

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 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 (the “MPF Scheme Brochure”).

22 March 2021

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:

The following changes are proposed to be made to the Plan:

- With effect from 2 July 2021, changes will be made to the investment policy of the underlying APIF of the BCT (Pro) RMB Bond Fund
- With effect from 1 January 2020, a lower rate of the Management Fees of the BCT (Pro) SaveEasy 2025 Fund and the investment management fees of the underlying APIF of the BCT (Pro) SaveEasy 2025 Fund applies
- Although the BCT (Pro) SaveEasy 2020 Fund will reach its target year in 2020, the investment manager of the BCT (Pro) SaveEasy 2020 Fund and its underlying APIF does not propose to terminate the constituent fund and its underlying APIF in 2020 and will continue to manage the same until termination, which is expected to be 2025
- With immediate effect, the disclosures relating to increase in fees of the underlying APIF are amended to enhance clarity

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 policy of the underlying APIF of the BCT (Pro) RMB Bond Fund

The BCT (Pro) RMB Bond Fund (“RMB Bond Fund”) is a feeder fund which invests solely in “Invesco Pooled Investment Fund – RMB Bond Fund” (the fund is denominated in HKD only and not in RMB) (the “underlying APIF”), an APIF which in turn invests primarily into RMB denominated debt instruments and money market instruments issued or distributed outside the mainland China. With effect from 2 July 2021, the underlying APIF will invest primarily into RMB denominated debt instruments and money market instruments issued or distributed outside and within the mainland China, and may invest in debt securities traded on the China Interbank Bond Market (“CIBM”) through the Bond Connect (and / or such other means as permitted by the relevant regulations from time to time). According to the manager of the underlying APIF, the change of investment policy of the underlying APIF is being made due to the growth of the mainland China onshore bond market in the recent years, and it is considered to be beneficial to have access to such market.

In connection with the above, items (a), (b) and (e) under the “Statement of investment policy” of the RMB Bond Fund in section 3.2.20 of the MPF Scheme Brochure will be 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 objective of the RMB Bond Fund, a bond fund, is to provide members with steady growth over the long term by investing as a feeder fund solely in “Invesco Pooled Investment Fund – RMB Bond Fund” (this fund is denominated in HKD only and not in RMB), an APIF which in turn invests primarily into RMB denominated debt instruments and money market instruments (including but not limited to commercial papers, certificates of deposit and bank deposits) issued or distributed outside and within the mainland China, with a primary focus on RMB denominated bonds issued in Hong Kong.

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

(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)

By Asset Class	Min%	Max%
Debt instruments	70%	100%
Cash and money market instruments	0%	30%
By Currency	Min%	Max%
RMB denominated instruments	70%	100%
Non-RMB denominated instruments*	0%	30%

* Primarily denominated in HK dollar or US dollar but may also be denominated in other currencies in the Asia Pacific region.

The underlying APIF will invest at least 70% of its net assets in RMB denominated bonds issued outside and within the mainland China, with a primary focus on RMB denominated bonds issued in Hong Kong. It may also invest in other RMB denominated debt instruments which include but are not limited to convertible bonds, fixed rate and floating rate debt instruments, issued by governmental and supranational bodies, local authorities, national public bodies and corporations worldwide. Accordingly, the inherent risk of the RMB Bond Fund will be associated with, among other things, RMB denominated investments.

The underlying APIF may also invest up to 30% of its net assets in non-RMB denominated bonds, money market instruments, cash and cash equivalents. Investment manager for the constituent fund believes that the non-RMB currency exposure of the APIF will mitigate risks arising from the RMB exchange rate fluctuations and provide flexibility to achieve steady growth over the long term in various market conditions. Such exposure may also help to reduce the cost of hedging in order to provide the effective currency exposure as required under the Schedule 1 to the Regulation.

The underlying APIF may invest in debt securities traded on the China interbank bond market (“CIBM”) through the Bond Connect (and / or such other means as permitted by the relevant regulations from time to time) but will not invest in securities issued within mainland China through any Qualified Foreign Institutional Investor (QFII) quota.

The RMB Bond Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its net assets and may enter into currency forward contracts for such purposes.

(e) Risks

The performance of the RMB Bond 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, risks of China interbank bond market and Bond Connect, as well as the risks described under section 4.2.5.

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

Please refer to the MPF Scheme Brochure for further information on the risks associated with investing in the RMB Bond Fund, including the risks of the China interbank bond market and Bond Connect. The second paragraph under the heading “Limited supply of RMB denominated debt instruments” under the section headed “4.2.5. RMB Bond Fund” under the section headed “4.2 RISKS RELATING TO PARTICULAR FUNDS” in the section headed “4. RISKS” has also been updated such that it applies to onshore and offshore RMB debt instruments.

The change of investment policy of the underlying APIF of the RMB Bond Fund will not result in (i) any increment in the management fees payable by the RMB Bond Fund; (ii) any additional fee being payable by any member; or (iii) any change in the overall risk profile or dealing of the RMB Bond Fund.

2. Update of the Management Fees of the BCT (Pro) SaveEasy 2025 Fund and the investment management fees of the underlying APIF of the BCT (Pro) SaveEasy 2025 Fund to a lower rate

Five years prior to reaching the beginning of the applicable target year, the Management Fee of the relevant SaveEasy Fund shall be reduced from “up to 1.45% per annum of the net asset value” to “up to 1.20% per annum of the net asset value” of such SaveEasy Fund. The BCT (Pro) SaveEasy 2025 has reached the five-year period prior to the beginning of its target year (being the year 2025). Accordingly, with effect from 1 January 2020, the Management Fees of the BCT (Pro) SaveEasy 2025 Fund are updated from “up to 1.45%” to “up to 1.20%” per annum of the net asset value of the constituent fund. Correspondingly, the investment management fees of the underlying APIF of the BCT (Pro) SaveEasy 2025 Fund are updated from “0.75%” to “0.50%” per annum of the underlying APIF’s net asset value.

3. Continuation of the BCT (Pro) SaveEasy 2020 Fund until termination

As disclosed in the MPF Scheme Brochure, the relevant SaveEasy Fund may remain in existence for a period of up to five years after the designated target year (as may the underlying APIF). Although the BCT (Pro) SaveEasy 2020 Fund has reached its target year in 2020, in the interest of investors, the investment manager of the BCT (Pro) SaveEasy 2020 Fund does not propose to terminate the constituent fund and its underlying APIF in 2020 and will continue to manage the same until 2025. At least three months’ prior notice will be issued to the members when the BCT (Pro) SaveEasy 2020 Fund is terminated, which is expected to be in 2025.

4. Enhancement of disclosures relating to increase in fees of the underlying APIF

With immediate effect, the disclosures relating to increase in fees of the underlying APIF in the last paragraph in section 5.1.3.2 headed “Underlying Funds” under the section 5.1.3 headed “EXPLANATORY NOTES” under section 5.1 headed “FEE TABLE” in section headed “5. FEES AND CHARGES” are amended to enhance clarity, as follows:

“Increase in Fees: The fees of the underlying APIFs may be ~~changed~~ increased by giving a 3 months’ notice to the relevant unitholders concerned provided that the maximum levels are not exceeded.”

5. General

The MPF Scheme Brochure will be amended by way of a first addendum to the MPF Scheme Brochure (“**First Addendum**”) to reflect the relevant changes set out above. The changes described in this document are in summary form only. Members should review the First Addendum for further details on the changes made.

The MPF Scheme Brochure and the First 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