval of the Authority and the SFC, the Trustee may at any time establish a new constituent fund.

### **3.2 Risk Factors**

The performance of the constituent funds may be subject to a number of risk factors, including the following:

The investments in the constituent funds are subject to normal market fluctuations and other risks inherent to investing in securities. There is also a currency exchange risk which may affect the value of the constituent funds to the extent that the constituent funds make investments in currencies other than Hong Kong dollars. The value of the constituent funds' assets may also be affected by uncertainties such as changes in government policies, taxation, currency repatriation restrictions and other developments in the laws, regulations or market practices of the countries in which the constituent funds may invest.

### **3.3 Investment Restrictions and Guidelines**

The assets in the constituent funds may be invested in any investments, securities, pooled investment funds (as defined in the Regulation) or any other properties at any time subject to the following restrictions and any other restrictions which may be imposed from time to time by the Authority or the SFC.

The following investment restrictions and guidelines shall apply to all constituent funds other than the Capital Preservation Fund:

- (i) The assets in the constituent funds may be invested only in the investments permitted under and in accordance with Part V and Schedule 1 of the Regulation and such investment is required to comply with Part V and Schedule 1 of the Regulation and any guidelines relating to forbidden investment practices issued by the Authority.
- (ii) Borrowing securities for the purposes of any constituent fund is prohibited. However, the custodian may under the following circumstances, enter into an agreement to lend securities comprised in the constituent fund on such terms as the Trustee shall approve:



- (a) no more than 10% of the net asset value of the relevant constituent fund can be the subject of securities lending agreements; and
  - (b) no more than 50% of shares of the same issue held in respect of the relevant constituent fund can be the subject of securities lending agreements.
- (iii) The assets of any constituent fund should not be applied for the purpose of entering into a Repurchase Agreement unless the agreement is entered into by the custodian of the Plan and only if:
- (a) the amount of the consideration (including the value of any collateral securities) given for the relevant securities exceeds the value of the securities; and
  - (b) no more than 10% of the assets of the relevant constituent fund are the subject of repurchase agreements; and
  - (c) no more than 50% of the securities of the same issue held among the assets of the relevant constituent fund are the subject of repurchase agreements.

***“Repurchase Agreement” means an agreement under which the Trustee agrees to sell debt securities to a person and to repurchase it from that person at a specified date in the future for an agreed price, subject to the amount of consideration provided by that person during the period of the agreement.***

- (iv) The assets in any constituent fund should not be the subject of a reverse repurchase agreement under which the Trustee agrees to buy debt securities from a person and to resell it to that person at a specified date in the future for an agreed price.
- (v) The assets in any constituent fund should not be applied for the acquisition of financial futures contracts or financial option contracts.
- (vi) The funds in the Plan may not be invested in the securities of, or lend to, as applicable, the Trustee, the Investment Manager, or any custodian appointed under the Plan except where any of these parties is a substantial financial institution as defined in the Regulation.

The following investment restrictions and guidelines shall apply to the Capital Preservation Fund:

- (i) The assets of the Capital Preservation Fund may be invested only:
  - (a) by placing them on deposit in accordance with section 11 of the Schedule 1 of the Regulation, but only for a term of not exceeding 12 months; or
  - (b) in debt securities with a remaining maturity period of 2 years or less and of a kind referred to in section 7(2)(a) or (b) of Schedule 1 of the Regulation; or
  - (c) in debt securities with a remaining maturity period of 1 year or less and that satisfy the minimum short term credit rating set by the Authority.



- (ii) The assets of the Capital Preservation Fund must have an average portfolio remaining maturity period of not more than 90 days.
- (iii) The assets of the Capital Preservation Fund must have a total value of Hong Kong dollar currency investment equal to the total market value of the constituent fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 of the Regulation.

### **3.4 Investment Management**

The Investment Managers are responsible for the investment management of the respective constituent funds.

Each of the Capital Preservation Fund, Stable Fund, Balanced Fund and Growth Fund is managed by INVESCO Asia Limited. Except for the Capital Preservation Fund which is an “internal portfolio fund”, each of the other 3 constituent funds is a feeder fund.

Each of the Global Bond Fund and the Global Equity Fund is a feeder fund managed by Franklin Templeton Investments (Asia) Limited. The Hong Kong Equity Fund is a feeder fund managed by Salomon Brothers Asset Management Asia Pacific Limited. The Asian Equity Fund is a feeder fund managed by Schroder Investment Management (Hong Kong) Limited. The Absolute Return Fund is a feeder fund managed by Allianz Global Investors Hong Kong Limited. The investment policies of the APIFs in which such constituent funds invest are set out in section 3.1.

### **3.5 Borrowing Policy**

Subject to section 4 of Schedule 1 of the Regulation and any other statutory requirements and restrictions, the Trustee may, for the account of a constituent fund, arrange for the borrowing in any currency for the purpose of paying accrued benefits, settling a transaction relating to the acquisition of investments for the constituent funds.



## 4. CONTRIBUTIONS AND WITHDRAWAL

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### 4.1 Application for Membership

The Plan has been registered with the Authority as an industry scheme under the MPFS Ordinance. Under the governing rules of the Plan, the following persons are eligible to join the Plan by establishing a participating plan.

- ≠ Any employer or self-employed person who is engaged or employed in the catering and construction industries may join the Plan as a member by establishing a participating plan. In the case of an employer, its regular employees who wish to join the Plan must complete the enrolment form prescribed by the Trustee and agree in writing to comply with the provisions of the Trust Deed.
- ≠ Any casual employee who is employed by a participating employer may join the Plan by establishing his own participating plan.
- ≠ Any regular employee of a participating employer may, upon cessation of his employment with such employer, join the Plan as a preserved member by establishing his own participating plan and transferring his accrued benefits under his employer's participating plan to such new participating plan.
- ≠ Any other person who wishes to transfer his retirement benefits to the Plan or who wishes to make special voluntary contributions to the Plan may also join the Plan as a preserved member by establishing a participating plan.

In order for an employer to establish a participating plan, the employer must complete the application form prescribed by the Trustee, execute the relevant participation agreement and agree in writing to comply with the provisions of the Trust Deed. In respect of a participating employer, each of its regular employees participating in the Plan will be issued a membership certificate within 60 days after such regular employee becomes a member of the Plan. If a person who wishes to join the Plan as a self-employed person, a preserved member, a casual employee member or a regular employee member, he must either (i) complete the application form (in case of a self-employed person or a preserved member or a casual employee member) or the enrolment form prescribed by the Trustee (in case of a regular employee member), or (ii) provide to the Trustee such essential information as may be required. If the applicant is a casual employee, he will be issued a card certifying his membership in the Plan after his participating plan has been established. If the applicant is a self-employed person, he must indicate in the application whether he will contribute to the Plan on a monthly or yearly basis. Under the MPFS Ordinance, it is mandatory for employees and self-employed persons to join an MPF plan and make mandatory contributions unless they are below the age of 18 or at or above the age of 65 or otherwise exempted under the MPFS Ordinance. Persons who are not required to make mandatory contributions may nevertheless join the Plan and make voluntary contributions.

Any applicant whose application is accepted will be notified within 30 days from the time when all the information required for the application is submitted or the applicant has agreed to comply with the provisions of the Trust Deed. All the applicants who are admitted to the Plan



(including the employee members of the participating employer) are governed by the governing rules contained in the Trust Deed.

All contributions made by the members of the Plan should only be paid to the Trustee. Such payment may be made by phone banking, telegraphic transfer, banker's draft, bank transfer, cheque or any other method as may be agreed by the Trustee. In making the contributions, the participating employers and self-employed persons must ensure that their names, contribution period and participating plan numbers are clearly stated.

## 4.2 Mandatory Contributions

The following mandatory contributions must be made by or in respect of the employee members and self-employed persons under the Plan, except to the extent where such payments are not required by the MPFS Ordinance.

### 4.2.1 Employer and Employee Members

Subject to the provisions of the MPFS Ordinance, every employer under the relevant participating plan must, for each period during which income is paid or should be paid to its employees (the "contribution period"), pay to the Trustee out of the employer's own funds:

- €# in respect of each regular employee member, a mandatory contribution of 5% (or any other percentage as may be prescribed by the MPFS Ordinance) of such regular employee's income provided that the mandatory contribution will not exceed HK\$1,000 per month or HK\$12,000 per annum (or any other amount as may be prescribed by the MPFS Ordinance); and
- €# in respect of each casual employee member, a mandatory contribution in accordance with the scales of contributions specified by the Authority in the Gazette from time to time:

**Employer and employee members may refer to the information sheet provided by the Trustee for information of the scales of contributions.**

The participating employer must also, for each contribution period, deduct from the employee's income and pay to the Trustee:

- €# in respect of each of its regular employee members, a mandatory contribution of 5% (or any other percentage as may be prescribed by the MPFS Ordinance) of the member's income, provided that (i) no contribution shall be deducted if such income falls below the statutory minimum, currently HK\$5,000 per month (or any other amount as may be prescribed by the MPFS Ordinance); and (ii) the maximum contribution that would be so deducted should not exceed HK\$1,000 per month or HK\$12,000 per annum (or any other amount as may be prescribed by the MPFS Ordinance); and
- €# in respect of each of its casual employee members, a mandatory contribution in accordance with the scales of contributions to be determined in the manner as specified by the Authority in the Gazette from time to time.

**Employer and employee members may refer to the information sheet as provided by the Trustee for information of the scales of contributions.**



### *Contribution Day*

On and after 1 February 2003, for a regular employee, both the employer's and employee's mandatory contributions should be made on or before the 10<sup>th</sup> day (or such other day as the Regulation may from time to time prescribe) after the last day of the calendar month within which the relevant contribution period ends.

For a casual employee, the employer may choose to make the employer's and employee's mandatory contributions on or before (i) the next working day (other than a Saturday) immediately subsequent to the payment of the relevant income for the relevant contribution period; or (ii) the 10<sup>th</sup> day (or such other day as the Regulation may from time to time prescribe) after the last day of the relevant contribution period. The employer should also specify its choice in its application form.

#### 4.2.2 Self-employed Persons

Every self-employed person under the Plan must, from the commencement date of his participating plan, pay to the Trustee a mandatory contribution of 5% (or any other percentage as may be prescribed by the MPFS Ordinance) of his income on a monthly or yearly basis as specified in his application form by the last day of the relevant contribution period unless his income falls below the statutory minimum, currently HK\$5,000 per month (or any other amount as may be prescribed by the MPFS Ordinance). The amount that any self-employed person must contribute will not exceed HK\$1,000 per month or HK\$12,000 per annum (or any other amount as may be prescribed by the MPFS Ordinance).

### **4.3 Voluntary Contributions**

#### 4.3.1 Standard Voluntary Contributions

Employers, employee members (whether they are casual or regular employees) or self-employed persons under the Plan may choose to pay to the Trustee a voluntary contribution as a top-up contribution in addition to the mandatory contribution for each contribution period. Employers, employee members or self-employed persons who are not required to make mandatory contribution under the MPFS Ordinance may also join the Plan to make voluntary contributions only.

If an employer chooses to make voluntary contributions on behalf of his regular or casual employees, he should specify the amount in such manner as prescribed by the Trustee. If an employee member chooses to make voluntary contributions, he should also notify the Trustee the amount in such manner as prescribed by the Trustee.

If a self-employed person chooses to make voluntary contributions, he should notify the Trustee in writing of the amount of such voluntary contribution (as a fixed amount or a percentage of his income).

The employer, employee member and self-employed person may also change the amount of their respective voluntary contributions by giving the Trustee 3 months' prior written notice (or such shorter period of notice as the Trustee may approve). However, employers and employee members are entitled to change the level of voluntary contribution twice only in each financial



year unless otherwise agreed by the Trustee. The voluntary contributions so made by an employee member shall be referred to as “employee’s standard voluntary contributions”.

#### 4.3.2 Special Voluntary Contributions

Subject to the prior approval of the Trustee, a member may request to make “special voluntary contribution” to the Plan by giving to the Trustee at least 1 month’s written notice (or such shorter period of notice as the Trustee may from time to time agree) in a form prescribed by the Trustee.

Special voluntary contribution may either be paid by the member from his or her own funds or deducted from his or her relevant income\*. If such contribution is deducted from a member’s relevant income\*, his employer’s written consent shall be required for the handling of the administration work involved and the amount of deduction shall not exceed the amount permitted by law.

The amount of special voluntary contribution must not be lower than or exceed the respective limits as may be determined by the Trustee from time to time. The current minimum amount of special voluntary contributions is HK\$500 per transaction. However, the Trustee reserves the right not to accept any member’s special voluntary contribution at any time by giving to the member a prior notice in writing.

Accrued benefits in the voluntary contributions can be withdrawn by the member in accordance with sections 4.7 and 4.8 below.

\* only applicable to employee member

#### **4.4 Investment Mandate**

At least 1 month (or such shorter period as the Trustee may agree) before the first contribution is made or the accrued benefits are transferred to the Plan, the relevant member (i.e. the regular employee, the casual employee, the self-employed person or the preserved member, as the case may be) should forward to the Trustee an investment mandate in the prescribed form directing how his contributions and/or accrued benefits transferred from other schemes should be invested.

Subject to any restrictions and limitations which may from time to time be imposed by the Trustee, each member may select his own investment combination in the investment mandate save and except that MPF assets being transferred into an account from other account in the same scheme will be reinvested according to the latest fund allocation of the account from which assets are transferred out (the second mentioned account) regardless of the fund selection in the prescribed form of the account into which assets are transferred (the first mentioned account). If any member fails to submit to the Trustee his investment mandate within the prescribed time limit, the member will be considered to have elected to invest all his contributions and/or accrued benefits transferred from other schemes into the default constituent fund specified in the form(s) prescribed and accepted by the Trustee from time to time.

As soon as the Trustee receives the subscription monies in cleared funds, the Trustee will apply the money to invest in the respective constituent funds in accordance with the latest investment



mandate submitted by the member. Units in a constituent fund will be acquired at their issue prices in accordance with section 6 below.

Unless otherwise specified in the relevant participation agreement or otherwise by the employer, an employee member shall be entitled to determine the investment mandate for all contributions made to his accounts.

#### **4.5 Transfer into the Plan**

If an employer already maintains an existing occupational retirement scheme under the Occupational Retirement Schemes Ordinance, the employer may transfer the funds in such existing retirement scheme to the Plan.

At the request of an employee member, a self-employed person or a preserved member, the Trustee may also accept a transfer payment from any scheme or arrangement of which the employee member, self-employed person or preserved member is a member. Such transfer payment will be held by the Trustee as mandatory, voluntary or special voluntary contributions in accordance with the MPFS Ordinance and the governing rules of the Plan. In addition:

≠ a regular employee who was formerly a member of another scheme (whether it is an employer sponsored scheme, a master trust scheme or an industry scheme) may join the Plan as a preserved member, by submitting a transfer notice and the prescribed application form to the Trustee and transferring his accrued benefits from the former scheme to the Plan;

≠ a casual employee who was formerly a member of another industry scheme may join the Plan as a casual employee member, by submitting a transfer notice to the Trustee, transfer his accrued benefits from the former industry scheme to the Plan; and

≠ a self-employed person who was formerly a member of another scheme (whether it is a master trust scheme or an industry scheme) may join the Plan as a preserved member, by submitting a transfer notice and the prescribed application form to the Trustee and transferring his accrued benefits from the former scheme to the Plan.

In either case, no fees will be charged by the Trustee except for the bid and offer spread imposed in the acquisition and redemption of units in the constituent funds. In the absence of a duly completed application form, the Trustee may also accept the application based on such essential information as the Trustee may require.

#### **4.6 Vesting of Benefits**

##### **4.6.1 Employee Member**

Except for any employer's voluntary contribution, all contributions made on behalf of any employee member will become fully vested immediately upon contribution.

All voluntary contributions made by the employer on behalf of an employee member will be vested in the employee member in accordance with the vesting scale relating to the voluntary contributions set out in an agreement between the Trustee and the employer. Notwithstanding that and subject to the provisions of the relevant participation agreement, voluntary



contributions made by the employer will be fully vested in each employee member on the first of the following:

- (i) attaining age of 65;
- (ii) termination of employment due to total incapacity provided that a claim based on such ground is approved by the Trustee; and
- (iii) death.

#### 4.6.2 Self-employed Person and Preserved Member

All contributions made on behalf of self-employed persons and preserved members will be fully vested at all times.

### 4.7 **Withdrawal of Benefits**

Subject to the provisions in the MPFS Ordinance, the Regulation and the rules of the Trust Deed, an employee member, a self-employed person and a preserved member (or personal representative, as the case may be) will be entitled to receive a lump sum payment of all benefits accrued (including all mandatory, voluntary and special voluntary contributions and all investment returns thereon) under the Plan when:

- (i) he attains the normal retirement age of 65;
- (ii) he attains the early retirement age of 60 and certifies to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment;
- (iii) he dies, if his death is before his benefits has been paid;
- (iv) he has departed or is about to depart from Hong Kong permanently; or
- (v) he becomes totally incapacitated.

The accrued benefits paid will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves any necessary and duly completed documentation.

The rules of the Trust Deed also contain provisions which allow the employee member, self-employed person or preserved member to receive accrued benefits in the Plan if:

- (i) such benefits do not exceed HK\$5,000;
- (ii) no mandatory contributions were paid or required to be paid in respect of such member during the preceding 12 months' period; and
- (iii) the employee member does not have accrued benefits in any other mandatory provident fund scheme.



The accrued benefits will be valued as at the dealing date as soon as reasonably practicable following the date on which the Trustee approves the withdrawal.

#### **4.8 Withdrawal of Voluntary Contributions**

##### **4.8.1 Standard Voluntary Contributions**

Voluntary contributions made in respect of an employee member can also be withdrawn in the following situations:

- (i) when he ceases to be employed by the employer; or
- (ii) when his employer fails to make a voluntary contribution in accordance with the participation agreement within 6 months after:
  - (a) if the amount of voluntary contribution is determined by reference to the employee member's income, the end of the period covered by such income; or
  - (b) if the amount of voluntary contribution is determined by reference to the period of the employee member's employment, the end of such period.

In either case, the amount of benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contributions and the total balance of his own voluntary contributions (including his special voluntary contributions). The benefits in both cases will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the relevant claim form and any other necessary documentation. In case of (ii), any such claim should only be submitted after the expiry of the 6 months' period.

Similarly, a self-employed person or a preserved member is also entitled to withdraw his voluntary contributions at any time in each financial year of the Plan by giving 30 days' prior written notice to the Trustee.

##### **4.8.2 Special Voluntary Contributions**

Subject to the prior approval of the Trustee and the provisions of the relevant participation agreement, a member may redeem any or all units representing his or her special voluntary contributions contributed under the Plan (or other special voluntary contributions contributed by the member while employed by a former employer and transferred to the Plan) at any time by giving to the Trustee at least 1 month's prior written notice in a form acceptable to the Trustee. Unless otherwise agreed by the Trustee, the number of redemptions in each financial year of the Scheme and the amount of each such redemption or the number of units of each constituent fund to be redeemed in each withdrawal shall not exceed such limits as may generally be determined by the Trustee from time to time. The current number of permitted redemptions is 4 times in each financial year and the minimum amount of each such redemption is HK\$ 5,000.

The Trustee will charge a withdrawal fee as set out in section 7.1 for each withdrawal. Such withdrawal fee shall be deducted from the redemption proceeds and be retained by the Trustee for its own use and benefit. The redemption shall be effected on the dealing day as soon as reasonably practicable after the Trustee has received, reconciled and validated the written



request for redemption submitted by the member. Any such withdrawal request must be made in a form as may be prescribed by the Trustee from time to time.

#### **4.9 Payment of Accrued Benefits**

Subject to the provisions in the Regulation, an employee member, a self-employed person or a preserved member, who is entitled to receive his benefits under the Plan, may lodge with the Trustee a claim for the relevant benefits by submitting a form as prescribed by the Trustee.

If, at the time the claim is lodged, no contribution or contribution surcharge is outstanding with respect of the member, the Trustee should pay to the member within 30 days of the lodgement of the claim. However, if there are outstanding contributions or contribution surcharge in respect of the member at the time when the claim is lodged, the Trustee will be required to pay to the member within 60 days of the lodgement of the claim.

The Trustee may also deduct from the benefits paid any amount which the Trustee is required or entitled by law to deduct. Such amount may include (i) any income taxes or duties; or (ii) any other charges, pledges, liens, mortgages or assignments made by or on behalf of the member concerned in respect of the member's voluntary contribution. Apart from the above, no other conditions will be imposed.

When the Trustee pays the accrued benefits to a member, the Trustee will provide the member with a benefit statement containing information such as the total amount paid and the details of any expenses relating to the payment made.

Payment of benefits under the Plan will be made in Hong Kong, in Hong Kong dollars, unless otherwise agreed between the Trustee and the member. If the payment is made in a currency other than Hong Kong dollars or in a place outside Hong Kong, the Trustee may deduct the cost of conversion and transmission (as the case may be) from the sum payable. The Trustee may make the payment by cheque or telegraphic transfer.

The above provisions relating to payment of benefits are applicable to the payment of both the mandatory and voluntary contributions.

#### **4.10 Portability of Benefits**

The rules of the Trust Deed also contain provisions relating to the portability of accrued benefits of the employee member, self-employed person or preserved member.

If an employee member ceases to be employed by his employer, the employee member may elect to have his accrued benefits under the Plan transferred to a preserved account of the Plan, to an industry scheme or to another registered scheme. If the employee member is subsequently employed by a new employer, he may elect to have his accrued benefits under the Plan transferred to the contribution account in the registered scheme in which his new employer participates.

In the case of a self-employed person, he may at any time elect to transfer his accrued benefits under the Plan to another registered scheme or to an industry scheme. If the self-employed person is subsequently employed by an employer, the self-employed person may also transfer



his accrued benefits to the contribution account in the registered scheme in which the employer participates.

In the case of a preserved member, he may also at any time elect to transfer his accrued benefits in his preserved account to another registered scheme.

An employee member, a self-employed person or a preserved member who wishes to make the transfer should notify the trustee of the scheme to which the accrued benefits are transferred of his election in accordance with the provisions of the Regulation. Unless there are outstanding contributions or contribution surcharge, the Trustee will upon notification of the election by the transferee trustee take all practicable steps to ensure that all the accrued benefits concerned will be transferred in accordance with the election within 30 days of the notification.

If a member gives a transfer instruction and the new scheme does not have provisions for dealing with special voluntary contributions, the member's accrued benefits derived from special voluntary contributions (if any) will be retained in a preserved account of the Plan.

If a regular employee member fails to make an election within 3 months from the date of receipt of the termination notice by the Trustee, he will be taken to have elected to transfer his accrued benefits concerned to a preserved account of the Plan, in which case, all the benefits will be so transferred within 30 days after the end of the 3 months' period. If a casual employee member fails to make an election when he ceases employment with his employer, he will be taken to have elected not to have his accrued benefits transferred but to retain them in a preserved account of the Plan.

Similarly, if the self-employed person fails to make an election within 3 months of the transfer notification, he will be taken to have elected not to have his accrued benefits transferred but to retain them in the Plan.

#### **4.11 Termination of Participating Plan**

Any employer, self-employed person, casual employee member or preserved member may at any time cease to participate in the Plan by giving a written notice to the Trustee.

Furthermore, the Trustee may terminate the participation of an employer or membership of an employee member or a self-employed person (who is 18 years of age or over or below the age of 65) with the written agreement of the employer or the member, (as the case may be) given not earlier than 60 days before the termination.

In respect of any member who is below age 18 or at or above age 65, the Trustee reserves the right to terminate his membership at any time by giving an immediate notice to him or, in the case of an employee member, to this employer. However, any such termination effected by the Trustee shall not affect the Trustee's rights and duties provided by the Regulation in respect of any unclaimed benefits of the member who has reached the age of 65.

Upon termination of the participating plan, the employer, self-employed person, regular or casual employee member or preserved member may transfer the accrued benefits under the Plan to another registered scheme in accordance with the prevailing laws and regulations. If a transfer instruction is given and the new scheme does not have provisions for dealing with special voluntary contributions, the accrued benefits of the relevant member(s) derived from



special voluntary contributions (if any) will be retained in a preserved account of the Plan in the name(s) of the relevant member(s).

#### **4.12 No Assignment of Benefits**

Employee members should note that if any attempt is made to alienate any benefit derived from his vested portion of employer's voluntary contribution or it becomes payable to any person other than the person entitled to it under the Plan, it shall be forfeited to the Trustee unless (i) otherwise provided for in the relevant participation agreement; or (ii) such benefit has been charged to the employer against any debts owed to the employer in accordance with the rules of the Plan; or (iii) such benefit has been charged to the employer as an amount paid by the employer to the employee member as severance payment or long service payment under the Employment Ordinance; or (iv) the Trustee in its discretion decides to pay it in case of hardship to the employee member or to his spouse or dependant.

Members should also note that if he is adjudged bankrupt by a court of competent jurisdiction in Hong Kong, his benefits derived from the employer's voluntary contributions shall be forfeited to the Trustee as at the date of the bankruptcy order unless (i) otherwise provided for in the relevant participation agreement; or (ii) such benefit has been charged to the employer against any debts owed to the employer in accordance with the rules of the Plan; or (iii) such benefit has been charged to the employer as an amount paid by the employer to the employee member as severance payment or long service payment under the Employment Ordinance; or (iv) the Trustee in its discretion decides to pay it in case of hardship to the employee member or to his spouse or dependant.

Also, benefits deriving from the employer's voluntary contributions may be forfeited if the member is dismissed by the employer because of fraud, dishonesty or gross misconduct against the employer.



## 5. VALUATION AND PRICING

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### 5.1 Dealing Day

Units will be valued, issued and redeemed on every dealing day which will be any day on which banks in Hong Kong are open for business (excluding Saturdays) or such other day(s) as the Trustee may determine.

### 5.2 Dealing

Any subscription application will be dealt with by the Trustee as soon as reasonably practicable after the subscription money is received in cleared funds and has been reconciled and validated by the Trustee. In respect of redemption, any redemption request will be dealt with by the Trustee as soon as practicable after it has been reconciled and validated.

### 5.3 Class of Units

One class of units will be issued for each constituent fund. All the units are denominated in Hong Kong dollars.

### 5.4 Valuation of Units

In order to determine the net asset value per unit of a constituent fund for use in a dealing day, the Trustee shall ascertain the net asset value per unit of such constituent fund as at the close of business in the last relevant market to close on the relevant dealing day or such other time as the Trustee may from time to time determine. The net asset value per unit of a constituent fund will be determined by dividing the net asset value of the constituent fund by the number of units in issue. The net asset value of the constituent fund will be calculated by valuing the assets of such constituent fund and deducting the liabilities attributable to such constituent fund in accordance with the provisions of the Trust Deed. In general:

- (i) quoted investments are valued at their last bid price;
- (ii) unquoted investments are assessed on the latest revaluation made;
- (iii) collective investment schemes are valued at their last published net asset values per share or unit;
- (iv) current and fixed deposits are valued at face value;
- (v) futures contracts are valued at their contract values, taking into account any amount as would be required to close the contracts and any expenses that may be incurred; and
- (vi) if investments have been agreed to be purchased, such investments will be included and the purchase price will be excluded; if investments have been agreed to be sold, such investments will be excluded and the sales proceeds will be included.



Liabilities attributable to a constituent fund will include any taxation related to the income of the constituent fund; expenses of the Plan (e.g. trustee's fee, legal and auditor's fee, valuation and other professional fees) which are attributable to the constituent fund and any outstanding borrowing.

For the purpose of valuation, subscription money received which has not been validated or reconciled for acquiring units of the constituent fund on the dealing day will not be included in the valuation and no deduction will be made in respect of units of the constituent fund to be redeemed on that dealing day.

Subject to the approval of the Authority, the Trustee may change the valuation methodology of any constituent fund by giving to the members a 3 months' prior notice (or such shorter period of notice as the SFC may approve).

### **5.5 Suspension of Valuation and Pricing**

The Trustee may, having regard to the interests of the members, suspend the dealing of the units of any constituent fund and the determination of the net asset value of any constituent fund in the following circumstances:

- (i) there is a closure of or restriction or suspension of trading on any securities markets on which a substantial part of the investments of the relevant constituent fund is normally traded or a breakdown in any of the means normally employed by the Trustee in determining the net asset value of a constituent fund or ascertaining the value of any investments comprised in a constituent fund;
- (ii) for any other reason, the prices of investments in the constituent fund cannot, in the opinion of the Trustee, be reasonably ascertained;
- (iii) in the opinion of the Trustee, it is not reasonably practicable or is prejudicial to the interest of the members to realise any investments held in the constituent fund; or
- (iv) the remittance or repatriation of funds which may be involved in the redemption of or in the payment for the investments in any constituent fund or the subscription for or redemption of any units is delayed or cannot, in the opinion of the Trustee, be effected at reasonable prices or reasonable rates of exchange,

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

Whenever the Trustee declares a suspension of dealing and determination of the net asset value of the Trust, the Trustee shall notify the Authority as soon as may be practicable after any such declaration. The Trustee will also publish immediately after such declaration and at least once a month during the period of suspension, a notice in South China Morning Post and Hong Kong Economic Journal stating that such declaration has been made.



## 6. DEALING OF UNITS

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### 6.1 Subscription and Subscription Price

Units will normally be issued on every dealing day. As soon as reasonably practicable after the contribution or subscription monies in cleared funds have been received, reconciled and validated by the Trustee, the Trustee will issue to the relevant member the appropriate number of units of the relevant constituent funds in accordance with the member's investment mandate.

The price at which units will be issued on a dealing day will be calculated as follows:

$$I = \text{NAV} \times (1 + C)$$

where:

I = issue price;

NAV = net asset value per unit on that dealing day;

C = offer spread expressed as a percentage.

The offer spread will be retained by the Trustee for its own use and benefit. Different amounts of offer spread may be levied upon the issue of units of different constituent funds. The maximum amount of offer spread that the Trustee may levy is set out in section 7.1 below. Such maximum amount may also be increased with the approval of the Authority and the SFC. The Trustee may reduce the offer spread for any member as the Trustee may consider appropriate.

No offer spread will be levied in respect of issue of units in the Capital Preservation Fund.

The issue price will be rounded to the nearest 4 decimal places or such other number of decimal places as the Trustee may from time to time determine.

The number of units issued will be determined by dividing the subscription money by the issue price of the unit of the relevant constituent fund in which the subscription money will be invested, and the resulting number will be rounded down to 4 decimal places or such other number of decimal places as the Trustee may determine.

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

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

The first issue of the units will be made at a price of HK\$1.00 for each constituent fund.

**Subject to the approval of the Authority, the Trustee may change the methodology of determining the issue price of the constituent funds by giving a 3 months' prior notice (or such shorter period of notice as the SFC may approve) to the members.**



## 6.2 Redemption of Units and Redemption Price

Upon the withdrawal of accrued benefits from the Plan, members will be required to redeem their units under the respective constituent funds.

The price at which units will be redeemed on a dealing day will be calculated as follows:

$$R = \text{NAV} \times (1 - D)$$

where:

R = redemption price;

NAV = net asset value per unit on that dealing day;

D = bid spread expressed as a percentage.

The redemption price will be rounded to the nearest 4 decimal places, or such other number of decimal places as the Trustee may determine from time to time. The total redemption moneys will be the redemption price multiplied by the number of units redeemed, rounded down to 2 decimal places or such other number of decimal places as the Trustee may determine.

No unit of any constituent fund will be redeemed at a price lower than the redemption price per unit of the constituent fund on the relevant dealing day.

The bid spread will be retained by the Trustee for its own use and benefit. Different amounts of bid spread may be levied upon the issue of units of different constituent funds. The maximum amount of bid spread that the Trustee may levy is set out in section 7.1 below. Such maximum amount may also be increased with the approval of the Authority and the SFC. The Trustee may reduce the bid spread for any member as the Trustee may consider appropriate.

No bid spread will be levied in respect of redemption of units in the Capital Preservation Fund.

The Trustee may also limit the total number of units in a constituent fund to be redeemed on any dealing day to 10% of the total number of units in issue. This limitation shall apply pro-rata to all members who require redemption to be effected on the relevant dealing day. Any units not redeemed will be carried forward for redemption on the next following dealing day subject to the same 10% limitation.

**Subject to the approval of the Authority, the Trustee may change the methodology of determining the redemption price of the constituent funds by giving a 3 months' prior notice (or such shorter period of notice as the SFC may approve) to the members.**

## 6.3 Change of Investment Instructions

An employee member, a self-employed person or a preserved member may, subject to the limitations discussed below, change his investment instructions by submitting a new investment mandate or a rebalancing instruction form to the Trustee.



Unless otherwise specified by the Trustee, there is no limit on the number of requests (whether for a change of investment mandate or rebalancing of units between constituent funds) which can be made by a member during a year. In respect of a rebalancing request, if dealing in either the original constituent fund or new constituent fund is suspended, the Trustee shall implement the rebalancing instruction as soon as reasonably practicable after the dealing is resumed. In such case, any deposit interest which may be derived from the redemption proceeds of the units of the original constituent fund shall, to the extent required by the MPFS Ordinance and/or Regulation, be retained by the Trustee for the payment of any administrative expenses of the Plan or as income of the Plan.

### 6.3.1 Change of Investment Mandate

Subject to any limitation which may be imposed by the Trustee, an employee member, a self-employed person or a preserved member may submit a new investment mandate and request the Trustee to apply any future contributions which are paid to his account after a specific date to subscribe for units in one or more constituent funds in accordance with the new investment mandate provided that such new investment mandate is given to the Trustee at least 14 business days but no more than 30 days before the specific date. Any new investment mandate given to the Trustee by or on behalf of a member (or employer) other than in accordance with this Clause 6.3.1 shall be regarded as invalid unless the Trustee determines otherwise in its sole discretion. Notwithstanding any limitation which may be imposed by the Trustee, each member is entitled to apply his entire contribution after the specific date to subscribe for units in any one constituent fund.

If no specific date is given by the member in respect of the new investment mandate, the Trustee may nevertheless treat in his sole discretion the new investment mandate as valid, in which case, the Trustee shall implement the new mandate as soon as reasonably practicable after the receipt thereof, but nothing shall oblige the Trustee to implement the mandate within 14 business days of its receipt. If dealing of units of the constituent fund(s) to which the new investment mandate relates is suspended at the date on which the new mandate should be implemented, the Trustee shall implement the new mandate as soon as reasonably practicable after dealing is resumed.

### 6.3.2 Fund Rebalancing

Subject to any limitation which may be imposed by the Trustee, an employee member, a self-employed person or a preserved member may also submit a rebalancing instruction form to the Trustee to redeem any units in a constituent fund on a specific day and to apply such redemption proceeds to acquire units in other constituent funds in accordance with the rebalancing instruction. In such case, the rebalancing instruction form should be submitted to the Trustee at least 14 business days but no more than 30 days before the specific day. However, such rebalancing instruction form should not affect the way in which any future contributions should be invested which should be made in accordance with the latest investment mandate submitted by the relevant member. Notwithstanding any limitation which may be imposed by the Trustee in respect of the rebalancing of units in constituent funds, each member is entitled to transfer his entire benefits under the Plan into any one constituent fund.



The number of units of the new constituent fund to be issued will be calculated as follows:

$$N = \frac{K \times L}{M}$$

where:

- N = the number of units of the new constituent fund to be issued (rounded down to 4 decimal places, or such other number of decimal places as the Trustee may determine from time to time);
- K = the number of units of the original constituent fund to be rebalanced;
- L = the redemption price per unit of the original constituent fund as at the relevant dealing day;
- M = the issue price per unit of the new constituent fund as at the relevant dealing day.

As discussed above, the Trustee may limit the total number of units in a constituent fund to be redeemed on any dealing day to 10% of the total number of units in issue. This limitation will be applied pro-rata to all redemption requests to be effected on such dealing day. Any units not redeemed will be redeemed on the next dealing day subject to the same 10% limitation.



## 7. FEES AND CHARGES

### 7.1 Fees and Charges

The following table describes the fees, charges and expenses that participating employers and members may pay upon and after joining the Plan. Explanatory notes and definitions are set out at the bottom of the table.

<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>		Currently waived	Employer and/ or Member/Self-Employed person
Annual fee <sup>2</sup>		Not applicable	Not applicable
<b>(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT</b>			
<b>Type of fees &amp; charges</b>	<b>Name of constituent fund</b>	<b>Current level</b>	<b>Payable by</b>
Contribution charge <sup>3</sup>	All constituent funds	Not applicable	Not applicable
Offer spread <sup>4</sup>	BCT Capital Preservation Fund	Not applicable	Not applicable
	Other constituent funds	Currently waived	Deduct from contributions
Bid spread <sup>5</sup>	BCT Capital Preservation Fund	Not applicable	Not applicable
	Other constituent funds	Currently waived	Deduct from withdrawals
Withdrawal charge <sup>6</sup>	All constituent funds	Not applicable	Not applicable
<b>(C) ANNUAL FUND OPERATING CHARGES &amp; EXPENSES OF CONSTITUENT FUNDS (INCLUDING FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS)</b>			
<b>Type of charges &amp; expenses</b>	<b>Name of constituent fund</b>	<b>Current level (% per annum of net asset value)</b>	<b>Deducted from</b>
Management Fees <sup>7</sup>	BCT Capital Preservation Fund	1.20%	Relevant constituent fund and APIF <sup>8</sup> assets
	BCT Stable Fund	1.588%	
	BCT Balanced Fund		
	BCT Growth Fund		
	BCT Global Bond Fund	1.73% - 1.74%	
	BCT Global Equity Fund	1.83% - 1.84%	
	BCT Hong Kong Equity Fund	1.70%	
	BCT Asian Equity Fund	1.775%	
BCT Absolute Return Fund	1.53%		
Other expenses	Each constituent fund would also bear various costs and expenses that are related to the operations and continuation of the fund, such as compensation fund levy, indemnity insurance, auditor's fees and legal charges, etc.  (For details, please refer to Part III of the Explanatory Notes below).		Relevant constituent fund and APIF <sup>8</sup> assets  <i>(where such expenses are not directly attributable to a fund, each fund will bear such expenses in proportion to its respective net asset value)</i>



<b>(D) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES</b>			
<b>Type of services</b>	<b>Current amount</b>	<b>Receivable by</b>	<b>Payable by</b>
Re-issuance of participation certificate/ member certificate	Currently waived	Trustee	Employer / member
Request for copy of Trust Deed	HK\$450 per copy		
Re-issuance of statement / request for non-statutory statement	HK\$100 per copy		
Re-issuance of cheque payment	HK\$100 per cheque		
Re-issuance of casual employee card	HK\$50 per card		Casual employee member
Withdrawal of special voluntary contribution	HK\$200 per redemption will be levied if: (i) redemption amount < HK\$5,000; or (ii) number of withdrawal > 4 times in a financial year		Member

## 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 of a scheme and payable by the employers and/or members and/or self-employed persons of the scheme.
2. **“Annual fee”** means the fee charged by the trustee of a 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 of a 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 Capital Preservation Fund.
4. **“Offer spread”** is charged by the trustee upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to the Capital Preservation Fund.
5. **“Bid spread”** is charged by the trustee upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to Capital Preservation Fund.
6. **“Withdrawal charge”** means the fee charged by the trustee of a 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 Capital Preservation Fund.
7. **“Management fees”** include trustee and administration fee and investment management fee paid to the trustee, administrator and investment manager of a 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. **“APIF”** means approved pooled investment fund.

## EXPLANATORY NOTES

### I. Constituent Funds

*Management Fees:* Management fees include trustee and administration fee and investment management fee paid to the trustee, administrator and investment manager. For each constituent fund, the investment management and the trustee and administration fees will be payable on a monthly basis and accrued on each dealing day.

- € The current and maximum investment management fee payable out of the assets of each constituent fund are as follows:

	Current	Maximum
	(% p.a. of net asset value)	
BCT Growth Fund		
BCT Balanced Fund	0.45%	1.00%
BCT Stable Fund		
BCT Capital Preservation Fund	0.20%	1.00%
Other constituent funds	Nil	Nil



- € The current and maximum trustee and administration fee payable out of the assets of each constituent fund are as follows:

	Current	Maximum
	(% p.a. of net asset value)	
All constituent funds	1.00%	1.50%

*Joining Fee:* The Trustee may charge a maximum of HK\$2,000 per participating employer and HK\$100 per employee member of the employer, payable by the employer upon the execution of the participation agreement and/or the enrolment of the employee member. (HK\$500 will be levied for the preserved member, payable upon signing of application form). In relation to self-employed persons, the maximum joining fee is HK\$500 (payable upon signing of application form).

*Offer and Bid Spreads:* The maximum offer spread is 1.0% of the net asset value of the units issued. The maximum bid spread is 1.0% of the net asset value of the units redeemed.

*Withdrawal Fee:* The Trustee may levy a withdrawal fee of up to HK\$500 per withdrawal in relation to Member's special voluntary contributions if: (i) the number of withdrawals in any financial year is greater than 4 times or (ii) the redemption amount is less than HK\$5,000.

*General:* In addition to the above, the Trustee may also levy certain custodial and transaction fees in respect of the securities and debt instruments held in the constituent funds. Such custodial and transaction fees will be charged at normal market rates.

The Fee Table does not take into account any fee rebate that may be offered to some employers/members of the Plan.

*Increase in Fees:* In respect of any increase in fees, charges and spreads from the current level as stated, at least three months' prior notice (or such shorter period of notice as the SFC may approve) must be given to all members and participating employers of the Plan, provided that the maximum levels of such fees, charges and spreads are not exceeded.

Subject to the approval of the Authority and the SFC, the Trustee may also change the maximum level of any fees, charges and spreads listed above by giving the members 3 months' prior written notice (or such other shorter period of notice as the SFC may approve). The Trustee reserves the right to reduce or waive any such fees, charges or spreads for any members of the Plan which the Trustee considers appropriate.

*Capital Preservation Fund:* Fees, charges and expenses will only be payable out of the Capital Preservation Fund to the extent permitted by the Mandatory Provident Fund Schemes Ordinance or the Mandatory Provident Fund Schemes (General) Regulation. See Part IV of these Explanatory Notes below.

## II. Underlying Funds

*Management Fees:* Management fees include trustee fee, investment management fee, administration fee and registrar fee paid to the trustee, investment manager, administrator and registrar of the relevant APIF.

- € The current and maximum investment management fee payable out of the assets of each underlying APIF are as follows:

	Current	Maximum
	(% p.a. of net asset value)	
BCT Global Bond Fund	0.65%	2.50%
BCT Global Equity Fund	0.75%	2.50%
BCT Hong Kong Equity Fund	0.50%	2.00%
BCT Asian Equity Fund	0.625%	1.50%
BCT Absolute Return Fund	0.45%	2.00%



- € The current and maximum trustee fees payable out of the assets of each underlying APIF are as follows:

	Current (% p.a. of net asset value)	Maximum
BCT Stable Fund	0.138%	1.00%
BCT Balanced Fund	0.138%	1.00%
BCT Growth Fund	0.138%	1.00%
BCT Global Bond Fund	0.04%	1.00%
BCT Global Equity Fund	0.04%	1.00%
BCT Hong Kong Equity Fund	0.20%	0.50%
BCT Asian Equity Fund	0.15%	0.50%
BCT Absolute Return Fund	0.08%	0.25%

- € The underlying APIFs of the BCT Global Bond Fund and BCT Global Equity Fund currently charge an administration fee as follows (subject to a minimum of HK\$6,240 per month for each APIF):

	(% p.a. of net asset value)
For the first HK\$780 million	0.050% p.a.
For the next HK\$780 million	0.045% p.a.
For the balance over HK\$1,560 million	0.040% p.a.

- € The underlying APIFs of the BCT Global Bond Fund and BCT Global Equity Fund charge a registrar fee of HK\$3,900 per month for each of the first 5 distributors and HK\$2,730 per month for any additional distributor. (Distributor(s) refers to the unitholder of the underlying APIFs.)

- € The underlying APIF of the BCT Absolute Return Fund currently charges a registrar fee of HK\$20,000 per annum. The registrar fee may be increased up to a maximum registrar fee of HK\$50,000 per annum.

*Offer and Bid Spreads:* The maximum offer spread and bid spread which may be levied in relation to each underlying APIF are as follows:

	Maximum offer spread (% of net asset value of units issued)	Maximum Bid spread (% of net asset value of units redeemed)
BCT Global Bond Fund	5.00%	1.00%
BCT Global Equity Fund	5.00%	1.00%
BCT Hong Kong Equity Fund	5.00%	5.00%
BCT Asian Equity Fund	1.00%	1.00%
BCT Absolute Return Fund	5.00%	2.00%

These charges are currently waived.

*General:* The trustees of the underlying APIFs are also entitled to receive various transactions and processing fees in accordance with their normal scale of charges.

*Increase in Fees:* The fees of the underlying APIFs may be changed by giving 3 months' notice to the relevant unitholders concerned provided that the maximum levels are not exceeded.



### III. Other Expenses

#### Plan

Subject to the provisions in Part IV of these Explanatory Notes relating to the Capital Preservation Fund, the following charges, fees and expenses shall also be borne by the members of the Plan, unless waived (in part or in whole) by the Trustee. Where the member of the Plan is an employer, such charges, fees and expenses may be paid out of the forfeitures account of the employer's participating plan.

- (i) any costs incurred in registering or maintaining the registration of the participating plans of the members with the relevant authorities (including the costs of preparing any supporting documents and supplemental deeds);
- (ii) legal and other fees and expenses attributable to the relevant participating plan;
- (iii) audit fees, including fees of the employer's, self-employed person's or the preserved member's own auditor in giving any certificate in connection with its participation in the Plan, and fees of the auditors of the Plan in preparing audited accounts of the relevant participating plan.
- (iv) the costs of amending the participation agreement and/or the governing rules relating to the relevant participating plan; and
- (v) any costs, fees and expenses expressed to be payable by the employer, self-employed person or the preserved member in the Trust Deed and/or the participation agreement relating to the participating plan.

If the standard form of participation agreement is used and no amendment is required, no costs will be charged under (d) above.

However, the following expenses incurred during the initial establishment of the Plan will not be charged to the Plan or the members of the Plan:

- (i) legal fees incurred in the preparation of the Trust Deed and other constitutive documents;
- (ii) application fee of the Plan payable to the Authority and the SFC;
- (iii) costs of preparing, publishing and distributing this Principal Brochure and other marketing materials;

No advertising and promotional expenses incurred during the initial marketing of the Plan or thereafter will be charged to the Plan or the members of the Plan. In addition, the cost of producing the membership certificates, casual employee cards and monthly statements (limited to first issuance) as provided in sections 4.1 and 8.1 will not be charged to the Plan or the members of the Plan.

In addition, the Trustee shall be entitled to levy a reasonable amount of fees in relation to the provision of any other administrative services to the employers, employee members, self-employed persons or preserved members, which services may include, without limitation, issuance of any statements or reports which are not prescribed by the MPFS Ordinance or Regulation, re-issuance of any statements, reports, certificates, payment cheques, receipts or preparing copies of any documents relating to the Plan or the member's participation. Employers and members may contact the Trustee for further information regarding such administrative charges.

With the consent of the Trustee, the Investment Managers may purchase and sell investments for the account of a constituent fund as agent for the Trustee provided that the Investment Managers must account for all rebates of brokerage fees and commissions which may be derived from any such purchase or sale. No cash rebate may be retained by the Investment Managers.

Each Investment Manager or its connected persons may enter into contractual arrangements with other persons (including any connected person of the Investment Manager or the Trustee) under which such other persons agree to pay in whole or in part for the provision of goods to, and/or the supply of services to the Investment Manager or its connected persons in consideration of the Investment Manager or its connected person procuring that such other persons execute transactions to be entered into for the account of the Plan.

Each Investment Manager procures that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to members.



In addition to the above, the Trustee may also pay out of the assets of the Plan any transaction costs, charges and expenses (including tax, stamp duty, registration fee custody and nominee charges), indemnity insurance, compensation fund levy, audit fees and MPF annual fees, costs of preparing, publishing and distributing this Principal Brochure and other marketing materials, fees for providing valuation and accounting services, sub-custodian services and any other fees and charges incurred in respect of the establishment, management and administration of the Plan and the constituent funds thereunder.

#### Underlying Funds

In addition to the trustee fee, the trustee may deduct from the underlying APIFs any fees and charges in accordance with the provisions of the relevant trust deed, including without limitation those incurred in the administration and operation of the APIFs. No advertising expenses will be charged to the underlying APIFs.

In addition, each underlying APIFs may bear a due proportion of the costs and expenses incurred by the investment manager and the trustee in establishing the fund.

The above fees and charges shall be levied against the underlying APIFs only and shall not be deducted from the constituent funds of the Plan. As such, such fees and charges will be reflected in the unit prices of the underlying APIFs and borne by all the unitholders of the underlying APIFs.

#### **IV. Deductions from the Capital Preservation Fund**

*Administrative Expenses:* Notwithstanding the fees, charges and other expenses described above, administrative expenses (including the trustee and administration fee and management fee) may only be deducted from the account of a member whose accrued benefits form part of the Capital Preservation Fund in the following circumstances:

- (i) if the amount of income and profits derived from the investment of the funds of the Capital Preservation Fund for a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed saving rate (as defined in the Regulation and published by the Authority), an amount not exceeding the excess may be deducted from the Capital Preservation Fund as administrative expenses for that month; or
- (ii) if in a particular month no amount is deducted under (i) above or the amount that is deducted is less than the actual administrative expenses for the month, the deficiency may be deducted from the amount of any excess that may remain in any of the following 12 months after deducting the administrative expenses applicable to that following month.

*Compensation Fund Levy:* The Trustee is also required to pay a compensation fund levy under section 17(3) of the MPFS Ordinance. Such amounts as may be necessary to enable the Trustee to pay the levy may be deducted from the account of each member whose accrued benefits form part of the Capital Preservation Fund. The amount so deducted will be calculated in accordance with the provisions in the Regulation.

*Investment Expenses:* All investment expenses such as stamp duties, other fiscal charges and taxes, transaction fees, brokerage fees and commissions will be deducted from the income and profits derived from the investments of the Capital Preservation Fund before such income and profits are credited to the members' accounts.



## 8. GENERAL INFORMATION

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### 8.1 Reports and Accounts

The financial year end of the Plan is 31 December each year. The Trustee will provide to each member of the Plan an annual benefit statement within 3 months of the end of the financial period of the Plan. The annual benefit statement will provide the member with the following information:

- (i) the names of the member, the Plan and the Trustee;
- (ii) the total contributions paid to the Plan during the financial period specifying any unpaid contributions;
- (iii) the value of the accrued benefits as at the beginning and the end of the financial period;
- (iv) if the member is a self-employed person, the total contributions made by the member;
- (v) if the member is an employer, the total contributions made by the employer;
- (vi) particulars of any amount transferred to or from the Plan during the financial period; and
- (vii) if voluntary contributions are made by the member, the amount of mandatory and voluntary contributions made and the accrued benefits derived from each of the contributions.

In addition, the Trustee shall provide or otherwise make available to each casual employee member a monthly statement containing details of his contributions or such other information as the Trustee may from time to time determine.

### 8.2 Publication of Net Asset Value and Prices

The net asset value per unit, the issue price and the redemption price for each constituent fund are published at least weekly in South China Morning Post and Hong Kong Economic Journal. The net asset value per unit is expressed exclusive of any offer spread or bid spread which may be payable on subscription or redemption.

### 8.3 Trust Deed and Investment Management Agreements

Members of the Plan are advised to review the terms of the Trust Deed and the investment management agreements. If there is any conflict between any of the provisions of this Principal Brochure and the Trust Deed, the provisions of the Trust Deed will prevail. Copies of the Trust Deed and the investment management agreements may be obtained from the Trustee at a reasonable cost or may be inspected free of charge during normal working hours at the office of the Trustee.

Subject to the prior approval of the relevant authorities and the provisions in the Trust Deed, the Trustee may modify the Trust Deed by supplemental deed, provided that no such modification may change the main purpose of the Plan to be other than the provision of retirement and other benefits for employees of employers, self-employed persons or preserved members in the catering and construction industries.



Except where the SFC agrees that no notice is required, no modification made to the Trust Deed may take effect until at least 3 months' prior written notice has been given to members of the Plan (or such shorter period of notice as the SFC may approve).

#### **8.4 Termination of the Plan**

Unless terminated in accordance with the terms of the Trust Deed, the Plan will continue indefinitely.

If there is no member, asset or liability in relation to the Plan, the Trustee may apply to the Authority for cancellation of registration of the Plan and notify the SFC for withdrawal of authorisation of the Plan. Otherwise, the Plan may be wound up only by the Court on application made by the MPF Authority in accordance with the MPFS Ordinance.

The winding up of the Plan will be conducted in accordance with the winding up rules provided in the MPFS Ordinance.

#### **8.5 Responsibility of the Trustee**

The Trust Deed contains provisions governing the responsibilities and obligations of the Trustee and providing for its indemnification in certain circumstances. With the prior approval of the Authority and subject to other conditions contained in the Trust Deed, the Trustee may retire voluntarily upon the appointment of a successor. If the Trustee proposes to retire, the Trustee should notify the members of its retirement by giving not less than 1 month's written notice.

#### **8.6 Taxation**

Prospective members under the Plan (including, without limitation, employers, employee members, self-employed persons and preserved members) should inform themselves of and, where appropriate, take their own advice on the taxes applicable to contributions to, withdrawals from and investments in the Plan. The following notes are intended as a general guide only and are not intended to be and do not necessarily describe the tax consequences for all types of members under this Plan.

MEMBERS INTENDING TO PARTICIPATE UNDER THIS PLAN SHOULD SEEK INDEPENDENT PROFESSIONAL TAX ADVICE REGARDING THEIR OWN PARTICULAR TAX CIRCUMSTANCES.

- (i) An employer will be able to deduct his mandatory and voluntary contribution from his taxable income up to 15% of total yearly emoluments of the employees.
- (ii) Employees will be able to deduct their mandatory contributions for salaries tax purposes subject to the maximum deduction of HK\$12,000 per year.
- (iii) Benefits from mandatory contributions are tax exempt. Benefits received from voluntary contributions made by employers may be subject to tax, depending on when and how they are paid.



## 9. APPENDIX

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Classification of the catering and construction industries:

### **Catering Industry**

For the purpose of the industry scheme, the catering industry covers holders of food business licences or permits under the Public Health and Municipal Services Ordinance (Cap.132), canteens at schools and workplace and catering establishments inside clubs. The following are examples of catering establishments:

1. Food factories, milk factories, frozen confection factories and bakeries;
2. Restaurants;
3. Factory canteens;
4. Siu mei or lo mei shops;
5. Cold stores;
6. Fresh provision shops;
7. Cooked food stalls operating in a public market;
8. Cooked food stalls which are granted hawker licences;
9. Chinese herb tea shops.

### **Construction Industry**

For the purpose of the industry scheme, the construction industry covers the following eight major categories:

1. Foundation and associated works;
2. Civil engineering and associated works;
3. Demolition and structural alteration works;
4. Refurbishment and maintenance works;
5. General building construction works;
6. Fire services, mechanical, electrical and associated works;
7. Gas, plumbing, drainage and associated works;
8. Interior fitting out works.

The following are examples of establishment and units engaged in construction works:

Registered with the Building Department:

1. General building contractors;
2. Specialist contractors in the ventilation category.

Registered with the Electrical and Mechanical Services Department:

3. Electrical contractors;
4. Lift contractors and escalators contractors;
5. Builders' lift contractors;
6. Gas contractors.

Others:

7. Fire service installations contractors registered with the Fire Services Department;
8. Holders of a plumber's licence issued by the Water Supplies Department;
9. Public works contractors with an approval letter by the Works Bureau;
10. All sub-contractors to which projects or works are delegated directly or indirectly from any contractors specified in 1 to 9 above.



901– 910, 9/F Miramar Tower, 132 Nathan Road,  
Tsimshatsui, Kowloon, Hong Kong

Employer Hotline: (852) 2298-9388 Member Hotline: (852) 2298-9333

Fax: (852) 2992-0809

Website: [www.bcthk.com](http://www.bcthk.com) E-mail: [bct@bcthk.com](mailto:bct@bcthk.com)

PB-ISE-8/2005

# Addendum to the Principal Brochure of The Bank Consortium Industry Plan



The current version of the Principal Brochure of the Bank Consortium Industry Plan (the “Plan”) contains information accurate to **1 August 2005**. To keep you informed, we have drawn this list of incremental changes to supplement the information contained in the Principal Brochure. Please inquire to ensure that you have the latest version of this Addendum. Note also that all changes below will be inserted into the next printed version of the Principal Brochure.

The numbers on the left refer to the relevant pages of the current version of the Principal Brochure.

<p>Introduction</p>	<p>Effective from 3 March 2006, Asia Commercial Bank transferred its shareholdings in the Trustee to Asia Financial Holdings Limited.</p> <p>In the third paragraph of the Introduction, the following footnote should be inserted after the reference to “Asia Commercial Bank”:</p> <p>“* * * Asia Commercial Bank subsequently transferred its shareholdings in the Trustee to Asia Financial Holdings Limited.”</p> <p>In the third paragraph of the Introduction, the following sentence “Later, the shareholder group was further expanded to include Fubon Bank (Hong Kong) Limited (formerly known as International Bank of Asia) and Industrial and Commercial Bank of China (Asia).” should be deleted and replaced by “Later, the shareholder group was further expanded to include Fubon Bank (Hong Kong) Limited (formerly known as International Bank of Asia), Industrial and Commercial Bank of China (Asia) and Asia Financial Holdings Limited.”</p> <p>In the fourth paragraph of the Introduction, the reference to “All the ultimate shareholders of the Trustee” should be deleted and replaced by “The majority of the ultimate shareholders of the Trustee”; and the reference to “shareholders banks” should be deleted and replaced by “shareholders”.</p>
<p>Page 2</p>	<p>Effective from 28 November 2005, “INVESCO Asia Limited” changed its English name to “INVESCO Hong Kong Limited”. Its address was also changed accordingly.</p> <p>Salomon Brothers Asset Management Asia Pacific Limited was sold by Citigroup Inc. to Legg Mason, Inc. and is now a wholly owned subsidiary of Legg Mason, Inc. Effective from 28 April 2006, the name of “Salomon Brothers Asset Management Asia Pacific Limited” was changed to “Legg Mason Investments (Hong Kong) Limited”. Its address was also changed accordingly. Further, the name of the “Citi Hong Kong Equities Fund” was changed to “Legg Mason Hong Kong Equities Fund”.</p> <p>In the second paragraph, the references to “INVESCO Asia Limited” should be deleted and replaced by “INVESCO Hong Kong Limited”; and the references to “Salomon Brothers Asset Management Asia Pacific Limited (a member of Citigroup Asset Management Group)” and “Salomon Brothers Asset Management Asia Pacific Limited” should be deleted and replaced by “Legg Mason Investments (Hong Kong) Limited”.</p>

Page 3	<p>Under the heading “Investment Managers”, the reference to “INVESCO Asia Limited” (and its corresponding address) should be deleted and replaced by “INVESCO Hong Kong Limited” (and its corresponding address); and the reference to “Salomon Brothers Asset Management Asia Pacific Limited” (and its corresponding address) should be deleted and replaced by “Legg Mason Investments (Hong Kong) Limited” (and its corresponding address). The addresses of INVESCO Hong Kong Limited and Legg Mason Investments (Hong Kong) Limited are:</p> <p>INVESCO Hong Kong Limited 32/F., Three Pacific Place 1 Queen’s Road East Hong Kong</p> <p>Legg Mason Investments (Hong Kong) Limited 20/F., Three Exchange Square 8 Connaught Place Central, Hong Kong</p>
Page 3	<p>Effective from 1 August 2005, the road number of Alexandra House was changed from “16-20” to “18” Chater Road.</p> <p>Under the heading “Legal Advisers”, the address of Deacons should be deleted and replaced by: 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong</p>
Page 4	<p>In the second paragraph, the reference to “INVESCO Asia Limited” should be deleted and replaced by “INVESCO Hong Kong Limited”.</p>
Page 7	<p>Under the heading “(vii) Hong Kong Equity Fund”, the reference to “Citi Hong Kong Equities Fund” should be deleted and replaced by “Legg Mason Hong Kong Equities Fund”.</p>
Page 8	<p>Effective from 1 February 2006, the name of the “Dresdner RCM Absolute Return Fund” was changed to “RCM Absolute Return Fund”.</p> <p>Under the heading “(ix) Absolute Return Fund”, the reference to “Dresdner RCM Absolute Return Fund” should be deleted and replaced by “RCM Absolute Return Fund”.</p>
Page 11	<p>Under the heading “3.4 Investment Management”, the reference to “INVESCO Asia Limited” should be deleted and replaced by “INVESCO Hong Kong Limited” and the reference to “Salomon Brothers Asset Management Asia Pacific Limited” should be deleted and replaced by “Legg Mason Investments (Hong Kong) Limited”.</p>
Page 33	<p>This new section 7.2 should be inserted in page 33 of the Principal Brochure:</p> <p><b>“7.2 Signposting of On-going Cost Illustrations and the Illustrative Example for the Capital Preservation Fund</b></p> <p>A document that illustrates the on-going costs on contributions to constituent funds in the Plan and the illustrative example for the Capital Preservation Fund is available and distributed together with this Principal Brochure. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of this document which can be obtained from the Trustee, its member banks and agents.”</p>

# On-Going Cost Illustrations for The Bank Consortium Industry Plan



Issued on: 30 Jun 2006

## About this Illustration

This is an illustration of the total effect of fees and charges on each HK\$1,000 contributed in the funds named below. The fees and charges of a fund are one of the factors that you should consider in making investment decisions across funds. You should however also consider other important information such as the risks of the fund, the nature of the fund, the attributes of relevant parties, the range and quality of services being offered and, most importantly, your own personal circumstances and expectations. The information about fees and charges set out in this table is intended to help you compare the cost of investing in one constituent fund with the cost of investing in other constituent funds.

The Illustration has been prepared based on some assumptions that are the same for all funds. The Illustration assumes the following:

- a gross contribution of HK\$1,000 is made in the respective constituent fund now and, being eligible to do so, you withdraw all of your accrued benefits arising from this contribution at the end of each time period indicated;
- for the purpose of this illustration only, the contribution has a 5% gross return each year [It is important that you note that the assumed rate of return used in this document for illustrative and comparative purposes only. The return is neither guaranteed nor based on past performance. The actual return may be different.]; and
- the expenses of the funds (expressed as a percentage called the “fund expense ratio” below) remain the same for each fund for all the periods shown in this illustration.

**Based on the above assumptions, your costs on each HK\$1,000 contributed are illustrated in the following table<sup>1</sup>. Please note that the actual costs will depend on various factors and may be different from the numbers shown below.**

Name of constituent fund	Fund expense ratio for financial period ended 12/05	Cost on each HK\$1,000 contributed		
		After 1 year (HK\$)	After 3 years (HK\$)	After 5 years (HK\$)
BCT Hong Kong Equity Fund	1.99%	21	65	111
BCT Asian Equity Fund	2.42%	25	78	133
BCT Global Equity Fund <sup>3</sup>	2.51%	26	81	138
BCT Growth Fund	1.81%	19	59	101
BCT Balanced Fund	1.81%	19	59	101
BCT Stable Fund	1.80%	19	58	101
BCT Absolute Return Fund <sup>2</sup>	NA	NA	NA	NA
BCT Global Bond Fund <sup>3</sup>	2.48%	26	80	137

Note 1: The example does not take into account any fee rebates that may be offered to certain employers/members of the scheme.

Note 2: No figures are available for BCT Absolute Return Fund because the fund was launched in August 2005, less than one year from the financial year-end of the scheme as at December 2005.

Note 3: The relevant fund expense ratio includes maintenance fee of 0.25% in the relevant underlying funds. Such maintenance fee was subsequently refunded to the relevant constituent fund, but such refund is not reflected in this fund expense ratio. Accordingly, such fund expense ratio and the relevant corresponding Costs on each HK\$1,000 contributed appear to be larger than the actual fund expense ratio.

# Illustrative Example for The BCT Capital Preservation Fund of The Bank Consortium Industry Plan



Issued on: 30 Jun 2006

## Purpose of the Example

This example is intended to help you compare the total amounts of annual fees and charges payable under this Scheme with those under other registered schemes.

## This Example Assumes that:

### *Your MPF Account Activities*

- (a) your monthly relevant income is HK\$8,000
- (b) you have put all your accrued benefits into the Capital Preservation Fund; you have not switched your accrued benefits to other constituent funds during the financial period
- (c) you have not transferred any accrued benefits into or out of this Scheme during the financial period

### *Your Company Profile*

- (d) 5 employees (including yourself) of your employer participate in this Scheme
- (e) the monthly relevant income of each employee is HK\$8,000
- (f) no voluntary contribution is made
- (g) each of the other 4 employees has the same MPF account activities as yours

### *Investment Return and Savings Rate*

- (h) the monthly rate of investment return is 0.5% on total assets
- (i) the prescribed savings rate is 3.25% per annum throughout the financial period

Based on these assumptions, the **total amounts of annual fees** you need to pay under this Scheme in one financial period would be: HK\$64

Warning: This is just an illustrative example. The actual amounts of fees you need to pay may be **higher** or **lower**, depending on your choice of investments and activities taken during the financial period.