

BCT (MPF) PRO 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.

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 by the first addendum dated 22 March 2021, second addendum dated 11 October 2021 and third addendum dated 14 March 2022 (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 that a new constituent fund will be introduced to the Plan with effect from 25 April 2022 (the “**Effective Date**”) to offer enhanced retirement solutions to members. In addition, we will offer additional withdrawal options with effect from 1 June 2022 as further discussed below.

1. Enhanced retirement solutions for members – offer of new constituent fund

As the continuous effort of the Plan to provide holistic retirement solutions to members, the Plan will offer a new constituent fund, with its key features as set out below. The new constituent fund is designed for addressing members’ pre- and post-retirement needs and aims to achieve a stable income and capital appreciation over the medium to long term.

Name	BCT (Pro) Asian Income Retirement Fund
Fund type	Mixed asset fund
Investment manager	Taikang Asset Management (Hong Kong) Company Limited
Investment objective	To provide members with stable income (by way of distribution of dividend which will be reinvested in the BCT (Pro) Asian Income Retirement Fund or invested in the BCT (Pro) Age 65 Plus Fund based on the member’s age) and capital appreciation over the medium to long term
Investment policy	To invest solely in the distribution class of “Taikang Age of Longevity Unit Trust Fund – Taikang Asian Income Retirement Fund”, which in turn invests in a portfolio of Asian fixed income instruments and Hong Kong and Mainland China-related equity securities
Investment focus	70% to 100% in fixed income securities; 0% to 30% in equities; 0% to 10% in cash and cash equivalents
Distribution mechanism	<p>The constituent fund aims to distribute dividend on a regular basis, as follows:</p> <ul style="list-style-type: none"> dividend is distributed to members’ account on a monthly basis starting from the 7th month after launch for members who are below the age of 65 on the record date, dividend will be reinvested in BCT (Pro) Asian Income Retirement Fund for members who are aged 65 or above on the record date, dividend will be invested in BCT (Pro) Age 65 Plus Fund <p>Members should note that BCT (Pro) Asian Income Retirement Fund does not provide any guarantee on capital or investment return or dividend yield, and their investments therein (including dividends distributed) are subject to the same vesting, preservation and withdrawal requirements applicable to mandatory and voluntary contributions (as applicable).</p>
Management Fees	Up to 1.288% per annum of the net asset value

The MPF Scheme Brochure will be amended to include information relating to BCT (Pro) Asian Income Retirement Fund and to make other consequential amendments. The trust deed (“**Trust Deed**”) of the Plan will be revised by way of an eleventh supplemental deed to include distribution provisions.

2. Additional withdrawal options – withdrawal of Benefits in BCT (Pro) Age 65 Plus Fund for Certain Members

As part of the continuous effort of the Plan to provide holistic retirement solutions to members, we will offer additional withdrawal options to members. With effect from 1 June 2022, certain eligible members may elect to withdraw his accrued benefits in the BCT (Pro) Age 65 Plus Fund by way of lump sum, instalment upon request, or instalment according to standing instructions.

The addition of a new constituent fund and other changes as described in this Notice will not have any adverse impact on members.

For further details, please refer to this Notice and the Appendix hereto.

1. New Constituent Fund – BCT (Pro) Asian Income Retirement Fund

The investment manager of BCT (Pro) Asian Income Retirement Fund will be Taikang Asset Management (Hong Kong) Company Limited. Its objective is to provide members with stable income (by way of distribution of dividend which will be reinvested in the BCT (Pro) Asian Income Retirement Fund or invested in the BCT (Pro) Age 65 Plus Fund based on the member's age) and capital appreciation over the medium to long term, by investing as a feeder fund solely in the distribution class of "Taikang Age of Longevity Unit Trust Fund – Taikang Asian Income Retirement Fund", an underlying APIF which in turn invests in a portfolio of Asian fixed income instruments and Hong Kong and Mainland China-related equity securities.

For details, please refer to the statement of investment policy of BCT (Pro) Asian Income Retirement Fund and the associated risks set out in the Appendix hereto. Frequently asked questions (FAQs) about the BCT (Pro) Asian Income Retirement Fund are available at www.bcthk.com. For the purpose of dividend distribution (if any), the schedule of the pre-determined record dates and ex-dividend dates of each month for each calendar year are also available at www.bcthk.com, as soon as practicable prior to the first record date of that calendar year. Records of dividend distribution will be posted at www.bcthk.com as soon as practicable after distribution.

The current level of Management Fees of BCT (Pro) Asian Income Retirement Fund is up to 1.288% per annum of its net asset value.

The addition of BCT (Pro) Asian Income Retirement Fund to the Plan aims to provide members with an additional investment choice which seeks an expected total return of 2% above the concurrent Hong Kong Consumer Price Index through income generation and capital appreciation over the medium to long term for addressing their pre- and post-retirement needs, and an opportunity to tap into the increased investment opportunities and growth potential from investing in Asian fixed income and Mainland China / Hong Kong equity markets.

2. Withdrawal of Benefits in BCT (Pro) Age 65 Plus Fund for Certain Members

To facilitate members in managing their income stream at post-retirement stage, with effect from 1 June 2022, the following new withdrawal arrangements ("**A65P Arrangements**") will be available to personal account members, TVC members and SVC members aged 65 or above who hold accrued benefits in the BCT (Pro) Age 65 Plus Fund ("**Eligible A65P Members**"). Under the A65P Arrangements, an Eligible A65P Member may elect to receive his holdings in the Age 65 Plus Fund ("**A65P Benefits**") (i) in a lump sum, (ii) by instalment upon request, or (iii) by instalment according to standing instructions*, by giving to the Trustee prior written notice in a form acceptable to the Trustee, subject to such terms and conditions as specified in the form.

(*Note that option (iii) is not available to an Eligible A65P Member who has already elected to withdraw benefits by instalment according to standing instructions as a TVC member or as an SVC member. Likewise, withdrawal of benefits from a TVC account or an SVC account by instalment according to standing instructions is not available if the TVC member or SVC member (as applicable) has already elected to withdraw A65P Benefits under option (iii) above as an Eligible A65P Member.)

To meet each A65P Benefits withdrawal request, only units in the Age 65 Plus Fund (and not any other constituent funds) held by the Eligible A65P Member will be realised. If the Eligible A65P Member holds more than one sub-account with A65P Benefits, the units in all of such sub-accounts will be realised on a pro-rata basis, or in such other manner as the Trustee shall, in consultation with the Sponsor, deem appropriate and notify the relevant Eligible Member.

Payment of A65P Benefits shall be subject to the Trustee having received, reconciled and validated the written request for withdrawal submitted by the member. Members should note that in the case of any partial withdrawal, any balance remaining in a Member's account will continue to be invested in the relevant constituent fund(s) and therefore subject to investment risks.

To the extent permitted by applicable laws and subject to the terms of the Trust Deed, the Trustee, in consultation with the Sponsor, may from time to time offer to eligible members the option to withdraw accrued benefits from one or more specified sub-accounts, or from one or more specified constituent funds, in such manner and upon such terms and conditions as the Trustee shall deem appropriate.

For further details about the A65P Arrangements, please refer to the amended MPF Scheme Brochure.

General

The MPF Scheme Brochure will be amended to include information relating to BCT (Pro) Asian Income Retirement Fund with effect from the Effective Date and to make other consequential amendments. The Trust Deed of the Plan will be revised by way of an eleventh supplemental deed to include distribution provisions. The changes described in this document are in summary form only. Members should review the revised MPF Scheme Brochure for further details.

The latest version of the MPF Scheme Brochure will be available at www.bcthk.com or may be obtained by calling the Member Hotline at 2298 9333. Copies of the Trust Deed together with its supplemental deeds may be obtained from the Trustee at a reasonable cost or may be inspected free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Trustee at 18/F, Cosco Tower, 183 Queen's Road Central, Hong Kong.

Should you have any enquiries regarding the new constituent fund, 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.

Appendix

The statement of investment policy of BCT (Pro) Asian Income Retirement Fund is set out as follows. Unless otherwise defined below, capitalised terms used in the below paragraphs of the statement of investment policy shall have the same meaning as those defined in the MPF Scheme Brochure.

BCT (Pro) Asian Income Retirement Fund (“Asian Income Retirement Fund”)

Statement of investment policy

(a) Objective and policy

The objective of the Asian Income Retirement Fund is to provide members with stable income (by way of distribution of dividend which will be reinvested in the Asian Income Retirement Fund or invested in the Age 65 Plus Fund based on the member's age) and capital appreciation over the medium to long term, by investing as a feeder fund solely in the distribution class of “Taikang Age of Longevity Unit Trust Fund – Taikang Asian Income Retirement Fund”, an underlying APIF which in turn invests in a portfolio of Asian fixed income instruments and Hong Kong and Mainland China-related equity securities.

The underlying APIF will invest at least 70% of its net asset value in investment-grade USD-denominated fixed income securities issued by governments, governmental agencies, local and public authorities as well as corporations domiciled in, or exercising the principal part of their business activity in, or generating a substantial portion of their revenues and / or profits from Asian countries or regions, including but not limited to Mainland China, Hong Kong, Macau, Taiwan, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore and Thailand. The underlying APIF may also maintain up to 10% of its net asset value in cash and cash equivalents for cash flow management.

Not more than 30% of the underlying APIF's net asset value will be invested in Hong Kong and Mainland China-related equity securities, which may include common stocks listed in Hong Kong, depositary receipts (including American depositary receipts), and China A shares via the Stock Connect. Hong Kong and Mainland China-related equity securities are defined as securities listed on the Hong Kong Stock Exchange or other exchanges of companies which generate a substantial portion of their revenues and / or profits in Mainland China and / or Hong Kong (including, but not limited to, China A shares via the Stock Connect). As part of the foregoing investment in listed securities, the underlying APIF may invest in ITCIS as permitted under the Regulation.

It is expected that the Asian Income Retirement Fund will seek an expected total return of 2% above the concurrent Hong Kong Consumer Price Index through income generation and capital appreciation over the medium to long term. (Note: Members who invest in the fund should be prepared to accept fluctuation in the value of the underlying investment. Future returns are not guaranteed and members should always consider their individual risk and return profile.)

The dividends distributed to members' account will be re-invested in the Asian Income Retirement Fund or invested in the Age 65 Plus Fund based on member's age as at the Record Date (as defined below) as explained in paragraph (f) below relating to distribution of dividends.

(b) Balance of investments

The target ranges of asset allocation of the underlying APIF are as follows:

(For indication only and the long term allocations may vary with changing market conditions)

	Min%	Max%
Fixed income securities	70%	100%
Listed equity securities	0%	30%
Cash and cash equivalents	0%	10%

The fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its net asset value, and may enter into currency forward contracts for such purposes.

(c) Security lending and repurchase agreements

The fund and its underlying APIF will not engage in any securities lending and enter into repurchase agreements.

(d) Futures and options

The fund may not enter into financial futures contracts and financial option contracts. The underlying APIF may enter into financial futures contracts or financial options contracts for hedging purposes only.

(e) Risks

The performance of the Asian Income Retirement Fund is subject to a number of risks, including the following: general investment risk, currency risk, risk of changes in laws, regulations, policies and practices, emerging markets risks, risk of default of financial institutions, risks of default of issuer of debt securities, equity market risk, risks of China A shares market and Stock Connect, mainland China business and investment risks, mainland China tax risk, as well as the risks described under section 4.2.7.

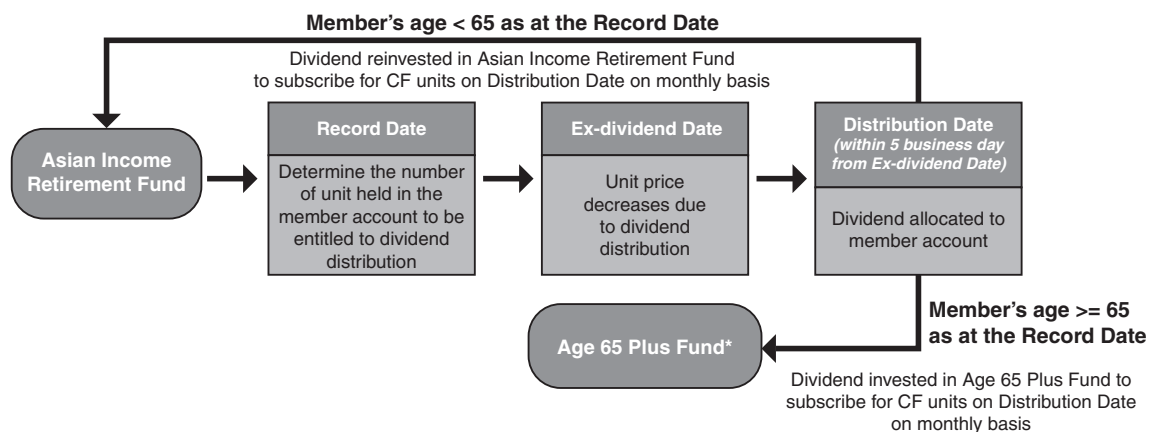
Please refer to section 4 entitled “Risks” for a detailed description of the relevant risks.

(f) Distribution of dividends

The fund aims to distribute dividend on a regular basis, at such frequency as determined by the investment manager of the fund. Currently, the investment manager intends to distribute dividend on a monthly basis starting from the 7th month (or earlier as advised by the investment manager if it considers appropriate) after launch. Prior to the first month commencing distribution of dividend in each calendar year, a dealing day of each month for that calendar year will be pre-determined as the record date (“**Record Date**”). The net asset value per unit of the fund on the next dealing day immediately following the Record Date (“**Ex-dividend Date**”) will be decreased or adjusted to reflect the distribution of dividend. The schedule of the pre-determined Record Dates and Ex-dividend Dates of each month for each calendar year will be made available on the Trustee's website at www.bcthk.com, as soon as practicable prior to the first Record Date of that calendar year. If any date becomes a non-dealing day, such date and the corresponding following dates in relation to the dividend distribution process will be postponed to the respective next dealing day accordingly without notice. For the purposes of determining entitlement to distribution, (i) any units of the Asian Income Retirement Fund which are redeemed or switched to other constituent fund(s) on the relevant Record Date shall be excluded, and (ii) any units of the Asian Income Retirement Fund which are issued on the relevant Record Date upon subscription shall be included. Records of dividend distribution will be posted on the Trustee's website at www.bcthk.com as soon as practicable after distribution.

The amount of the relevant portion of dividend of the relevant members will be either reinvested in the Asian Income Retirement Fund (which invests in the distribution class of “Taikang Age of Longevity Unit Trust Fund – Taikang Asian Income Retirement Fund”), or invested in the Age 65 Plus Fund* based on the member’s age as at the Record Date. Such reinvestment or investment will be made on a dealing day within 5 business days from the Ex-dividend Date (“**Distribution Date**”). The amount of dividend per unit and the Distribution Date corresponding to each Record Date will be published on the Trustee’s website within 6 business days after the Distribution Date. (* Please refer to section 3.2.19 for details of the Age 65 Plus Fund, particularly its investment objective and associated risks. Please also refer to section 5.1 regarding the fees and charges of the Age 65 Plus Fund.)

A one-off reminder will be issued to the relevant members at the time when dividend will start to be invested in the Age 65 Plus Fund. Please refer to the chart below for the dividend distribution process:



As shown in the chart above, dividends (if any) are reinvested and are not paid out in cash. For members who have reached the age of 65, dividends will be reinvested in the Age 65 Plus Fund, and such investments are subject to the risks, fees and charges applicable to the Age 65 Plus Fund.

Members should also note that their investments in the Asian Income Retirement Fund (including dividends distributed) are subject to the same vesting, preservation and withdrawal requirements applicable to mandatory and voluntary contributions (as applicable).

Notes:

The Trustee may, after consulting and agreeing with the investment manager of the Asian Income Retirement Fund and the Sponsor, and having regard to the interests of the members, amend the schedule of any future Record Dates and Ex-dividend Dates by updating the Trustee’s website as soon as practicable without notice to members. Members should check the latest information available at the Trustee’s website.

The Trustee may, after consulting with the Sponsor and taking into account the recommendation of the investment manager of the Asian Income Retirement Fund, determine whether or not to make any distribution of dividend for any month and the amount of dividend. The Trustee and the investment manager may consider various factors such as economic and market conditions and outlook, investment environment and performance of the underlying APIF, etc. and in any case the dividend shall be determined by the Trustee at its sole discretion. The amount of the relevant portion of dividend of the relevant members will be invested as aforementioned or, having regard to the interests of the relevant Members, made in such other manner as the Trustee considers appropriate.

The Trustee may, after consulting with the Sponsor and taking into account the recommendation of the investment manager of the Asian Income Retirement Fund, determine if and to what extent dividends are paid out of net distributable income and / or capital. Subject to prior approval of the Authority and the SFC, the Trustee may amend the aforementioned dividend policy by giving 1 month’s prior notice to members.

Members should note that payment of dividends out of capital and / or effectively out of capital represent a withdrawal of part of the original investment or from any capital gains attributable to that original investment. Distribution of dividends will result in an immediate decrease or adjustment in the net asset value per unit of the Asian Income Retirement Fund on the Ex-dividend Date.

The amount of dividend per unit and the composition of dividend distribution (i.e. the percentages of dividend being made out of net distributable income and / or capital) for the last 12 months will be made available at the Trustee’s website or on request.

Members should note that the regular and frequent distribution of dividends and reinvestment of dividends will inevitably involve an investment time-lag (i.e. within 5 business days from the Ex-dividend Date) during which dividends are not reinvested and are subject to out-of-market risk on a recurring basis (currently, on a monthly basis). During the period pending reinvestment, the net asset value per unit of the relevant constituent fund (i.e. the Asian Income Retirement Fund for members below the age of 65, or the Age 65 Plus Fund for members who have reached the age of 65) into which dividends are reinvested may have gone up or down, and accordingly the members’ investment return may be impacted negatively or positively. Therefore the return of the Asian Income Retirement Fund for these members may deviate from that derived from a constituent fund with a similar investment portfolio without such arrangement, meaning that the dividend distribution arrangement of the Asian Income Retirement Fund may not always be advantageous to these members.

Members should consider carefully whether the Asian Income Retirement Fund is suitable for them and, if necessary, seek independent professional advice.

Members should note that the Asian Income Retirement Fund does not provide any guarantee on the capital or investment return or dividend amount / yield. There is no assurance on the dividend distribution frequency and the dividend amount / yield may fluctuate.