

## BCT (MPF) INDUSTRY CHOICE (the “Plan”) NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. Bank Consortium Trust Company Limited (the “Trustee”), being the trustee of the Plan accepts responsibility for the information contained in this document. This document is only a summary of the key changes relating to the Plan. Members should also carefully review the MPF Scheme Brochure. A copy of the MPF Scheme Brochure as amended can be obtained free of charge by calling the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333 or accessing the website at [www.bcthk.com](http://www.bcthk.com).

Unless otherwise defined herein, terms used in this document bear the same meaning as in the MPF Scheme Brochure of the Plan dated 23 March 2020, as amended (the “MPF Scheme Brochure”).

14 March 2022

Dear participating employer / member,

Thank you for your continued support of the Plan. We are writing to inform you of the following changes in respect of the Plan.

### Summary of changes to the Plan:

- With immediate effect, the disclosures relating to the “risks of China A shares market and Stock Connect” are updated and the new risk factors “mainland China business and investment risk” and “concentration risk” are added.
- With immediate effect, the disclosures regarding notice requirement for making modifications to the Trust Deed are amended in view of the notification requirement under the SFC Code on MPF Products and to reflect more closely the provisions in the Trust Deed.

The above changes will not have any adverse impact on members.

Should you have any enquiries regarding the changes, please contact the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333.

### 1. Update to the disclosures relating to risks of China A shares market and Stock Connect and enhancement of risk disclosures

The list of approved stock exchanges, for the purposes of the Mandatory Provident Fund Schemes (General) Regulation, was updated (the “Update”) on 13 November 2020 to include, among others, the Shanghai Stock Exchange and the Shenzhen Stock Exchange (the “PRC Stock Exchanges”). Accordingly, investment in China A shares listed on the PRC Stock Exchanges is no longer subject to the investment limit (up to 10% of net asset value) which applies to investment in shares listed on a stock exchange that is not an approved stock exchange.

It is currently disclosed under the heading “4.1.8. Risks of China A shares market and Stock Connect” under the section headed “4.1 GENERAL INVESTMENT RISKS” in the section “4. RISKS” that a constituent fund or its underlying APIF may invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the MPF Regulation, including without limitation to China A shares listed on the PRC Stock Exchanges. In view of the Update, as the PRC Stock Exchanges are now listed as “approved stock exchanges”, the relevant disclosure under “4.1.8. Risks of China A shares market and Stock Connect” will be amended with immediate effect to provide that a constituent fund or its underlying fund may invest less than 30% (or in the case of a DIS Fund, the Asian Equity Fund and the Hong Kong Equity Fund, up to 10%) of its net asset value in China A shares listed on the PRC Stock Exchanges. In addition, the disclosures under “4.1.8. Risks of China A shares market and Stock Connect” will be enhanced with immediate effect, and will include Mainland China tax risk and risks associated with the ChiNext market and / or the Science and Technology Innovation Board.

The increase in potential exposure to China A shares are not expected to result in a change in the investment objective and policy of any constituent fund. As a result of the increase in potential exposure to China A shares, a constituent fund or its underlying fund may be subject to risks of China A shares market and Stock Connect, mainland China business and investment risk and / or RMB currency risk, in addition to the investment risks currently disclosed in the MPF Scheme Brochure. Notwithstanding the foregoing, there is no material change to the overall risk profile of the relevant constituent fund. Please refer to the relevant risk factors to be inserted under the section headed “4.1 GENERAL INVESTMENT RISKS” in the section headed “4. RISKS” of the MPF Scheme Brochure.

The risk disclosures under the heading “4.1.12 Limited supply of RMB denominated debt instruments” are enhanced.

Additional risk disclosures relating to risks associated with investment in China and concentration risk are added under the headings “4.1.13 Mainland China business and investment risk” and “4.1.14 Concentration risk” to the section headed “4.1 GENERAL INVESTMENT RISKS” in the section “4. RISKS”. For the purpose of alignment, the risk disclosures of Hong Kong Equity Fund, Asian Equity Fund, Core Accumulation Fund, and Age 65 Plus Fund are streamlined by removing the “RMB currency risk”. The risk disclosures relating to the following constituent funds are enhanced correspondingly: Global Equity Fund, E70 Mixed Asset Funds, E50 Mixed Asset Funds, E30 Mixed Asset Funds, Flexi Mixed Asset Fund, Core Accumulation Fund, Age 65 Plus Fund and RMB Bond Fund.

## **2. Amendments to disclosures regarding notice requirement for modifications to the Trust Deed**

Clause 18.2 of the Trust Deed provides that in making changes to the Trust Deed, the notification and other procedures required by the Authority and the SFC must be complied with. Currently, section 7.4.3 headed “Trust Deed and Investment Management Agreements” of the MPF Scheme Brochure provides that “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)” (“**Disclosure**”). According to the SFC Code on MPF Products to which the Plan is subject, only changes to the constitutive documents (in this case the Trust Deed) that result in material changes to the offering document of a scheme will require the SFC’s prior approval. In other cases, changes to the constitutive documents do not require the SFC’s prior approval, and scheme participants should be provided with reasonable prior notice or be notified as soon as reasonably practicable of any information which is necessary to enable scheme participants to appraise the position of the scheme.

In view of this, and in order to reflect more closely the provisions in the Trust Deed, with immediate effect, the Disclosure will be replaced with the following: “No modification may be made to the Trust Deed unless the Authority has approved such modification and the notification and other procedures (if any) required by the Authority and (if applicable) the SFC have been complied with.”

## **3. General**

The MPF Scheme Brochure will be amended by way of a second addendum to the MPF Scheme Brochure (“**Second Addendum**”) to reflect the relevant changes and updates set out above and other miscellaneous updates. The Second Addendum is expected to be issued on or around the Effective Date. The changes and updates described in this document are in summary form only. Members should review the Second Addendum for further details on the amendments made.

The latest version of the MPF Scheme Brochure and the Second Addendum will be available at [www.bcthk.com](http://www.bcthk.com) or may be obtained by calling the Member Hotline at 2298 9333.

Should you have any enquiries regarding the changes, please contact the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333.

Yours faithfully,

Bank Consortium Trust Company Limited

銀聯信託有限公司

This is a computer-generated letter and no signature is required.