First Addendum to the Principal Brochure of the BCT (MPF) Industry Choice

BCT
銀聯集團

This is the first addendum (the "**First Addendum**") to the principal brochure of the BCT (MPF) Industry Choice dated 12 December 2016, as amended (the "**Principal Brochure**"). We have drawn up this list of incremental changes to supplement the information contained in the Principal Brochure. This First Addendum must be read in conjunction with and forms part of the Principal Brochure. Bank Consortium Trust Company Limited (the "Trustee") accepts responsibility for the information contained in this First Addendum. The Principal Brochure can be accessed via the website of the Trustee (www.bcthk.com) or obtained by contacting the Trustee.

The numbers on the left column of the below table refer to the relevant pages of the current version of the Principal Brochure. Unless otherwise defined herein, terms used in this First Addendum bear the same meanings as in the Principal Brochure.

Except otherwise specified below, the following amendments are made to the Principal Brochure with effect from 1 April 2017. To facilitate your review, the amendments to the Principal Brochure have been divided into two main sections as follows:

Part A – amendments to the beginning of the Principal Brochure (namely the "Introduction" and Section 1 – "Summary") as well as amendments which directly relate to the introduction of the Default Investment Strategy

Part B – other administrative, ancillary or consequential amendments, relevant to the introduction of the Default Investment Strategy or otherwise.

Part A – amendments to the beginning of the Principal Brochure (namely the "Introduction" and Section 1 – "Summary") as well as amendments which directly relate to the introduction of the Default Investment Strategy	
Introduction	1. The second bullet point under "Important Notes" will be deleted and replaced with the following: "• You should consider your own risk tolerance level and financial circumstances before making any investment choices or investing according to the Default Investment Strategy. When, in your selection of funds or the Default Investment Strategy, you are in doubt as to

IS-PBAS-122016

	whether a certain fund or the Default Investment Strategy is suitable for you (including whether it is consistent with your investment objective), you should seek financial and / or professional advice and choose the investment choice(s) most suitable for you taking into account your circumstances.” ● In the event that you do not make any investment choices, please be reminded that your contributions made and / or accrued benefits transferred into the Plan will be invested in accordance with the Default Investment Strategy, which may not necessarily be suitable for you. Please refer to the section headed “Default Investment Strategy” for further information.” 2. The seventh paragraph will be deleted and replaced with the following: “The Plan offers the choices of the Default Investment Strategy and twelve 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 MPF Conservative 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.”
Pages 1-3	1. The fourth paragraph under Section 1 – “Summary” will be deleted and replaced with the following: “The Plan offers the Default Investment Strategy and twelve 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 as amended from time to time (the “Regulation”). Subject to the approval of the Authority and the SFC, additional constituent funds can be established at any time by the Trustee.”

2. The seventh paragraph under Section 1 – “Summary” will be deleted and replaced with the following:

   “The twelve constituent funds in the Plan are defined and categorized in the following table:”

3. The following information will be added to the category of Mixed Asset Fund in the list of constituent funds in Section 1 – “Summary”:

“(8)	BCT (Industry) Core Accumulation Fund (the “Core Accumulation Fund”)	1 April 2017
(9)	BCT (Industry) Age 65 Plus Fund (the “Age 65 Plus Fund”)	1 April 2017”

4. The numbering of the MPF Conservative Fund, the Global Bond Fund and the RMB Bond Fund in the list of constituent funds in Section 1 “Summary” will be amended accordingly.

5. The first sentence in the eighth paragraph under Section 1 – “Summary” will be deleted and replaced with the following:

   “Invesco Hong Kong Limited has been appointed by the Trustee as the investment manager to carry out the investment management functions of the MPF Conservative Fund, E30 Mixed Asset Fund, E50 Mixed Asset Fund, E70 Mixed Asset Fund, RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund.”

6. The twelfth paragraph under Section 1 – “Summary” will be deleted and replaced with the following:

   “The constituent funds in the Plan and the Default Investment Strategy are subject to risks inherent in all investments. Please refer to the risk factors in section 3.2 and section 3.6 (relating to the Default Investment

	Strategy) for more details and, with particular relevance to the contents of this Principal Brochure on the Default Investment Strategy (including the said section 3.6), the meanings of the following terms are summarized below to facilitate ease of reading: "DIS" means the default investment strategy; "Effective Date" means the date on which DIS comes into effect under the MPFS Ordinance (namely: 1 April 2017); "Higher risk assets" means assets identified as such under the Mandatory Provident Fund Schemes Ordinance in connection with the requirements for DIS and such assets include, by way of examples only, shares, warrants, financial futures contracts and financial option contracts that are used other than for hedging purposes, and interests in an index-tracking collective investment scheme that tracks an index comprised of equities or equities-like securities ; "Lower risk assets" means assets which are not higher risk assets and such assets include, by way of examples only, global bonds, cash, and money market instruments; "Reference Portfolio" means a reference portfolio for each of the constituent funds under DIS as developed by the MPF industry and its performance is published by the Hong Kong Investment Funds Association to provide a common reference point for the performance and asset allocation of that constituent fund. For further details, please refer to the heading "Information on Performance of DIS Funds" under section 3.6."
Page 17	The following section shall be inserted after Section 3.5 – "Borrowing Policy: **"3.6 Default Investment Strategy** In respect of new accounts set up on or after 1 April 2017, if a member fails to give an investment mandate to the Trustee on how his contributions are to be invested or where all or part of the investment mandate is regarded as invalid, the default investment arrangement of the Plan will be the Default Investment Strategy ("DIS") replacing the original Default Fund

(i.e. the BCT (Industry) MPF Conservative Fund or the BCT (Industry) E30 Mixed Asset Fund). DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not give an investment mandate or where all or part of the investment mandate is regarded as invalid in respect of an account opened on or after the Effective Date, all (or the relevant part of) their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

The key features about DIS:

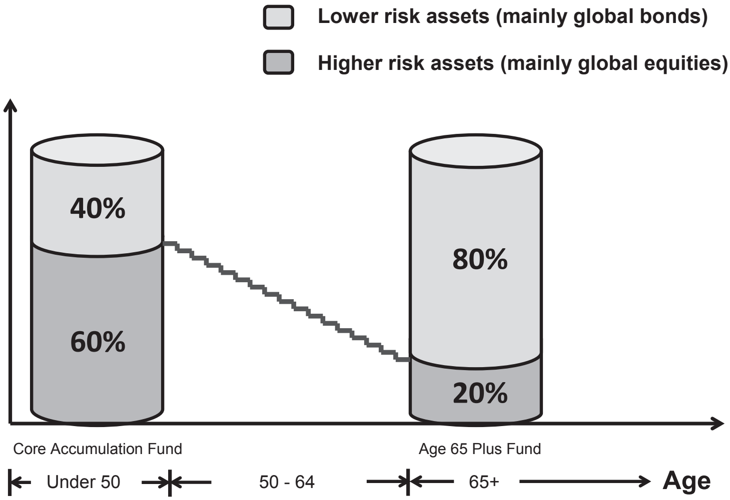
Asset Allocation of the DIS

The DIS aims to balance the long term effects of investment risk and return through investing in two constituent funds for the Plan, namely the Core Accumulation Fund and the Age 65 Plus Fund (together the “DIS Funds”), according to the pre-set allocation percentages at different ages. The Core Accumulation Fund will have exposure of around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean fixed income instruments, money market instruments, cash or similar investments) of its net asset value whereas the Age 65 Plus Fund will have exposure of around 20% in higher risk assets and 80% in lower risk assets. Both DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, global bonds, money market instruments and cash, and other types of assets allowed under the MPF legislation. For further information on the investment objective and policies of each of the DIS Funds, please refer to section 3.1 entitled “Investment Policy”.

De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts investment risk depending on a member’s age. The DIS will manage investment risk exposure by automatically reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the Core Accumulation Fund and increasing the holding in the Age 65 Plus Fund throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

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



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

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the Core Accumulation Fund to the Age 65 Plus Fund under the DIS. Switching of the existing accrued benefits from the Core Accumulation Fund to the Age 65 Plus Fund will be automatically carried out each year ("annual de-risking") generally, on the relevant member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below. Please refer to the following sub-section for details of dealing day of annual de-risking.

Dealing day of annual de-risking

The annual de-risking will be carried out on a member's birthday. Subject to as described in the following paragraph, if a member's birthday falls on a day which is not on a dealing day, then the annual de-risking will be carried out on the next available dealing day. If the birthday of the relevant member falls on the 29th of February and in the year which is not a leap year, then the annual de-risking will be carried out on 1st of March or the next available dealing day. Where as a result of a number 8 typhoon signal, black rainstorm warning or other similar events, the opening hours of banks in Hong Kong on any day is reduced, such day shall not be a dealing day of annual de-risking unless the Trustee and the Sponsor determine otherwise.

When one or more of the specified instructions (including but not limited to subscription or redemption) are being processed on the annual date of de-risking for a relevant member, the annual de-risking in respect of such member will normally take place on the next dealing day, after completion of such specified instructions where necessary. For the avoidance of doubt, the sequence for processing de-risking as described above will also apply in all other circumstances involving redemption of accrued benefits from the DIS (provided that the member still has accrued benefits invested in the DIS after the redemption), for example where there is any withdrawal from the Plan, or withdrawal as a result of Employee Choice Arrangement or offsetting against long service payment or severance payment, or where an employer elects to transfer out from the Plan into other MPF schemes. Members should note that the annual de-risking may be deferred as a result.

If a member would like to switch out from the DIS and / or change his investment mandate to invest into individual constituent fund(s) (which may include the DIS Funds as standalone constituent funds) before the annual de-risking takes place (generally on a member's birthday), he should submit a switching instruction and / or a new investment mandate (as applicable) before the dealing cut-off time at 4:00 p.m. on the member's birthday. If the switching instruction and / or the new investment mandate are received after such dealing cut-off time, the switching instruction and / or change of investment mandate (as applicable) will only be performed after the completion of the de-risking process.

A de-risking notice will be sent at least 60 days prior to a member reaching the age of 50 or to the extent practicable, and a de-risking statement will be sent to members no later than 5 business days after de-risking is completed.

Please refer to section 6 entitled “Dealing of Units” for details regarding the handling procedures for subscription, redemption and switching. Members should be aware that the above de-risking will not apply where a member chooses the Core Accumulation Fund and the Age 65 Plus Fund as individual fund choices (rather than as part of the DIS).

In summary, under the DIS:

- When a member is below the age of 50, all his contributions and accrued benefits transferred from another scheme will be invested in the Core Accumulation Fund.

- When a member is between the ages of 50 and 64, all his contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between the Core Accumulation Fund and the Age 65 Plus Fund as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above.

- When a member reaches the age of 64, all his contributions and accrued benefits transferred from another scheme will be invested in the Age 65 Plus Fund.

If the Trustee does not have the full date of birth of the relevant member, the de-risking will be carried out as follows:

- If only the year and month of birth is available, the annual de-risking will take place on the last calendar day of the birth month or if it is not a dealing day, the next available dealing day.

- If only the year of birth is available, the annual de-risking will take place on the last calendar day of the year or if it is not a dealing day, the next available dealing day.

- If no information at all on the date of birth, member's accrued benefits will be fully invested in the Age 65 Plus Fund with no de-risking applied.

If the relevant member subsequently provide satisfactory evidence as to his year, month and / or day of birth, the relevant member's birthday based on such new evidence will be adopted, and the corresponding allocation percentages will be applied as soon as practicable.

Diagram 2: DIS De-risking Table

Age	Core Accumulation Fund	Age 65 Plus Fund
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the Core Accumulation Fund and the Age 65 Plus Fund is made at the point of annual de-risking and the proportion of the Core Accumulation Fund and the Age 65 Plus Fund in the DIS portfolio may vary during the year due to market fluctuations.

The allocation percentages of each relevant member between the Core Accumulation Fund and the Age 65 Plus Fund will be rounded to one decimal place.

Switching in and out of the DIS

A member can switch into or out of the DIS and change his future contributions to invest in DIS at any time, subject to the Trust Deed and the relevant participation agreement. Subject to the same limitation, if a member wishes to switch out of the DIS, he may elect to switch all or part of his accrued benefits to other constituent funds (including the DIS Funds as standalone investments). Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a member switches out of the DIS, such switching may negatively affect the balance between the risk and return attributes which have been built into the DIS as a long-term strategy the effect of such switching, is also stated under "Risk on early withdrawal and switching" in the section titled "Risks associated with the Default Investment Strategy".

Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the investment mandate for future contributions, and vice versa.

Circumstances for Accrued Benefits to be Invested in the DIS

New accounts set up on or after the Effective Date:

(a) When members join the Plan or set up a new account in the Plan, they have the opportunity to give an investment mandate for their future contributions and accrued benefits transferred from another scheme. Unless otherwise provided in the relevant Participation Agreement and / or the relevant forms, they may choose to invest their future contributions (including accrued benefits transferred from another scheme) into:

   - the DIS; and / or

   - one or more constituent funds of their own choice from the list under section 3.1 entitled "Investment Policy" above (including the Core Accumulation Fund and the Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant constituent fund(s) of their choice.

Members should note that, if investments / benefits in the Core Accumulation Fund or the Age 65 Plus Fund are made under the member's investment mandate as a standalone fund choice rather than as part of the DIS offered as a choice ("standalone investments"), those investment / accrued benefits derived therefrom will not be subject to the de-risking process. On the other hand, if the member has made investments in the Core Accumulation Fund and / or the Age 65 Plus Fund according to the DIS (whether as a default arrangement or in accordance with investment instructions) ("DIS investments"), accrued benefits derived therefrom will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in standalone investments and DIS investments. In particular, the member would, when giving a fund switching instruction, be required to specify to which of the benefits (namely, under standalone investments or DIS investments) the instruction relates.

(b) If a member does not give investment mandate (i.e. "specific investment instructions" which refer to the instructions directing how his contributions and accrued benefits transferred from other scheme given according to the member's selection as permitted under the Trust Deed stated in section 4.4 "Investment Mandate" under section 4.1 "Contributions and Withdrawal"), all (or the relevant part of) his future contributions and accrued benefits transferred from another scheme will be automatically invested in the DIS.

<u>Existing accounts set up before the Effective Date:</u>

There are special rules to be applied for accounts which exist or are set up before 1 April 2017) ("Pre-existing Account"), but these rules **only apply to a member who is under or becoming 60 years of age on the Effective Date or the Trustee is not aware of the age of the member**:

(a) For a member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement (as specified in the form(s) prescribed and accepted by the Trustee from time to time, being, for the versions of the form(s) issued on or after 1 August 2005, the BCT (Industry) E30 Mixed Asset Fund and, for the versions of the form(s) issued before 1 August 2005, the BCT (Industry) MPF Conservative Fund[#]) ("Default Fund") and no investment instruction has been given in respect of the accrued benefits:

If the accrued benefits in a member's Pre-existing Account are only invested according to the Default Fund, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such Pre-existing Account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the "DRN") may be sent to the member, within 6 months from the Effective Date, explaining the impact on such account and giving the member an opportunity to give an investment instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. **Members should note that the risk inherent in the Default Fund may be different from that of the DIS. The risk and return profiles of the BCT (Industry) MPF Conservative Fund and the BCT (Industry) E30 Mixed Asset Fund are "low" and "low to medium" respectively, whilst the risk and return profile of the DIS Funds (namely the Age 65 Plus Fund and the Core Accumulation Fund) under the DIS ranges from "low to medium" to "medium". Members will also be subject to market risks during the redemption and reinvestment process.**

Notwithstanding the aforesaid, in the case of any transfer from one account to another account within the Plan (e.g. from a contribution account to a personal account following the cessation of employment), unless member otherwise instructs as permitted under the governing rules, the transferred benefits shall remain invested in the same manner as they were invested immediately before the transfer. Accordingly, if the accrued benefits of a member's Pre-existing Account are invested in the Default Fund as a result of a transfer from one account to another account within the Plan, the special rules and arrangements relating to DIS and the DRN as described above will not apply. For the avoidance of doubt, the investment mandates applicable to the original account generally will not apply to future contributions or accrued benefits transferred from another scheme that are made to the new account. Future contributions or accrued benefits transferred from another scheme to the new account will be invested according to the DIS, unless investment mandates are received by the Trustee or unless the continued application of such investment mandate on or after the Effective Date has been reinforced before the Effective Date by certain activities requested by the member (such as the transfer of assets from another scheme before the Effective Date requested by the member).

For details of the arrangement, members should refer to the DRN.

(b) For a member's Pre-existing Account with part of the accrued invested in the Default Fund:

For a member's Pre-existing Account with part of the accrued benefits is invested in the Default Fund immediately before the Effective Date, unless the Trustee has received any investment instructions, accrued benefits of a member will be invested in the same manner as accrued benefits were invested immediately before the Effective Date. Future contribution and accrued benefit transferred from another scheme will be invested in the DIS, unless the Trustee has received any investment mandate.

(c) Members with Pre-existing Account and aged 60 or above before the Effective Date:

In the case of members who are aged 60 or above before the Effective Date and who hold a Pre-existing Account, the accrued benefits, future contributions and accrued benefits transferred from another scheme in the Pre-existing Account will continue to be invested in the same manner as accrued benefits, future contributions and accrued benefits transferred from another scheme (as the case may be) were invested immediately before the Effective Date, unless the Trustee receives any investment instructions.

For the avoidance of doubt, Pre-existing Accounts that did not invest any accrued benefits in the Default Fund will continue to be invested in the same manner as accrued benefits were invested immediately before the Effective Date.

Members with Pre-existing Accounts who have doubts as to how their Pre-existing Accounts will be affected by the above or the law regarding DIS in general should consult the Trustee.

Fees and out-of-pocket expenses of the DIS Funds

In accordance with the MPF legislation, the aggregate of the payments for services of the Core Accumulation Fund and the Age 65 Plus Fund must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of these DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s) and the sponsor of the Plan and the underlying fund(s) of the respective DIS Fund and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of each of the DIS Fund and its underlying fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying fund(s). For further details, please refer to section 7 entitled “Fees and Charges”.

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or a member who invests in a DIS Fund, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee’s duties to provide services in relation to a DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. It should, however, be noted that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the DIS Funds and are not subject to the said statutory cap.

Risks associated with the Default Investment Strategy

Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

<u>Limitations on the strategy</u>

(a) *Age as the sole factor in determining the asset allocation under the DIS*

As set out in more detail in section entitled "The key features about DIS" under section 3.6 entitled "Default Investment Strategy", members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the Plan.

(b) *Pre-set asset allocation*

Members should note that the two DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or – 5%. The prescribed exposure between higher risk and lower risk assets of the Core Accumulation Fund and the Age 65 Plus Fund will limit the ability of the investment manager of these two DIS Funds to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the investment manager thought it appropriate to do so.

(c) Annual de-risking between the DIS Funds

Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions. It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate members from "systemic risk", such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

(d) Potential rebalancing within each DIS Fund

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the Core Accumulation Fund and the Age 65 Plus Fund, the investments of each of the Core Accumulation Fund and the Age 65 Plus Fund may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the Core Accumulation Fund's or the Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, each of the Core Accumulation Fund and the Age 65 Plus Fund will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the investment manager is of the view that the higher risk assets might continue to perform poorly.

(e) Additional transaction costs

Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the prescribed allocation within each of the Core Accumulation Fund and the Age 65 Plus Fund and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund / strategy with more static allocation.

General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those members with only a short investment horizon before retirement). The two DIS Funds are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to section 3.2 entitled "Risk Factors".

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on members keeping benefits in the DIS beyond the age of 64

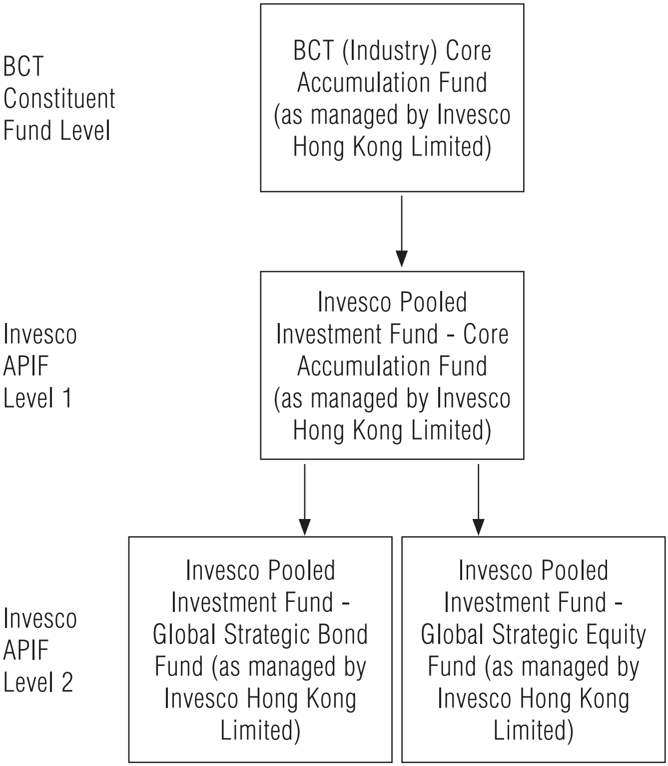
Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme) / on-going contributions, if any, will be invested in the Age 65 Plus Fund which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

	Information on Performance of DIS Funds The fund performance and fund expense ratio (which, as explained in the glossary at the website of the Mandatory Provident Fund Schemes Authority, indicates the total amount of expenses charged by an MPF fund as a percentage of fund size) of the Core Accumulation Fund and the Age 65 Plus Fund will be published in the fund factsheet (issued quarterly and the fund factsheet for the 4th quarter issued will be attached to the annual benefit statement. Members can visit www.bcthk.com or call the Employer Hotline (2298 9388) or Member Hotline (2298 9333) for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk). To provide a common reference point for performance and asset allocation of the Core Accumulation Fund and the Age 65 Plus Fund, a MPF industry developed Reference Portfolio, which may change from time to time, is adopted for the purpose of each of the DIS Funds. The fund performance will be reported against the Reference Portfolios the performance of which is published by the Hong Kong Investment Funds Association, please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolios. The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the funds and consider whether the investments still suit their personal needs and circumstances."
The page where the symbol of the footnote appears in the text	**The following footnote be added at the bottom of the page where the symbol of the footnote appears in the text of the page:** #For members enrolled during the period from about August 2005 to about May 2007, as both versions of the form(s) were in use, the original default investment arrangement for (where applicable) each of such members was, depending on which versions of the form(s) were used, either the BCT (Industry) E30 Mixed Asset Fund or the BCT (Industry) MPF Conservative Fund.

Part B – other administrative, ancillary or consequential amendments, relevant to the introduction of the Default Investment Strategy or otherwise	
Pages 5 and 12	1. The first and second paragraphs under Section 3.1 – "Investment Policy" will be deleted and replaced with the following: "Twelve constituent funds (in (i) to (xii) 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 and / or in the Default Investment Strategy. Please refer to section 4.4 entitled "Investment Mandate" and section 6.3 entitled "Change of Investment Instructions" for further details. The MPF Conservative Fund, E30 Mixed Asset Fund, E50 Mixed Asset Fund, E70 Mixed Asset Fund, RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund are managed by Invesco." 2. The following paragraphs regarding the Core Accumulation Fund and the Age 65 Plus Fund will be added after the paragraph "(x) RMB Bond Fund" under Section 3.1 – "Investment Policy": "(xi) Core Accumulation Fund *Investment objective* The objective of the Core Accumulation Fund is to provide capital growth to members by investing in a globally diversified manner. *Investment policy* The Core Accumulation Fund will invest solely in "Invesco Pooled Investment Fund – Core Accumulation Fund" an underlying APIF which, in turn (through its investment in two other APIFs, namely Invesco Pooled Investment Fund – Global Strategic Equity Fund and Invesco Pooled Investment Fund – Global Strategic Bond Fund (the "DIS Underlying APIFs", and each of them an "DIS Underlying APIF")) invests in a portfolio of global equities with reference to the constituents, sectors, and geographical allocation of the FTSE MPF

All-World Index, and a portfolio of global fixed income securities with reference to the credit rating, sectors, and geographical allocation of the Citi MPF World Government Bond Index, as allowed under the Regulation.

The investment structure of the Core Accumulation Fund and its underlying APIFs are illustrated as follows:



Through the DIS Underlying APIFs, the Invesco Pooled Investment Fund – Core Accumulation Fund invested by the Core Accumulation Fund targets to invest 60% of its net asset in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The asset allocation of the Invesco Pooled Investment Fund – Core Accumulation Fund will make reference to the Reference Portfolio adopted for the Core Accumulation Fund. For further information on the Reference Portfolio, please refer to section 3.6 (relating to the Default Investment Strategy) on performance of DIS Funds. Subject to the above allocation limit / reference, the investment manager of the Invesco Pooled Investment Fund – Core Accumulation Fund has discretion as to the asset allocation of that APIF.

Investment strategy of underlying APIFs

The Invesco Pooled Investment Fund – Core Accumulation Fund will primarily invest in a combination of global equities and bonds in a globally diversified manner (through investment in Class B Units of the DIS Underlying APIFs).

The DIS Underlying APIFs adopt an active investment strategy. The Invesco Pooled Investment Fund – Global Strategic Equity Fund aims to achieve capital appreciation over the long term and seek to achieve returns above that of the FTSE MPF All-World Index (a constituent index under the Reference Portfolio) through active management of a portfolio of global equities with reference to the constituents, sectors and geographical allocation of that reference index. The Invesco Pooled Investment Fund – Global Strategic Bond Fund aims to achieve stable growth over the long term and seek to achieve returns above that of the Citi MPF World Government Bond Index (a constituent index under the Reference Portfolio) through active management of a portfolio of global fixed income securities with reference to the credit rating, sectors, and geographical allocation of that reference index. In other words, the constituents of the portfolios of each of the DIS Underlying APIFs may not be identical to those of its reference index in terms of security selection and weighting and the DIS Underlying APIFs may selectively react to the movement of the dealings in the portfolios or market fluctuations. This strategy aims to promote efficiency and minimize costs for the purpose of DIS asset rebalancing.

Geographical allocation

There is no prescribed allocation for investments in any specific countries or currencies.

Use of financial futures and options contracts

The Core Accumulation Fund and the underlying APIF, Invesco Pooled Investment Fund – Core Accumulation Fund will not enter into financial futures and options contracts, but will maintain an effective currency exposure to Hong Kong dollars of not less than 30% by holding a minimum of 30% of its net assets in Hong Kong dollars currency investments. One of the DIS Underlying APIFs invested by the Invesco Pooled Investment Fund – Core Accumulation Fund may enter into financial futures and options contracts for hedging purposes.

Securities lending

The Core Accumulation Fund, the underlying APIF, Invesco Pooled Investment Fund – Core Accumulation Fund, and the DIS Underlying APIFs will not engage in securities lending.

Risk and Return Profile

An MPF industry developed Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the Core Accumulation Fund. For further information, please refer to section 3.6 (relating to the Default Investment Strategy) on performance of DIS Funds.

The Core Accumulation Fund is designated as a medium risk investment option. It is expected that the return of the Core Accumulation Fund over the long term will be at least similar to the return of the Reference Portfolio of the Core Accumulation Fund.

The risk profile designated for the Core Accumulation Fund is determined by the Sponsor (and accepted by the Trustee) based on various factors including volatility, the investment objective and policy and asset allocations and by reference to the risk profiles of the other constituent funds in the Plan. The risk profile is provided for reference only, and may be reviewed and updated (where necessary) annually based on prevailing market circumstances.

(xii) Age 65 Plus Fund

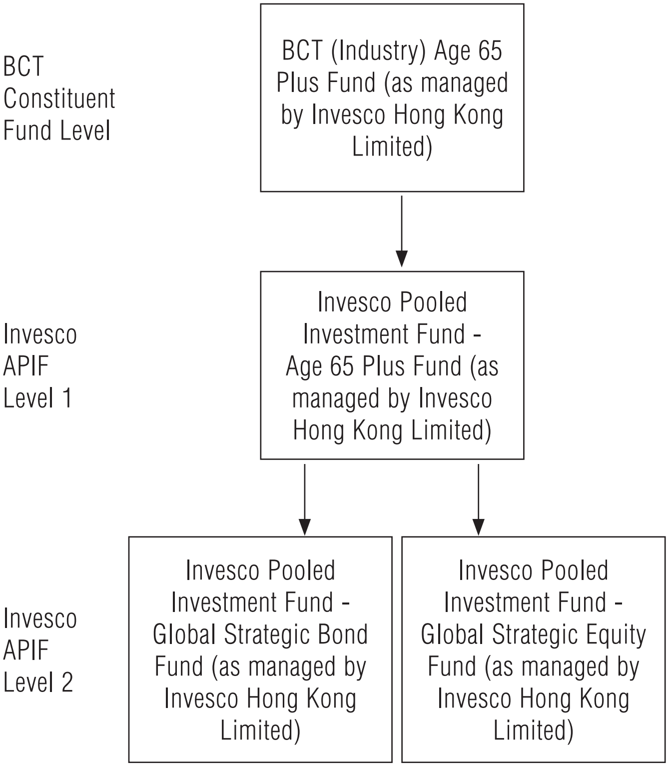
Investment objective

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

Investment policy

The Age 65 Plus Fund will invest solely in "Invesco Pooled Investment Fund – Age 65 Plus Fund" an underlying APIF which, in turn (through its investment in the DIS Underlying APIFs) invests in a portfolio of global equities with reference to the constituents, sectors, and geographical allocation of the FTSE MPF All-World Index, and a portfolio of global fixed income securities with reference to the credit rating, sectors, and geographical allocation of the Citi MPF World Government Bond Index, as allowed under the Regulation.

The investment structure of the Age 65 Plus Fund and its underlying APIFs are illustrated as follows:



Through the DIS Underlying APIFs, the Invesco Pooled Investment Fund – Age 65 Plus Fund invested by the Age 65 Plus Fund targets to invest 20% of its net asset value in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The asset allocation of the Invesco Pooled Investment Fund – Age 65 Plus Fund will make reference to a Reference Portfolio adopted for the Age 65 Plus Fund. For further information on the Reference Portfolio, please refer to section 3.6 (relating to the Default Investment Strategy) on performance of DIS Funds. Subject to the above allocation limit / reference, the investment manager of the Invesco Pooled Investment Fund – Age 65 Plus Fund has discretion as to the asset allocation of that APIF.

Investment strategy of Underlying APIFs

The Invesco Pooled Investment Fund – Age 65 Plus Fund will primarily invest in a combination of global equities and bonds in a globally diversified manner (through investment in Class B Units of the DIS Underlying APIFs).

The DIS Underlying APIFs adopt an active investment strategy. The Invesco Pooled Investment Fund – Global Strategic Equity Fund aims to achieve capital appreciation over the long term and seek to achieve returns above that of the FTSE MPF All-World Index (a constituent index under the Reference Portfolio) through active management of a portfolio of global equities with reference to the constituents, sectors and geographical allocation of that reference index. The Invesco Pooled Investment Fund – Global Strategic Bond Fund aims to achieve stable growth over the long term and to seek to achieve returns above that of the Citi MPF World Government Bond Index (a constituent index under the Reference Portfolio) through active management of a portfolio of global fixed income securities with reference to the credit rating, sectors, and geographical allocation of that reference index. In other words, the constituents of the portfolios of each of the DIS Underlying APIFs may not be identical to those of its reference index in terms of security selection and weighting and the DIS Underlying APIFs may selectively react to the movement of the dealings in the portfolios or market fluctuations. This strategy aims to promote efficiency and minimize costs for the purpose of DIS asset rebalancing.

Geographical allocation

There is no prescribed allocation for investments in any specific countries or currencies.

Use of financial futures and options contract

The Age 65 Plus Fund and the underlying APIF, Invesco Pooled Investment Fund – Age 65 Plus Fund, will not enter into financial futures and options contracts, and it will maintain an effective currency exposure to Hong Kong dollars of not less than 30% by holding a minimum of 30% of its net assets in Hong Kong dollars currency investments. One of the DIS Underlying APIFs invested by the Invesco Pooled Investment Fund – Age 65 Fund may enter into financial futures and options contracts for hedging purposes.

Securities lending

The Age 65 Plus Fund and the underlying APIF, Invesco Pooled Investment Fund – Age 65 Plus Fund, and the DIS Underlying APIFs will not engage in securities lending.

Risk and Return Profile

An MPF industry developed Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the Age 65 Plus Fund. For further information, please refer to section 3.6 (relating to the Default Investment Strategy) on performance of DIS Funds.

The Age 65 Plus Fund is designated as a low to medium risk investment option. It is expected that the return of the Age 65 Plus Fund over the long term will be at least similar to the return of the Reference Portfolio of the Age 65 Plus Fund.

The risk profile designated for the Age 65 Plus Fund is determined by the Sponsor (and accepted by the Trustee) based on various factors including volatility, the investment objective and policy and asset allocations and by reference to the risk profiles of the other constituent funds in the Plan. The risk profile is provided for reference only, and may be reviewed and updated (where necessary) annually based on prevailing market circumstances.”

Page 16	The following section shall be inserted at the end of item (vi) of the third paragraph of Section 3.3 – "Investment Restrictions and Guidelines": "Notwithstanding the above, as the Core Accumulation Fund and the Age 65 Plus Fund are feeder funds investing in their respective underlying APIFs, assets of such constituent funds may not be applied for acquisition of any financial futures and options contracts nor be entered into currency forward contracts where currency forward contracts may be entered into for hedging purposes to maintain the required effective currency exposure to Hong Kong dollars)." The second paragraph under Section 3.4 – "Investment Management" will be deleted and replaced with the following: "Each of the MPF Conservative Fund, E30 Mixed Asset Fund, E50 Mixed Asset Fund, E70 Mixed Asset Fund, RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund is a feeder fund managed by Invesco Hong Kong Limited. Except for the MPF Conservative Fund which is an "internal portfolio fund", each of the other 6 constituent funds is a feeder fund."
Page 23	The paragraphs under Section 4.4 – "Investment Mandate" will be deleted and replaced with the following: "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 personal account member, as the case may be) should, by submitting to the Trustee a properly completed member enrolment form, forward to the Trustee an investment mandate in the prescribed form directing how his contributions and accrued benefits transferred from other schemes should be invested into one or more of the constituent funds and / or in accordance with the DIS. Subject to the relevant participation agreement and 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.

An investment mandate given in the manner and subject to such terms and conditions as set out in the prescribed forms will be valid and in such cases, a member will be regarded as having given specific investment instructions for the purpose of section 34DA of the MPFS Ordinance. When giving an investment mandate in the prescribed form, members should give valid instructions specifying the investment allocations (in percentage terms) of each of their accounts in respect of (i) mandatory contributions (and accrued benefits transferred from other schemes) and (ii) voluntary contributions (and accrued benefits transferred from other schemes) (if any) and / or special voluntary contribution (if any) (each a "category of contributions").

An investment mandate, in respect of a category of contributions, will only be regarded as valid if it complies with the following:

- the percentage of investment allocation to a constituent fund and / or the DIS is specified as an integer, i.e. a whole number, of at least 1%; and

- all of the investment allocations to the selected constituent fund(s) and / or DIS add up to 100% in total.

If an investment mandate does not comply with the above, including but not limited to cases where the percentage of investment allocation to a constituent fund or the DIS is specified not as an integer of at least 1% or where all of the investment allocations to the selected constituent funds and / or DIS add up to more than 100% in total, the investment mandate will be regarded as invalid. In addition, if all of the investment allocations to the selected constituent fund(s) and / or DIS add up to less than 100% in total, then (a) where the investment mandate in question is given in respect of enrolment, then the relevant member will be regarded as not having given a valid investment mandate in respect of the shortfall, or (b) where the investment mandate in question is given in respect of a change of investment mandate, then the relevant member will be regarded as not having given any valid investment mandate in respect of the change.

	If any member fails to submit to the Trustee a member enrolment form containing an investment mandate in the prescribed form or where all or part of the investment mandate given in respect of enrolment is regarded as invalid, the member will be considered to have elected to invest all or part (as the case may be) of his contributions in the manner as described in the sub-section headed “Circumstances for Accrued Benefits to be invested in DIS” in section 3.6 entitled “Default Investment Strategy”. If the investment mandate given is in respect of a change of investment mandate is regarded as invalid, the member will be regarded as not having given any valid investment mandate for the purpose of the change and all investments will be made in the same way as before until valid investment mandate to change investment mandate is received by the Trustee. In the event that an employee member has elected to transfer his accrued benefits in his contribution account to a personal account, if no new investment mandate is received by the Trustee at the time when such election is made and when the personal account is first set up, the accrued benefits so transferred to the personal account will remain invested in the same manner as they were invested immediately before the transfer. For the avoidance of doubt, the investment mandate applicable to the contribution account will not apply to future contributions or benefits transferred from another scheme that are made to the personal account, and the same will be invested in accordance with the DIS unless the member has given an investment mandate in respect of such contributions or benefits transferred from another scheme. For the avoidance of doubt, in such case, the member’s existing accrued benefits held in the relevant constituent funds will remain so invested and will not be switched into the DIS. As soon as the Trustee receives the subscription monies in cleared funds, the Trustee will apply the monies 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.”

Page 24	The following paragraphs shall be inserted at the end of Section 4.5 – "Transfer into the Plan": "Before the Effective Date, a member may direct in the investment mandate how accrued benefits transferred from other schemes to the Plan ("transfer-in-assets") should be invested. With effect from the Effective Date, a member may no longer direct in the investment mandate how the transfer-in-assets should be invested and all transfer-in-assets transferred on or after the Effective Date will be invested with reference to the allocation of mandatory contribution and voluntary contribution as specified in the investment mandate given by the relevant member. For the avoidance of doubt, the Trustee will continue to invest transfer-in-assets transferred into the Plan according to the investment mandate in respect of transfer-in-assets has been given by a member before the Effective Date, subject to any subsequent change of investment mandate."
Page 29	The first sentence of the second paragraph under Section 4.8.2 – "Special Voluntary Contributions" shall be deleted and replaced with the following sentence: "The Trustee will charge a withdrawal fee in respect of all constituent funds other than DIS Funds at set out in section 7.1 for each withdrawal. (This withdrawal charge does not apply to the redemption of units in the DIS Funds. No apportionment will be made if only part of the redeemed units is in relation to any one of the DIS Funds)"

Page 32	The following paragraph will be inserted at the end of Section 4.10 – "Portability of Benefits": "In relation to a transfer from one account to another account ("new account") within the Plan in circumstances set out above, the transferred benefits shall remain invested in the same manner as they were invested immediately before the transfer, unless the member otherwise instructs as permitted under the governing rules. Unless a valid investment mandate is received by the Trustee, future contributions and accrued benefits transferred from other schemes will be invested according to the DIS; and for the avoidance of doubt, in such case, the member's existing accrued benefits held in the relevant constituent funds will remain so invested and will not be switched into the DIS."
Page 38	The fifth paragraph under Section 6.1 – "Subscription and Subscription Price" will be deleted and replaced with the following: "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 in units will be rounded down to 5 decimal places or such other number of decimal places as the Trustee may determine."
Pages 43-49	1. The heading in the fee table entitled: "**(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT**" shall be changed to **"(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT"**. The sub-heading under (B) entitled "Type of fees & charges" shall be changed to "Type of fees, expenses and charges". The heading in the fee table entitled: "**(D) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**" shall be changed to "**(D) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**".

2. The fee tables respectively entitled "**(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS (INCLUDING FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS)**" and "**(D) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**" in section 7.1 – "Fees and Charges" shall be deleted and replaced with the following:

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS (INCLUDING FEES, EXPENSES AND CHARGES OF THE UNDERLYING FUNDS)

Type of fees, expenses & charges	Name of constituent fund	Current level (% per annum of net asset value)	Deducted from
Management Fees	BCT (Industry) Hong Kong Equity Fund	Up to 1.535%	Relevant constituent fund and APIF assets
	BCT (Industry) Asian Equity Fund	1.6%	
	BCT (Industry) Global Equity Fund		
	BCT (Industry) E70 Mixed Asset Fund	1.55%	
	BCT (Industry) E50 Mixed Asset Fund		
	BCT (Industry) E30 Mixed Asset Fund		
	BCT (Industry) Absolute Return Fund	1.52%	
	BCT (Industry) Core Accumulation Fund	0.75%	
	BCT (Industry) Age 65 Plus Fund	0.75%	
	BCT (Industry) RMB Bond Fund	1.195%	
	BCT (Industry) Global Bond Fund	1.49% – 1.5%	
	BCT (Industry) MPF Conservative Fund	0.88%	

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 (if any), establishment cost of the scheme (although no establishment costs will be charged in respect of the DIS Funds), indemnity insurance, auditor's fees and legal charges, etc. Certain recurrent out-of-pocket expenses relating to the Core Accumulation Fund and the Age 65 Plus Fund are subject to a statutory annual limit of 0.2% of the net asset value of those funds and will not be charged to or imposed on the fund in excess of that amount. (For details, please refer to Part III of the Explanatory Notes below).	Relevant constituent fund and APIF assets *(where such expenses are not directly attributable to a fund, each fund will bear such expenses in proportion to its respective net asset value)*

(D) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES

Type of services	Current amount	Receivable by	Payable by
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 (save with regard to payment of accrued benefits to scheme members)	HK$100 per cheque		
Re-issuance of casual employee card	HK$50 per card		Casual employee member
Withdrawal of special voluntary contribution (This withdrawal charge does not apply to the redemption of units in the DIS Funds. No apportionment will be made if only part of the redeemed units is in relation to any one of the DIS Funds.)	HK$200 per redemption will be levied if redemption amount < HK$5,000		Member
Withdrawal fee for withdrawal by instalment upon request	Nil		

3. Under section 7.1 - “Fees and Charges”, under the sub-section “**DEFINITIONS**”, the definition of “Management Fees” is deleted and replaced with the following:

   ““7. **Management fees**” include fees paid to the trustee, administrator, investment manager and sponsor of a scheme for providing their services to the relevant funds. They are usually charged as a percentage of the net asset value of a fund. In the case of the Core Accumulation Fund and the Age 65 Plus Fund, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPFS Ordinance) be charged as a percentage of the net asset value of the DIS Fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the DIS Fund which applies across both the DIS Fund and its underlying funds.”

4. The first bullet point under *Management Fees* in respect of Part I “Constituent Funds” of the “Explanatory Notes” is deleted and replaced with the following:

   “• 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 (Industry) E70 Mixed Asset Fund BCT (Industry) E50 Mixed Asset Fund BCT (Industry) E30 Mixed Asset Fund	0.45%	1.00%
BCT (Industry) MPF Conservative Fund	0.20%	1.00%
BCT (Industry) RMB Bond Fund	0.45%	1.00%
Other constituent funds	Nil	Nil

(The investment management fee for “Other constituent funds (including the BCT (Industry) Core Accumulation Fund and the BCT (Industry) Age 65 Plus Fund)” will be charged at the underlying fund level as shown in Part II of the Explanatory Notes below.)”

5. The second bullet point under Management Fees in respect of Part I "Constituent Funds" of the "Explanatory Notes" is deleted and replaced with the following:

"• The current and maximum trustee, administration and sponsor fee payable out of the assets of each constituent fund are as follows:

	Current	**Maximum**
	(% p.a. of net asset value)	
BCT (Industry) MPF Conservative Fund	0.68%	1.50%
BCT (Industry) Global Bond Fund	0.80%	1.50%
BCT (Industry) Asian Equity Fund	0.90%	1.50%
BCT (Industry) Global Equity Fund	0.90%	1.50%
BCT (Industry) RMB Bond Fund	1.00%	1.50%
BCT (Industry) Core Accumulation Fund	0.59%	0.59%
BCT (Industry) Age 65 Plus Fund	0.59%	0.59%
Other constituent funds	1.00%	1.50%"

6. For Part I "Constituent Funds" of the "Explanatory Notes", (a) add at the end of the paragraph starting with "*General*:", the sentence: "For the avoidance of doubt, no such fees will be levied in respect of the DIS Funds as they only invest in APIFs.", and (b) insert the following note at the end of this Part I:

"*DIS Funds*: In accordance with the MPF legislation, the aggregate of the payments for services of the DIS Funds (i.e. the Core Accumulation Fund and the Age 65 Plus Fund) must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of these DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s) and the sponsor of the Plan and the APIFs invested into by the respective DIS Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of each of the DIS Fund and its underlying fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying fund(s).

	The Trustee is, in respect of each of the DIS Funds, paid the entirety of the “trustee, administration and sponsor fee” for providing trustee services (including the discharge of trustee duties and performance or exercise of trustee functions in relation to the Plan and the DIS Funds as well as the safe-keeping of the investments and assets of the same, all in accordance with the governing rules of the Plan and the MPFS Ordinance) and administrative services (including services of an operational and administrative nature required to allow the proper functioning of the Plan and the DIS Funds in terms of, for example, the processing and recording of member data, the receiving of contributions, the processing of investments and claims, all in accordance with the governing rules of the Plan and the MPFS Ordinance) in its respective roles as the trustee and the administrator. Despite the reference to “sponsor” in the “trustee, administration and sponsor fee”, as the Sponsor does not charge any fee in respect of the DIS Funds there is no “sponsor” element in that fee for the DIS Funds. The Investment Manager does not charge any investment management fee at the level of the DIS Funds, it is, instead, paid the investment management fee for providing investment management services to the APIFs invested into by the DIS Funds. In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on the DIS Fund or members who invest in the DIS Fund, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee’s duties to provide services in relation to the DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. It should, however, be noted that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the DIS Funds and are not subject to the said statutory cap.”

7. The first bullet point under *Management Fees* in respect of Part II "Underlying Funds" of the "Explanatory Notes" is deleted and replaced with the following:

"• 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 (Industry) Global Bond Fund	0.65%	2.50%
BCT (Industry) Global Equity Fund	0.75%	2.50%
BCT (Industry) Hong Kong Equity Fund	0.75%	2.00%
BCT (Industry) Asian Equity Fund	0.625%	1.50%
BCT (Industry) Absolute Return Fund	0.45%	2.00%
BCT (Industry) Core Accumulation Fund	0.08%[#]	0.08%[##]
BCT (Industry) Age 65 Plus Fund	0.08%[#]	0.08%[##]

[#] The current management fee payable by the relevant underlying APIF (namely the Invesco Pooled Investment Fund – Core Accumulation Fund in the case of the Core Accumulation Fund and the Invesco Pooled Investment Fund – Age 65 Plus Fund in the case of the Age 65 Plus Fund) represents the total overall investment management fee payable to Invesco. Investment by the said relevant underlying APIF into the DIS Underlying APIFs (managed by Invesco) will not result in overall increase in fees and charges payable to Invesco and / or its connected persons i.e. no double charging of investment management fee.

[##] This maximum is not the maximum stated in the offering document of the underlying APIF, but it is the maximum for the purpose of the relevant DIS Fund."

8. The second bullet point under Management Fees in respect of Part II “Underlying Funds” of the “Explanatory Notes” is deleted and replaced with the following:

“• The current and maximum trustee fee payable out of the assets of each underlying APIF are as follows:

	Current	**Maximum**
	(% p.a. of net asset value)	
BCT (Industry) E30 Mixed Asset Fund	0.12%	1.00%
BCT (Industry) E50 Mixed Asset Fund	0.12%	1.00%
BCT (Industry) E70 Mixed Asset Fund	0.12%	1.00%
BCT (Industry) Global Bond Fund	0.02%	1.00%
BCT (Industry) Global Equity Fund	0.02%	1.00%
BCT (Industry) Hong Kong Equity Fund	Up to 0.10%*	0.50%
BCT (Industry) Asian Equity Fund	0.10%	0.50%
BCT (Industry) Absolute Return Fund	0.07%	0.25%
BCT (Industry) RMB Bond Fund	0.12%	1.00%
BCT (Industry) Core Accumulation Fund	0.08%[#]	0.08%[##]
BCT (Industry) Age 65 Plus Fund	0.08%[#]	0.08%[##]

[#] The current trustee fee payable by the relevant underlying APIF (namely the Invesco Pooled Investment Fund – Core Accumulation Fund in the case of the Core Accumulation Fund and the Invesco Pooled Investment Fund – Age 65 Plus Fund in the case of the Age 65 Plus Fund) represent the overall trustee fee charged by that relevant underlying APIF and the DIS Underlying APIFs invested into by it.

[##] This maximum is not the maximum stated in the offering document of the underlying APIF, but it is the maximum for the purpose of the relevant DIS Fund.”

9. The first paragraph under *Plan* in respect of Part III “Other Expenses” of the “Explanatory Notes” is deleted and replaced with the following:

“Subject to the provisions in Part IV of these Explanatory Notes relating to the MPF Conservative 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. Further, certain out-of-pocket expenses incurred on a recurrent basis relating to the Core Accumulation Fund and the Age 65 Plus Fund are subject to a statutory annual limit of 0.2% of the net asset value of those funds and will not be imposed on the relevant fund in excess of that amount. 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.”

Date: 12 December 2016

ISSUED BY BANK CONSORTIUM TRUST COMPANY LIMITED