銀聯集團

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 (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 effect from 27 June 2022, changes will be made to the investment policies of the BCT (Pro) China and Hong Kong Equity Fund and the BCT (Pro) Greater China Equity Fund. Exposure to China A shares will be changed from "not exceeding 10%" to "less than 30%" of the respective constituent funds' net asset value.
- With immediate effect, the disclosures relating to the "risks of China A shares market and Stock Connect" are updated and risk disclosures relating to investment in China and relating to concentration risk are enhanced.
- 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. Changes to the investment policies of the BCT (Pro) China and Hong Kong Equity Fund and the BCT (Pro) Greater China Equity Fund

1.1 Background

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.

In view of the Update, the investment managers of the BCT (Pro) China and Hong Kong Equity Fund and the BCT (Pro) Greater China Equity Fund propose to amend the investment policies of the two constituent funds to allow greater flexibility to increase exposure to China A shares, in line with the constituent funds' investment objectives. Further details are as follows.

1.2 BCT (Pro) China and Hong Kong Equity Fund

The BCT (Pro) China and Hong Kong Equity Fund (the "**China and Hong Kong Equity Fund**"), managed by Amundi Hong Kong Limited ("**Amundi**"), is a portfolio management fund which invests in a portfolio of APIFs selected from the BCT Pooled Investment Fund Series and in turn invests in a portfolio of Hong Kong and China-related equity securities and listed instruments, provided that such equity securities and listed instruments are permitted for the purposes of the MPFS Ordinance.

With effect from 27 June 2022 (the "**Effective Date**"), in view of the Update discussed in paragraph 1.1 above, the statement in the investment policy of the China and Hong Kong Equity Fund relating to the 10% limit of exposure to China A shares will be replaced with a statement that the constituent fund's investment in China A shares will be less than 30% of its net asset value. Exposure to China A shares will be changed from "not exceeding 10%" to "less than 30%" of the constituent fund's net asset value. Amundi believes that increasing the China and Hong Kong Equity Fund's potential exposure to China A shares will provide more flexibility for tapping into the increased investment opportunities and growth potential from investing in equities listed on the PRC Stock Exchanges. The balance of investments of the China and Hong Kong Equity Fund will remain unchanged, i.e. under normal conditions, 70% to 100% of the constituent fund's underlying assets will be invested in Hong Kong and China related securities and 0-30% will be held in cash and cash equivalents, and the constituent fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.

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In connection with the above, items (a) and (e) under the "Statement of investment policy" of the China and Hong Kong Equity Fund in section 3.2.1 of the MPF Scheme Brochure will be amended as follows (as marked up to highlight amendments against the existing investment policy, any addition is underlined, and any deletion is shown with strikethrough):

(a) Objective and policy

The China and Hong Kong Equity Fund is a portfolio management fund. The objective of the China and Hong Kong Equity Fund is to provide members with long term capital appreciation through investments in a portfolio of APIFs selected from the BCT Pooled Investment Fund Series and in turn invests in a portfolio of (a) Hong Kong and China-related equity securities (including common / preferred stocks, depository receipts / certificates and China A~~-S~~ shares via the Stock Connect) and (b) other Hong Kong and China-related listed instruments (namely equities related ITCIS, equity real estate investment trusts ("REITs") and other equity stapled securities / investment units), provided that such securities and listed instruments are permitted for the purposes of the MPFS Ordinance. The BCT Pooled Investment Fund Series comprises APIFs managed either by an active investment strategy ("Dynamic APIFs") or a "Rule-based Investment Strategy" ("Smart APIFs"). Target Dynamic / Smart Allocation Percentages for respectively Dynamic APIFs and Smart APIFs are fixed for the fund (and reviewed annually at least) by the investment manager (in consultation with the Sponsor); and whilst deviations from such target percentages may occur, such deviations are not expected to exceed plus / minus 10%.

A Smart APIF which adopts a "Rule-based Investment Strategy" makes use of proprietary rule-based quantitative screening of securities in the selection of constituents (or proxies of the same) from the designated index (taking into account the characteristics such as attractive valuation, high quality, and low return volatility of such constituents). Such a strategy does not invest by replicating a designated index (i.e. it is not a typical index tracking fund with a passive investment strategy). The weighting of the constituent securities of the portfolio may be different from those of the reference index. The portfolio will also seek to maintain a relatively low performance variation between it and the reference index with a view to delivering a risk-and-return profile which is similar to that of the reference index. While the Rule-based investment strategy will be adhered to without discretion in the said selection process, the relevant rules will be subject to reviews and may be changed from time to time.

Hong Kong and China-related equity securities / listed instruments are defined as equity securities and the above-described instruments listed on the Hong Kong Stock Exchange or other exchanges of issuers generating a substantial portion of their revenues and / or profits in the People's Republic of China (including, but not limited to, China A~~-S~~ shares via the Stock Connect). ~~Investment in China A-Shares will not exceed 10% of its net asset value at all times.~~ Exposure to China A shares will be less than 30% of the constituent fund's net asset value.

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

(e) Risks

As the fund will be mainly invested in the Hong Kong and China-related securities, the inherent risk and return of the China and Hong Kong Equity Fund will be associated with the Hong Kong and China-related equity markets. The performance of the China and Hong Kong Equity 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, equity market risk, ~~and~~ risks of China A shares market and Stock Connect, concentration risk, mainland China business and investment risk, and RMB currency risk.

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

All other items under the "Statement of investment policy" of the China and Hong Kong Equity Fund in section 3.2.1 of the MPF Scheme Brochure will remain unchanged.

Please refer to paragraph 2 below for the proposed update to the disclosures relating to the risks of the China A shares market and Stock Connect.

Further, as a result of the above change of investment policy, the China and Hong Kong Equity Fund may also be subject to the following investment risks, including concentration risk, mainland China business and investment risk, and 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 China and Hong Kong Equity 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.

1.3 BCT (Pro) Greater China Equity Fund

The BCT (Pro) Greater China Equity Fund (the "**Greater China Equity Fund**"), managed by State Street Global Advisors Asia Limited ("**SSgA**"), is a portfolio management fund which solely invests in ITCISs. The underlying ITCISs it invests in will invest in and be exposed to the Greater China region comprising of stocks listed in Hong Kong, Taiwan, Shanghai (China A shares and China B shares), Shenzhen (China A shares and China B shares) and Singapore, and track the relevant equity market indices.

With effect from the Effective Date, in view of the Update discussed in paragraph 1.1 above, the statement in the investment policy of the Greater China Equity Fund relating to the 10% limit of total exposure to China A shares and China B shares will be replaced with a statement that the constituent fund's total exposure to China A shares and China B shares will be less than 30% of its net asset value. The total exposure to China A shares and China B shares will be changed from "not exceeding 10%" to "less than 30%"of the constituent fund's net asset value. Notwithstanding such amendment, the Greater China Equity Fund, through investing in ITCISs, will continue to have a relatively balanced exposure to stocks listed in the different markets in the Greater China region.

In connection with the above, items (a), (b) and (e) under the "Statement of investment policy" of the Greater China Equity Fund in section 3.2.7 of the MPF Scheme Brochure will be amended as follows (as marked up to highlight amendments against the existing investment policy, any addition is underlined, and any deletion is shown with strikethrough):

(a) Objective and policy

The Greater China Equity Fund is a portfolio management fund. The objective of the Greater China Equity Fund is to provide members with capital appreciation over the long term by investing in two or more ITCISs which, in turn, invest in Greater China equity markets.

Whilst the Greater China Equity Fund is an equity fund which solely invests in ITCISs, it is not an index-tracking fund. The underlying ITCISs it invests in will invest in and be exposed to the Greater China region comprising of stocks listed in Hong Kong, Taiwan, Shanghai (China A shares and China B shares), Shenzhen (China A shares and China B shares) and Singapore, and track the relevant equity market indices.

It is expected that the Greater China Equity Fund will provide investment results that correspond generally to the performance of Greater China equity markets. (Note: short-term performance of the fund may be higher or lower than the long-term expected results.)

The underlying ITCISs will be selected from those available in the market (regardless of whether they are managed by the same investment manager or its connected persons of the Greater China Equity Fund) provided that they can achieve the above objective.

(b) Balance of investments

No prescribed allocations for investments in any countries, regions or territories, however, apply to the Greater China Equity Fund.

The underlying ITCISs of the Greater China Equity Fund comprise of stocks listed in Hong Kong, Taiwan, Shanghai (China A shares and China B shares) and Shenzhen (China A shares and China B shares), providing coverage for the Greater China Region. Singapore listed stocks may also be included in the investments of the underlying ITCISs according to the classification system / index methodology of the index provider of the reference index. ~~The total exposure of China A shares and B shares in the Greater China Equity Fund will not exceed 10%.~~ The total exposure to China A shares and China B shares will be less than 30% of the constituent fund's net asset value. However, please note that this investment policy may change in the future. Should any change take place, at least one month prior written notification will be given to members and this Brochure will be updated accordingly.

The Greater China Equity Fund will, through the holdings of relevant ITCISs (and the cash for ancillary purposes), fulfil the requirement of effective currency exposure to Hong Kong dollars of not less than 30%.

(e) Risks

The inherent risk and return of the Greater China Equity Fund will be associated with the relevant equity markets of the Greater China region. The performance of the Greater China Equity 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, equity market risk, risks of China A shares market and Stock Connect, mainland China business and investment risk, RMB currency risk, as well as the risks described under section 4.2.4.

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

All other items under the "Statement of investment policy" of the Greater China Equity Fund in section 3.2.7 of the MPF Scheme Brochure will remain unchanged.

Please refer to paragraph 2 below for the proposed update to the disclosures relating to the risks of China A shares market and Stock Connect.

Further, as a result of the above change of investment policy, the Greater China Equity Fund may also be subject to the following investment risks, including mainland China business and investment risk, and 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 Greater China Equity 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.

1.4 Implications of the changes

The changes to the investment policies of the China and Hong Kong Equity Fund and the Greater China Equity Fund as set out in paragraphs 1.2 and 1.3 above will not result in (i) any increment in the management fees payable by the China and Hong Kong Equity Fund and the Greater China Equity Fund; and (ii) any additional fee being payable by any member, and will not have any adverse impact on members.

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

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 and a SaveEasy 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 (other than China and Hong Kong Equity Fund and Greater China Equity Fund (as discussed in paragraph 1 above)). As a result of the increase in potential exposure to China A shares, a constituent fund or its underlying fund may be subject to mainland China business and investment risk, and 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.

Additional risk disclosures relating to concentration risk and risks associated with investment in China are added under the headings "4.1.10 Concentration risk", "4.1.11 Mainland China business and investment risk" and "4.1.12 RMB currency risk" to the section headed "4.1 GENERAL INVESTMENT RISKS" in the section "4. RISKS". With immediate effect, the risk disclosures relating to the following constituent funds are enhanced correspondingly: China and Hong Kong Equity Fund (as discussed in paragraph 1 above), Asian Equity Fund, Global Equity Fund, U.S. Equity Fund, Greater China Equity Fund (as discussed in paragraph 1 above), World Equity Fund, E90 Mixed Asset Funds, 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.

3. **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."

4. **General**

The MPF Scheme Brochure will be amended by way of a third addendum to the MPF Scheme Brochure ("**Third Addendum**") to reflect the relevant changes and updates set out above and other miscellaneous updates. The changes and updates described in this document are in summary form only. Members should review the Third Addendum for further details on the amendments made.

The latest version of the MPF Scheme Brochure and the Third Addendum will be available at 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.