



BCT
銀聯集團



BCT (MPF) Industry Choice

2017

Reports and Financial Statements
(From 1 January to 31 December 2017)

BCT (MPF) INDUSTRY CHOICE

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

BCT (MPF) INDUSTRY CHOICE

<u>Content</u>	<u>Page</u>
Plan report	1
Investment report	11
Independent auditor's report	47
BCT (MPF) Industry Choice	
Statement of net assets available for benefits	51
Statement of changes in net assets available for benefits	52
Statement of cash flows	54
Constituent funds	
Statement of net assets	55
Statement of comprehensive income	61
Statement of changes in net assets attributable to members	65
Notes to the financial statements	69

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

1. Overview

The BCT (MPF) Industry Choice (the “Plan”), an Industry Scheme, was established by Bank Consortium Trust Company Limited (the “Trustee” or “BCT”) with the contribution commencement date of 1 December 2000. The Plan was registered under the Mandatory Provident Fund Schemes Ordinance (“MPFSO”) with the Mandatory Provident Fund Schemes Authority (“MPFA”) and authorised by the Securities and Futures Commission (“SFC”) in April 2000*. It is constituted by a trust deed (the “Deed”) dated 12 April 2000 and is governed by the laws of the Hong Kong SAR. The Deed was subsequently amended and superseded by a deed of substitution and adherence dated 1 June 2011, which was further amended by first supplemental deed dated 24 November 2011, second supplemental deed dated 29 May 2012, third supplemental deed dated 1 November 2012, fourth supplemental deed dated 19 March 2014, fifth supplemental deed dated 21 December 2015, sixth supplemental deed dated 1 December 2016 and seventh supplemental deed dated 5 March 2018.

The Plan is a defined contribution provident fund scheme that is open for participation by all employers, employees, self-employed persons in the catering and construction industries in Hong Kong and personal account members in Hong Kong. As at 31 December 2017, the Plan offered the Default Investment Strategy and twelve constituent funds, namely, BCT (Industry) MPF Conservative Fund, BCT (Industry) E30 Mixed Asset Fund, BCT (Industry) E50 Mixed Asset Fund, BCT (Industry) E70 Mixed Asset Fund, BCT (Industry) Global Bond Fund, BCT (Industry) Global Equity Fund, BCT (Industry) Hong Kong Equity Fund, BCT (Industry) Asian Equity Fund, BCT (Industry) Absolute Return Fund, BCT (Industry) RMB Bond Fund, BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund. Each of them, with a different investment objective and risk profile, is offered to Plan members exclusively. Plan members can choose to invest their accrued benefit balances in any combination of the Default Investment Strategy and twelve constituent funds.

*[*Such registration and authorisation do not constitute official recommendation of the Plan by the MPFA and the SFC.]*

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

2. Financial Highlights

During the year ended 31 December 2017, the total contributions received and receivable including transfers in from participating employers and members of the Plan amounted to HK\$621 million, while the total benefits paid and payable including transfers out and forfeitures amounted to HK\$350 million. As at 31 December 2017, the market values of the Plan's constituent funds were as follows:

	<u>Market Value</u> (HK\$)
BCT (Industry) MPF Conservative Fund	1,257,264,461
BCT (Industry) E30 Mixed Asset Fund	656,412,946
BCT (Industry) E50 Mixed Asset Fund	508,447,159
BCT (Industry) E70 Mixed Asset Fund	687,998,771
BCT (Industry) Global Bond Fund	110,713,585
BCT (Industry) Global Equity Fund	186,573,021
BCT (Industry) Hong Kong Equity Fund	668,493,903
BCT (Industry) Asian Equity Fund	349,464,196
BCT (Industry) Absolute Return Fund	136,091,518
BCT (Industry) RMB Bond Fund	64,097,561
BCT (Industry) Core Accumulation Fund	155,998,834
BCT (Industry) Age 65 Plus Fund	258,040,255
	<hr/>
Total	5,039,596,210

After taking into account the operating expenses of HK\$57.0 million, the net income of the Plan during the year ended 31 December 2017 was HK\$645.4 million.

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

3. Changes to the Governing Rules of the Plan

Set out below is a brief summary of the key amendments to the governing rules/ the principal brochure of the Plan:-

- Update of the management fees of certain constituent funds with effect from 1 April 2017 to reflect the reduction in trustee fees payable by the underlying approved pooled investment funds of those constituent funds on the same effective date;
- Enhancement of the disclosure of dealing cut-off time for processing rebalancing/switching instruction form on a dealing day;
- Name change of BCT (Industry) Absolute Return Fund and clarification of its investment policy to cater for the corresponding changes in its underlying approved pooled investment fund with effect from 30 November 2018.
- With effective from 26 April 2018, quoted investments (including any collective investment schemes listed on stock exchanges and listed ITCIS) will be valued at their last traded price (instead of their last bid price) or midway between the latest available market offered price and the latest available market bid price on the market on which such investment is quoted.

For the details, please refer to the relevant parts of the Principal Brochure.

4. Client Services

BCT and/or BCT Financial Limited* ("BCTF") provide(s) a wide range of client services to support employers and members in managing their MPF accounts. Key services provided through various channels include:

- 4.1 The branch network of the servicing banks (as set out below) where employers can make contribution payments through Direct Deposit (by cash, cheque or bank transfer) at the teller counter, Cheque Drop-in Box or Internet Banking of "Designated Banks". The branches also help to refer clients to contact BCT directly for services that cannot render.

*(*Associate of the Trustee and wholly-owned subsidiary of Bank Consortium Holding Limited)*

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The “Designated Banks” are Chong Hing Bank Limited, Fubon Bank (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited, Public Bank (Hong Kong) Limited, Shanghai Commercial Bank Limited and Wing Lung Bank Limited.

- 4.2 The Customer Service Counter at the BCT office where employers and members can enjoy one-stop MPF services in relation to managing their MPF accounts, obtaining Plan information and other MPF related administrative information and support.
- 4.3 Direct Debit Authorization (DDA), Internet Banking Bill Payment Service and PPS where employers can make contribution payments.
- 4.4 Members can check the account balance by JETCO Automatic Teller Machines (“ATM”) terminals.
- 4.5 The BCT client relationship teams which are dedicated to providing quality services and assistance to employers in matters relating to MPF management as well as latest information about their participating plans and MPF regulation.
- 4.6 Employer Hotline 2298 9388 and Member Hotline 2298 9333 where employers and members can enquire about their accounts, obtain Plan information, performance of investment funds and other related information.
- 4.7 A 24-hour interactive voice response system which members can access their accounts with their PINs to obtain administrative forms and fund information via fax-on-demand facility.
- 4.8 The BCT website (www.bcthk.com) where employers and members can manage their accounts online with their PINs, such as checking contribution history, download related statements / receipts, member can also check account balances as well as performing change of investment mandate and fund switching. They can also access comprehensive plan information, fund prices and investment knowledge, as well as download statements, Principal Brochures, administrative guides, forms, fund performance publications, newsletters and leaflets etc. BCT website also provides “Retirement Calculator” and “Risk Assessment” to help members understand their financial needs.

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

- 4.9 Smart phone apps which allow members access their accounts with their PINs, for checking account balance and transaction history as well as performing change of investment mandate and fund switching. Monthly SMS service for account balance is available for members' subscription.
- 4.10 E-Alert service is offered to employers who subscribed the service. E-mail and SMS are sent to employers for reminding them to make timely contributions before the statutory due day in order to avoid late contribution surcharge. Employers could also make contribution payment conveniently via PPS/ Direct Debit Authorisation / Internet Banking Bill Payment Service/ Direct Deposit at branch of "Designated Banks" / E-Cheque / Post to BCT office etc.
- 4.11 E-news covering the latest corporate, MPF and fund performance information updated on participating plans services and MPF regulatory changes are regularly sent to employers and members who have registered their e-mail addresses with BCT.
- 4.12 Regular publications, member communications and investor education information are available for employers and members to better understand the features, fund performance, investment basics and latest financial market outlook and other relevant information of their participating plans. These include Monthly Fund Performance Table, Fund Performance Fact Sheet, BCT Express (employer news) and BCT Connect (member news), MPF service days, member briefings, seminars and investment forums.

5. Trustee, Administrator, Custodian, Sponsor, Auditor, Legal Adviser, Investment Managers, Sub-custodian and Banks

5.1 Trustee, Administrator and Custodian

Bank Consortium Trust Company Limited
18/F, Cosco Tower, 183 Queen's Road Central, Hong Kong

5.2 Sponsor

BCT Financial Limited*
18/F, Cosco Tower, 183 Queen's Road Central, Hong Kong

(Associate of the Trustee and wholly-owned subsidiary of Bank Consortium Holding Limited)*

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

5.3 Auditor

PricewaterhouseCoopers
22/F, Prince's Building, Central, Hong Kong

5.4 Legal Adviser

Deacons
5/F, Alexandra House, 18 Chater Road, Central, Hong Kong

5.5 Investment Managers

- ◆ Invesco Hong Kong Limited
41/F, Champion Tower, 3 Garden Road, Central, Hong Kong
- ◆ Franklin Templeton Investments (Asia) Limited
17/F, Chater House, 8 Connaught Road Central, Hong Kong
- ◆ FIL Investment Management (Hong Kong) Limited
Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong
- ◆ Schroder Investment Management (Hong Kong) Limited
Suites 3301, Level 33, Two Pacific Place, 88 Queensway, Hong Kong
- ◆ Allianz Global Investors Asia Pacific Limited
27/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

5.6 Sub-custodian

The following sub-custodian has been appointed by the Trustee:

- ◆ The Bank of New York Mellon Corporation
225 Liberty Street, New York, NY 10286, United States of America

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

5.7 Banks

The following are the principal banks with which accounts have been maintained in connection with the operation of the Plan:

- ◆ Chong Hing Bank Limited
Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong
- ◆ Dah Sing Bank, Limited
36/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong[^]
- ◆ Fubon Bank (Hong Kong) Limited
Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong
- ◆ Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
- ◆ Public Bank (Hong Kong) Limited
Public Bank Centre, 120 Des Voeux Road Central, Hong Kong
- ◆ Shanghai Commercial Bank Limited
Shanghai Commercial Bank Tower, 12 Queen's Road Central, Hong Kong
- ◆ OCBC Wing Hang Bank Limited*
161 Queen's Road Central, Hong Kong
- ◆ Wing Lung Bank Limited
45 Des Voeux Road Central, Hong Kong

([^]The office tower name has been changed from Dah Sing Financial Centre to Everbright Centre on 25 May 2017)

*(*Associate of the Trustee and wholly-owned subsidiary of OCBC Bank)*

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

6. Board of Directors of the Trustee

Mr. TAN Stephen	Executive Director Asia Financial Holdings Limited 16/F, Worldwide House 19 Des Voeux Road Central Hong Kong
Ms. KO Sog Yee Karen (Alternate Director to Mr. TAN Stephen)	Senior Executive Vice President Asia Financial Holdings Limited 16/F, Worldwide House 19 Des Voeux Road Central Hong Kong
Mr. LAU Wai Man	Chief Executive Officer Chong Hing Bank Limited 26/F, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong
Mr. WONG Hon Hing	Vice Chairman Dah Sing Bank, Limited 36/F, Everbright Centre^ 108 Gloucester Road, Wanchai Hong Kong
Mr. LAU Shing Tat, Eddie (Alternate Director to Mr. WONG Hon Hing)	Executive Director & Head of Commercial Banking Division Dah Sing Bank, Limited 35/F, Everbright Centre^ 108 Gloucester Road, Wanchai Hong Kong

(^The office tower name has been changed from Dah Sing Financial Centre to Everbright Centre on 25 May 2017)

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Mr. KWOK Sek-chi, David	Managing Director & Chief Executive Shanghai Commercial Bank Limited 7/F, Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong
Mr. LI Yiu Ki (Alternate Director to Mr. KWOK Sek-chi, David)	Vice President Shanghai Commercial Bank Limited 28/F, Landmark East 100 How Ming Street, Kwun Tong, Kowloon Hong Kong
Mr. WANG Frank John (Appointed on 21 March 2017)	Executive Director & Deputy Chief Executive OCBC Wing Hang Bank Limited 4/F, 161 Queen's Road Central Hong Kong
Mr. WOO Lap Hoi	Head of Life Insurance & MPF Wing Lung Bank Limited 1/F, Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong
Ms. LAU Ka Shi	Managing Director & CEO Bank Consortium Trust Company Limited 18/F, Cosco Tower 183 Queen's Road Central Hong Kong
Mr. LECKIE Stuart Hamilton, OBE, JP (Independent Director)	Chairman Stirling Finance Limited 2207 Tower II, Lippo Centre, 89 Queensway Hong Kong
Mr. TAM Po Chiu (Independent Director)	c/o Bank Consortium Trust Company Limited 18/F, Cosco Tower 183 Queen's Road Central Hong Kong

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

7. Board of Directors of the Sponsor

Mr. TAN Stephen

Ms. KO Sog Yee Karen (Alternate Director to Mr. TAN Stephen)

Mr. LAU Wai Man

Mr. WONG Hon Hing

Mr. LAU Shing Tat, Eddie (Alternate Director to Mr. WONG Hon Hing)

Mr. KWOK Sek-chi, David

Mr. LI Yiu Ki (Alternate Director to Mr. KWOK Sek-chi, David)

Mr. WANG Frank John

Mr. WOO Lap Hoi

Ms. LAU Ka Shi

Mr. LECKIE Stuart Hamilton, OBE, JP (Independent Director)

Mr. TAM Po Chiu (Independent Director)

Please refer to the item 6 above for the business address of the directors.

8. Board of Directors of OCBC Wing Hang Bank Limited

Dr FUNG Yuk Bun Patrick JP

Mr NA Wu Beng

Mr Frank John WANG

Ms KNG Hwee Tin

Mr SOON Tit Koon

Mr Samuel TSIEN

Mr CHIM Wai Kin

Mr LAU Hon Chuen Ambrose GBS, JP

Mr OOI Sang Kuang

Mr TSE Hau Yin Aloysius

The business address of the above directors is 161 Queen's Road Central, Hong Kong.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

1. Overview

Constituent Funds

During the reporting year, the Plan offered the Default Investment Strategy and twelve constituent funds for the Plan members to choose from. Each member may invest his or her accrued benefit balance in one or more of the following twelve constituent funds:

1. BCT (Industry) MPF Conservative Fund ("MPF Conservative Fund")
2. BCT (Industry) E30 Mixed Asset Fund ("E30 Mixed Asset Fund")
3. BCT (Industry) E50 Mixed Asset Fund ("E50 Mixed Asset Fund")
4. BCT (Industry) E70 Mixed Asset Fund ("E70 Mixed Asset Fund")
5. BCT (Industry) Global Bond Fund ("Global Bond Fund")
6. BCT (Industry) Global Equity Fund ("Global Equity Fund")
7. BCT (Industry) Hong Kong Equity Fund ("Hong Kong Equity Fund")
8. BCT (Industry) Asian Equity Fund ("Asian Equity Fund")
9. BCT (Industry) Absolute Return Fund ("Absolute Return Fund")
10. BCT (Industry) RMB Bond Fund ("RMB Bond Fund")
11. BCT (Industry) Core Accumulation Fund ("Core Accumulation Fund")
12. BCT (Industry) Age 65 Plus Fund ("Age 65 Plus Fund")

The four constituent funds (1) to (4) were launched on 1 December 2000, three constituent funds (5) to (7) on 1 October 2002, constituent fund (8) on 1 May 2004, constituent fund (9) on 1 August 2005, one constituent fund (10) on 4 March 2013 and the remaining two constituent funds (11) and (12) on 1 April 2017.

The investment objective and other relevant information relating to each of the constituent funds have been set out in the Principal Brochure of the Plan. The operation of each of the constituent funds during the year is discussed in the following sections.

Investment Managers

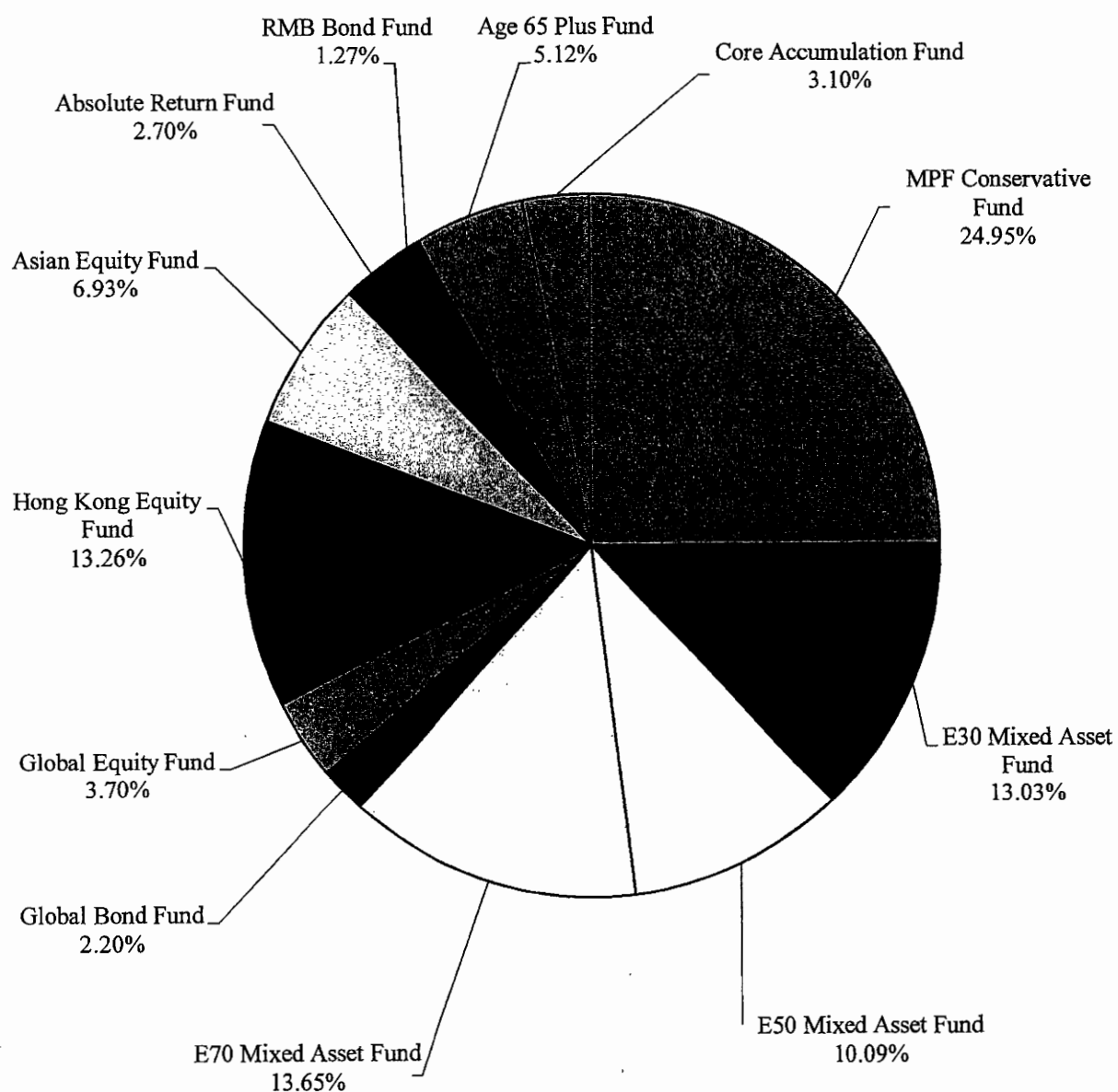
Invesco Hong Kong Limited has been appointed as the investment manager to carry out the investment management functions of the constituent funds (1) to (4) and (10) to (12). Franklin Templeton Investments (Asia) Limited has been appointed as the investment manager of the Global Bond Fund and Global Equity Fund, FIL Investment Management (Hong Kong) Limited has been appointed as the investment manager of the Hong Kong Equity Fund, Schroder Investment Management (Hong Kong) Limited has been appointed as the investment manager of the Asian Equity Fund and Allianz Global Investors Asia Pacific Limited has been appointed as the investment manager of the Absolute Return Fund.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Distribution of Constituent Funds

As at 31 December 2017, distribution of net assets of the Plan amongst the constituent funds was as follows:



BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

2. Investment Income and Performance

	<u>MPF Conservative Fund</u>			<u>E30 Mixed Asset Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	9,922,872	6,995,014	8,705,258	42	1	-
Dividend income	-	-	-	-	-	-
Other income	5,040	51,823	112,179	156,850	66,997	-
Total income	<u>9,927,912</u>	<u>7,046,837</u>	<u>8,817,437</u>	<u>156,892</u>	<u>66,998</u>	<u>-</u>
Net income/(loss) – excluding capital appreciation and depreciation	(2,386,942)	(2,226,847)	(716,924)	(12,111,742)	(12,381,885)	(10,839,226)
Net investment appreciation/(depreciation) – realised and unrealised	2,643,930	2,310,922	848,307	106,275,453	16,481,614	(6,968,711)

	<u>E50 Mixed Asset Fund</u>			<u>E70 Mixed Asset Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	10	1	-	14	1	-
Dividend income	-	-	-	-	-	-
Other income	95,165	37,003	-	125,908	47,628	-
Total income	<u>95,175</u>	<u>37,004</u>	<u>-</u>	<u>125,922</u>	<u>47,629</u>	<u>-</u>
Net income/(loss) – excluding capital appreciation and depreciation	(7,336,193)	(6,946,157)	(6,732,529)	(9,698,591)	(8,874,137)	(8,763,811)
Net investment appreciation/(depreciation) – realised and unrealised	85,329,838	11,316,353	(6,290,663)	141,933,989	18,258,796	(11,789,096)

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Global Bond Fund</u>			<u>Global Equity Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	7	-	-	11	1	-
Dividend income	-	-	-	-	-	-
Other income	266,590	227,081	205,765	607,440	453,434	437,979
Total income	266,597	227,081	205,765	607,451	453,435	437,979
Net income/(loss) – excluding capital appreciation and depreciation	(680,716)	(754,417)	(715,262)	(1,110,732)	(987,919)	(913,457)
Net investment appreciation/ (depreciation) – realised and unrealised	3,649,542	(2,323,081)	(4,895,600)	26,458,541	11,210,360	(4,759,215)
	<u>Hong Kong Equity Fund</u>			<u>Asian Equity Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	114	7	-	9	-	-
Dividend income	-	-	-	-	-	-
Other income	1,738,048	1,314,436	1,284,267	75,384	25,509	-
Total income	1,738,162	1,314,443	1,284,267	75,393	25,509	-
Net income/(loss) – excluding capital appreciation and depreciation	(4,597,928)	(3,724,845)	(3,333,899)	(2,980,310)	(2,530,234)	(2,391,438)
Net investment appreciation/ (depreciation) – realised and unrealised	198,570,803	7,897,002	(20,706,762)	99,257,291	9,628,458	(16,989,873)

BCT (MPF) INDUSTRY CHOICE
INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Absolute Return Fund</u>			<u>RMB Bond Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	5	-	-	6	-	-
Dividend income	-	-	-	-	-	-
Other income	-	-	-	193,779	135,103	87,751
Total income	<u>5</u>	<u>-</u>	<u>-</u>	<u>193,785</u>	<u>135,103</u>	<u>87,751</u>
Net income/(loss) – excluding capital appreciation and depreciation	(1,424,914)	(1,273,087)	(1,040,471)	(571,915)	(387,293)	(251,552)
Net investment appreciation/(depreciation) – realised and unrealised	9,005,100	1,900,643	(313,414)	3,630,293	(860,748)	(1,038,854)
	<u>Core Accumulation Fund</u>			<u>Age 65 Plus Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	10	-	-	9	-	-
Dividend income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	<u>10</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>
Net income/(loss) – excluding capital appreciation and depreciation	(443,855)	-	-	(442,519)	-	-
Net investment appreciation/(depreciation) – realised and unrealised	8,996,934	-	-	3,451,659	-	-

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

2017 was a year of global recovery, leading to a broad-based rally across global markets. Political risks in Europe faded amid favorable results of European elections. A surprisingly weak US dollar also provided a favorable backdrop to global markets. While geographical risk from North Korea brought short-term volatility to markets, optimism over Trump's policy and stabilized Chinese economy boosted market sentiments for global equities. Looking into 2018, we expect a continuation of global growth which remains positive for equities over bonds. However, global inflation recovery and global central banks' tapering could be the major risks to stocks markets. Meanwhile, lingering political risks from Europe and North Korea will also be the sources of volatility.

United States

2017 was another stellar year for US equities with S&P 500 climbing to record highs, jumping 19.4%. The 'Trump Trade', better-than-expected corporate earnings, solid economic growth and the passage of Tax reform by end of 2017 all contributed to the US stocks rally. On the other hand, the Fed's moderate pace of rate hikes and its decision to normalize balance sheet in a gradual and predictable manner also provided tailwinds to the US markets. Looking forward, we expect that the continuous economic growth, positive effects from the tax reform and earnings growth will continue to drive US markets. However, high valuation still makes US stocks less appealing compared to other developed markets. In the latter of the year, we should be mindful of the risk that the Fed could quicken the pace of rate hikes along with stronger economic performance, especially for the pick-up of inflation, which could weigh on corporate earnings and stock performance.

Europe

Europe's benchmark gauges posted positive returns with Stoxx Europe 600 Index increasing 7.7%. However, in HK dollar term, the benchmark return came in at 22.3%, thanks to the strong rally of the euro. Political uncertainty in Eurozone was much alleviated after the positive result of the French election, boosting investors' sentiment towards European stocks. The robust economic data and global recovery also provided tailwinds to corporate earnings. Meanwhile, European Central bank's (ECB) announcement to reduce bond buying under the growing economic backdrop, further drive the euro higher. In 2018, it is expected that renewed political uncertainty such as Italian election in March could bring volatility to European markets. Over the year, markets will continue to keep eyes on ECB's move over the monetary policy. Any signs of tapering could further push the euro higher, adding doubts about the continuation of earnings growth in 2018.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Japan

Despite a stronger yen against the US dollar, Nikkei 225 Index surged 19.1%. Global economic recovery provided strong stimulus to Japanese exports, which further translated into better economic growth and recovery of corporate earnings.

Optimism over Japanese markets were further boosted by Prime Minister Shinzo Abe 's major victory in the snap election, as it implies the continuation of 'Abenomics' and his pro-growth economic policies. Looking ahead, Japanese economy is likely to continue its growth path under the backdrop of global economy growth, which should remain supportive of earnings growth and Japanese stocks. Having said that, lingering geopolitical risks could underpin the yen, limiting the upside of Japanese stocks.

Asia

It was a prosperous year for Asian equities which delivered impressive returns across the region, with MSCI ex Japan Index (USD term) jumping 38.7% in 2017. Despite the Fed's continuous rate hikes and the start of its balance sheet normalization, the weakness of the US dollar and global growth provided a favorable backdrop for Asian markets. The structural reforms and pro-growth policies within the region were also positive for the market sentiment. Other than that, with lower valuations and earnings recovery, Asian markets kept attracting inflow throughout the year. Going forward, we believe the rally will extend to 2018 with continuous earnings growth and weak US dollar expected in the near term. However, we should closely monitor the effect of the Fed's tapering and the trend of the US dollar. The potentially faster rate hikes in US could post risk to Asian markets.

China & Hong Kong

Chinese equities delivered stellar performance in 2017 with Hang Seng Index surging 36% while Shanghai Composite Index rising 6.6%. Under the stabilization of Chinese economy, corporates earnings began to see recovery and served as the main driver for Chinese stocks. Moreover, the inclusion of China A-share in the MSCI Index in 2018 triggered global investor's attention to the Chinese stock markets. Meanwhile, RMB also rebounded amid China's capital control, stabilized economy, interest rate hikes and a weaker US dollar, bringing better sentiment for the Chinese stocks. Hong Kong market, benefiting from the favorable factors of China and lower valuation, continued to attract foreign and southbound inflow during the year. Moving ahead, we believe that the earning recovery cycle will continue in 2018, coupled with lower valuation and continued southbound flows from mainland, the outlook for Chinese stocks remain positive. Also, the positive impacts from MSCI inclusion should continue to favour market sentiment.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Global Bonds

Despite the on-going rate hikes and start of US balance sheet normalization, US 10-year government bond yield was range-bound over the year with inflation remained subdued. On the contrary, Germany government bond yields rose amid rising expectations for ECB's tapering. However, the yield curves of both US and Germany flattened over the year with short-term yields rising faster than long-term yields, reflecting expectations for rate hikes and subdued inflation environment. Similarly, the tightened liquidity conditions in China pushed the Chinese government bond yields higher. Looking ahead, lingering concerns over North Korea risk, renewed political uncertainty in Europe could provide demand for safer assets. However, we should remain cautious that any signs of higher inflationary pressure and hawkish move of major central banks will likely drive yields higher and weigh on this asset class.

[Note: The above market commentary was prepared by Bank Consortium Trust Company Limited and only reflects the situation at the time of writing. Please be reminded that past performance is not indicative of future performance.]

A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) MPF Conservative Fund <i>Launch date: 01/12/2000</i>	0.04	0.05	0.15	0.63
Performance Target	0.01	0.01	0.02	0.50
Deviation from the performance target	0.03	0.04	0.13	0.13
Trustee's commentary The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to the bias towards investments (e.g. term deposits/certificate deposit) with Chinese and local banks (which provided a better rate of returns). Peer group comparison may not be applicable as fees and charges of MPF conservative funds can either be deducted from the assets of the funds or members' accounts by way of unit deduction. The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.				

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) E30 Mixed Asset Fund <i>Launch date: 01/12/2000</i>	12.50	3.04	2.59	4.07
Performance Target	11.27	1.99	1.72	3.59
Deviation from the performance target	1.23	1.05	0.87	0.48
Trustee's commentary <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to stock selection, relative to the benchmark, in Japan and Asia (excluding Japan & Hong Kong) markets.</p> <p>Such 1-year performance was also above the market median as compared to constituent funds with similar investment objective and policies.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) E50 Mixed Asset Fund <i>Launch date: 01/12/2000</i>	17.96	4.73	2.73	4.51
Performance Target	16.62	3.91	2.23	4.39
Deviation from the performance target	1.34	0.82	0.50	0.12
Trustee's commentary <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to stock selection, relative to the benchmark, in Japan and Asia (excluding Japan & Hong Kong) markets.</p> <p>Such 1-year performance was also above the market median as compared to constituent funds with similar investment objective and policies.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Annualized return (in terms of %)				
	1 year	5 years	10 years	Since Launch
BCT (Industry) E70 Mixed Asset Fund <i>Launch date: 01/12/2000</i>	23.58	6.47	2.86	4.77
Performance Target	21.81	5.77	2.46	4.87
Deviation from the performance target	1.77	0.70	0.40	-0.10

Trustee's commentary

The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to stock selection, relative to the benchmark, in Japan and Asia (excluding Japan & Hong Kong) markets.

Such 1-year performance was also above the market median as compared to constituent funds with similar investment objective and policies.

The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.

Annualized return (in terms of %)				
	1 year	5 years	10 years	Since Launch
BCT (Industry) Global Bond Fund <i>Launch date: 01/10/2002</i>	3.16	-2.20	1.17	2.61
Performance Target	4.23	-0.46	1.37	2.42
Deviation from the performance target	-1.07	-1.74	-0.20	0.19

Trustee's commentary

The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to currency positions with, relative to the benchmark, no exposure to Euro and Japanese Yen (which detracted the fund performance under a period of weak US dollar in 2017).

Such 1-year performance was also below the market median as compared to constituent funds with similar investment objective and policies.

The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) Global Equity Fund <i>Launch date: 01/10/2002</i>	16.49	8.46	2.37	7.07
Performance Target	21.84	10.12	3.46	7.69
Deviation from the performance target	-5.35	-1.66	-1.09	-0.62
Trustee's commentary <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to sector allocation with, relative to the benchmark, an overweight in the Healthcare sector (which did not perform well in 2017).</p> <p>Such 1-year performance was also below the market median as compared to constituent funds with similar investment objective and policies.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) Hong Kong Equity Fund <i>Launch date: 01/10/2002</i>	41.35	8.33	1.78	10.31
Performance Target	40.99	7.47	2.24	6.33
Deviation from the performance target	0.36	0.86	-0.46	3.98
Trustee's commentary <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to stock selection in the Healthcare sector and sector allocation with, relative to the benchmark, an overweight in the Financial sector and an underweight in Consumer Goods sector.</p> <p>Such 1-year performance was also above the market median as compared to constituent funds with similar investment objective and policies.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) Asian Equity Fund <i>Launch date: 01/05/2004</i>	39.38	7.39	3.67	9.80
Performance Target	38.73	6.25	2.43	8.32
Deviation from the performance target	0.65	1.14	1.24	1.48
Trustee's commentary <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to stock selection in the Consumer Goods sector and sector allocation with, relative to the benchmark, an overweight in the Utilities sector.</p> <p>Such 1-year performance was below the market median as compared to constituent funds with similar investment objective and policies.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) Absolute Return Fund <i>Launch date: 01/08/2005</i>	6.20	2.06	2.21	3.29
Performance Target	2.01	2.14	1.73	1.63
Deviation from the performance target	4.19	-0.08	0.48	1.66
Trustee's commentary <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to stock selection in Hong Kong/China, Asia Pacific (excluding Japan & Hong Kong) and European markets, and bond selection in USD bonds.</p> <p>Peer group comparison may not be appropriate as the underlying investment fund invested by the constituent fund adopts a dynamic asset allocation.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) RMB Bond Fund <i>Launch date: 04/03/2013</i>	6.01	n/a	n/a	-0.58
Performance Target	10.91	n/a	n/a	0.31
Deviation from the performance target	-4.90	n/a	n/a	-0.89
<p>Trustee's commentary</p> <p>The deviation of the 1-year performance in respect of the financial period ended 31 December 2017 was mainly due to the relatively lower RMB exposure against the benchmark* (as a result of currency hedging and cash holding of Hong Kong dollars), and also a rather long duration strategy on RMB bond investments (which did not perform well in 2017).</p> <p><i>[*Under MPF legislations, constituent funds must have at least 30% of assets in Hong Kong dollars and accordingly, with effect from 2018, a currency-hedged benchmark has been used for a more fair and meaningful performance comparison.]</i></p> <p>However, such 1-year performance was above the market median as compared to constituent funds with similar investment objective and policies.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) Core Accumulation Fund <i>Launch date: 01/04/2017</i>	n/a	n/a	n/a	n/a
Performance Target	n/a	n/a	n/a	n/a
Deviation from the performance target	n/a	n/a	n/a	n/a
<p>Trustee's commentary</p> <p>The constituent fund only had a short history of performance record as of the financial period ended 31 December 2017. Annualized returns are only available for presentation of performance figures for periods of more than 1 year.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BCT (Industry) Age 65 Plus Fund <i>Launch date: 01/04/2017</i>	n/a	n/a	n/a	n/a
Performance Target	n/a	n/a	n/a	n/a
Deviation from the performance target	n/a	n/a	n/a	n/a
<p>Trustee's commentary</p> <p>The constituent fund only had a short history of performance record as of the financial period ended 31 December 2017. Annualized returns are only available for presentation of performance figures for periods of more than 1 year.</p> <p>The investment objectives and policies for the constituent fund have been complied with in all material respects and that the general market climate which impacts the financial performance of the fund (as set out in preceding paragraphs/sections) is true and accurate as of the reporting date.</p>				

B. Supporting information in relation to trustee's assessment framework for deriving its commentary and trustee's action, if any, to address its concerns raised in its commentary in Section A

Fund performance is monitored by the trustee on a regular basis which involves a BCT's Board committee composed of members with experience in investment, including Board members. In the event of underperformance of fund(s), the trustee would routinely (and with the involvement of the Board committee, as appropriate) follow up with relevant sponsor/fund manager(s) to ensure that appropriate action(s) are taken to enhance investment returns.

Our performance monitoring mechanism operates in such a way so that for any of the constituent funds, if its 1-year performance is below the benchmark/target and the market median, no immediate action would be required unless the underperformance persists.

We also monitor performance of appointed investment managers from perspectives other than fund performance. Other factors such as compliance cultures and experience/investment philosophy of the investment managers for delivering sustainable performance to scheme members on a long-term basis are also taken into account.

Nonetheless, the operation of the industry scheme is a subject matter of trustee's on-going review (including on-going assessment of whether scheme restructuring (for examples termination and consolidation of constituent funds with similar objectives, change of fund structures, investment objectives/ policies, and investment managers) should be considered).

BCT (MPF) INDUSTRY CHOICE
INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The following tables summarise the performance of the twelve constituent funds:

MPF Conservative Fund

(Date of launch: 1 December 2000)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	1,257.26	1,243.06	1,158.08	1,078.33	1,006.50	929.84	857.18	808.57	771.21	667.69
Net asset value per unit (HK\$)	1.1134	1.1131	1.1131	1.1129	1.1108	1.1108	1.1082	1.1082	1.1081	1.1080
Highest issue price (HK\$)	1.1135	1.1132	1.1131	1.1130	1.1110	1.1108	1.1085	1.1082	1.1081	1.1080
Lowest redemption price (HK\$)	1.1131	1.1129	1.1129	1.1109	1.1108	1.1082	1.1082	1.1081	1.1080	1.0971
Net annualised investment return	0.03%	0.00%	0.02%	0.19%	0.00%	0.23%	0.00%	0.01%	0.01%	1.01%

E30 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	656.41	792.80	715.20	668.75	603.23	538.39	460.03	446.34	407.24	284.98
Net asset value per unit (HK\$)	1.9780	1.7583	1.7459	1.7895	1.7545	1.7030	1.5602	1.5947	1.5320	1.3746
Highest issue price (HK\$)	1.9782	1.8566	1.8688	1.8290	1.7595	1.7056	1.6619	1.6364	1.5643	1.5348
Lowest redemption price (HK\$)	0.9170	1.6844	1.7238	1.7356	1.6514	1.5628	1.5186	1.4635	1.2571	1.2589
Net annualised investment return	12.50%	0.71%	-2.44%	1.99%	3.02%	9.15%	-2.16%	4.09%	11.45%	-10.25%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

E50 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	508.45	433.90	421.87	429.24	414.10	378.04	329.77	343.21	317.37	259.60
Net asset value per unit (HK\$)	2.1240	1.8007	1.7825	1.8381	1.8054	1.6858	1.5038	1.5950	1.5160	1.2954
Highest issue price (HK\$)	2.1242	1.8862	1.9682	1.8947	1.8054	1.6898	1.6668	1.6303	1.5419	1.6180
Lowest redemption price (HK\$)	1.4154	1.6730	1.7349	1.7601	1.6479	1.5087	1.4368	1.4155	1.1474	1.1639
Net annualised investment return	17.95%	1.02%	-3.02%	1.81%	7.09%	12.10%	-5.72%	5.21%	17.03%	-20.18%

E70 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	688.00	560.95	543.53	557.93	540.40	476.05	409.69	446.34	413.19	318.27
Net asset value per unit (HK\$)	2.2157	1.7930	1.7637	1.8314	1.8021	1.6196	1.4068	1.5511	1.4594	1.1759
Highest issue price (HK\$)	2.2159	1.8636	2.0080	1.9026	1.8021	1.6249	1.6315	1.5794	1.4792	1.6623
Lowest redemption price (HK\$)	1.7879	1.6002	1.6906	1.7312	1.5958	1.3973	1.3181	1.3287	1.0090	1.0382
Net annualised investment return	23.58%	1.66%	-3.70%	1.63%	11.27%	15.13%	-9.30%	6.28%	24.11%	-29.62%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Global Bond Fund

(Date of launch: 1 October 2002)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	110.71	91.64	83.99	81.74	73.85	66.02	52.30	44.66	36.82	27.15
Net asset value per unit (HK\$)	1.4818	1.4364	1.4856	1.5905	1.6301	1.6563	1.5401	1.5459	1.4331	1.3240
Highest issue price (HK\$)	1.5068	1.5040	1.5923	1.6635	1.6761	1.6566	1.6264	1.5909	1.4586	1.3976
Lowest redemption price (HK\$)	1.4327	1.4343	1.4802	1.5891	1.5935	1.5434	1.5205	1.4210	1.2327	1.2336
Net annualised investment return	3.16%	-3.31%	-6.60%	-2.43%	-1.58%	7.54%	-0.38%	7.87%	8.24%	0.35%

Global Equity Fund

(Date of launch: 1 October 2002)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	186.57	145.65	120.15	113.64	100.20	70.64	53.33	51.86	42.10	25.70
Net asset value per unit (HK\$)	2.8364	2.4348	2.2692	2.3738	2.3608	1.8896	1.6031	1.7369	1.6334	1.3119
Highest issue price (HK\$)	2.8401	2.4600	2.6125	2.5088	2.3608	1.9018	1.9009	1.7419	1.6449	2.2300
Lowest redemption price (HK\$)	1.8537	1.9245	2.1315	2.2220	1.9190	1.5367	1.4628	1.4330	1.0167	1.1207
Net annualised investment return	16.49%	7.30%	-4.41%	0.55%	24.94%	17.87%	-7.70%	6.34%	24.51%	-41.57%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Hong Kong Equity Fund

(Date of launch: 1 October 2002)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	668.49	462.96	412.21	381.60	327.91	269.94	197.31	203.75	145.36	68.99
Net asset value per unit (HK\$)	4.4675	3.1605	3.1462	3.3134	3.2191	2.9953	2.4888	3.1311	2.8818	1.8488
Highest issue price (HK\$)	4.4735	3.4821	4.0501	3.4610	3.2845	2.9963	3.3062	3.3918	2.9687	3.7312
Lowest redemption price (HK\$)	2.5453	2.5947	2.9259	2.9460	2.7069	2.4198	2.2410	2.4750	1.5792	1.4635
Net annualised investment return	41.35%	0.45%	-5.05%	2.93%	7.47%	20.35%	-20.51%	8.65%	55.87%	-50.64%

Asian Equity Fund

(Date of launch: 1 May 2004)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	349.46	237.15	209.31	206.90	169.38	150.75	107.47	104.95	70.67	30.71
Net asset value per unit (HK\$)	3.5888	2.5749	2.4961	2.7302	2.4880	2.5126	2.0399	2.4010	2.0682	1.2382
Highest issue price (HK\$)	3.6154	2.8340	3.0113	2.8293	2.6132	2.5156	2.5348	2.4055	2.0682	2.4767
Lowest redemption price (HK\$)	1.8686	2.2218	2.3861	2.3529	2.2664	2.0600	1.8698	1.8307	1.0443	0.9583
Net annualised investment return	39.38%	3.16%	-8.57%	9.73%	-0.98%	23.17%	-15.04%	16.09%	67.03%	-50.51%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Absolute Return Fund

(Date of launch: 1 August 2005)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	136.09	114.99	98.59	85.09	67.79	51.30	36.44	26.40	17.93	11.40
Net asset value per unit (HK\$)	1.4948	1.4075	1.3982	1.4165	1.3793	1.3501	1.2539	1.2580	1.1980	1.0836
Highest issue price (HK\$)	1.4949	1.4343	1.4654	1.4189	1.3924	1.3503	1.2942	1.2646	1.2054	1.2070
Lowest redemption price (HK\$)	1.4099	1.3752	1.3650	1.3632	1.3269	1.2554	1.2240	1.1919	1.0763	1.0341
Net annualised investment return	6.20%	0.67%	-1.29%	2.70%	2.16%	7.67%	-0.33%	5.01%	10.56%	-9.79%

RMB Bond Fund

(Date of launch: 4 March 2013)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	64.10	41.33	29.07	16.34	6.85	-	-	-	-	-
Net asset value per unit (HK\$)	0.9722	0.9171	0.9443	0.9926	1.0038	-	-	-	-	-
Highest issue price (HK\$)	0.9747	0.9581	0.9999	1.0087	1.0066	-	-	-	-	-
Lowest redemption price (HK\$)	0.9155	0.9171	0.9442	0.9863	0.9847	-	-	-	-	-
Net annualised investment return	6.01%	-2.88%	-4.87%	-1.12%	0.38%*	-	-	-	-	-

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Core Accumulation Fund

(Date of launch: 1 April 2017)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	156.00	-	-	-	-	-	-	-	-	-
Net asset value per unit (HK\$)	1.0823	-	-	-	-	-	-	-	-	-
Highest issue price (HK\$)	1.1133	-	-	-	-	-	-	-	-	-
Lowest redemption price (HK\$)	0.9989	-	-	-	-	-	-	-	-	-
Net annualised investment return	8.23%*	-	-	-	-	-	-	-	-	-

Age 65 Plus Fund

(Date of launch: 1 April 2017)

Financial year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net asset value (HK\$ million)	258.04	-	-	-	-	-	-	-	-	-
Net asset value per unit (HK\$)	1.0298	-	-	-	-	-	-	-	-	-
Highest issue price (HK\$)	1.0318	-	-	-	-	-	-	-	-	-
Lowest redemption price (HK\$)	0.9999	-	-	-	-	-	-	-	-	-
Net annualised investment return	2.98%*	-	-	-	-	-	-	-	-	-

*[Note: the net annualised investment return is based on the percentage change in net asset value per unit for the financial year. For the constituent fund launched in its first year (marked with an asterisk *), it is based on the percentage change in net asset value per unit from its launch date to the year-end date.]*

BCT (MPF) INDUSTRY CHOICE**INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The following table summarises the fund expense ratio ("FER") and transaction costs of the twelve constituent funds:

Financial year	<u>FER</u> <u>2017</u>	<u>Transaction costs</u> <u>2017</u> (HK\$)
MPF Conservative Fund	0.98%	-
E30 Mixed Asset Fund	1.72%	-
E50 Mixed Asset Fund	1.72%	-
E70 Mixed Asset Fund	1.72%	-
Global Bond Fund	1.67%	-
Global Equity Fund	1.75%	-
Hong Kong Equity Fund	1.72%	-
Asian Equity Fund	1.88%	-
Absolute Return Fund	1.66%	-
RMB Bond Fund	1.26%	-
Core Accumulation Fund	N/A*	-
Age 65 Plus Fund	N/A*	-

* The first fund expense ratio of the fund will be published for the year ended 31 December 2018

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

3. Investment Policies

MPF Conservative Fund

As stated in its constitutive documents, the objective of the MPF Conservative Fund is to provide members with a rate of return which matches or exceeds the Hong Kong dollar savings rate with a view of minimising the exposure of the principal amount invested to market fluctuation and volatility. The fund seeks to achieve its investment objective by investing in a portfolio of Hong Kong dollar denominated bank deposits and short-term debt securities.

E30 Mixed Asset Fund

As stated in its constitutive documents, the objective of the E30 Mixed Asset Fund is to provide members with capital growth over the long term with a view of minimising the risk of capital loss by investing solely in “Invesco Pooled Investment Fund - Global Stable Fund” which is an APIF. The benchmark weightings of the investments of the underlying APIF are expected to be, but not restricted to, 70% in fixed income securities and 30% in equities.

E50 Mixed Asset Fund

As stated in its constitutive documents, the objective of the E50 Mixed Asset Fund is to provide members with capital appreciation and a stable level of income over the long term by investing solely in “Invesco Pooled Investment Fund - Global Stable Growth Fund” which is an APIF. The benchmark weightings of the investments of the underlying APIF are expected to be, but not restricted to, 50% in fixed income securities and 50% in equities.

E70 Mixed Asset Fund

As stated in its constitutive documents, the objective of the E70 Mixed Asset Fund is to provide members with capital appreciation over the long term through diversified investments in global equities where higher rates of returns are usually available by investing solely in “Invesco Pooled Investment Fund - Global Balanced Fund” which is an APIF. The benchmark weightings of the investments of the underlying APIF are expected to be, but not restricted to, 30% in fixed income securities and 70% in equities.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Global Bond Fund

As stated in its constitutive documents, the objective of the Global Bond Fund is to provide members with total investment return over the medium to longer term by investing solely in the Templeton MPF Global Bond Fund, an APIF that invests primarily into fixed income securities issued by governments and governmental agencies globally. The underlying APIF has no prescribed allocations for investments in any specific countries or currencies. As the underlying APIF is a bond fund, the investment adviser intends to invest, under normal conditions, a majority of the underlying APIF's assets in fixed income securities.

Global Equity Fund

As stated in its constitutive documents, the objective of the Global Equity Fund is to provide members with capital growth over the medium to longer term by investing solely in the Templeton MPF Global Equity Fund, an APIF that invests primarily in securities of companies listed on the global stock markets. The underlying APIF has no prescribed allocations for investments in any specific countries or currencies. As the underlying APIF is an equity fund, the investment adviser intends to invest, under normal conditions, a majority of the underlying APIF's assets in equity securities.

Hong Kong Equity Fund

As stated in its constitutive documents, the objective of the Hong Kong Equity Fund is to provide members with long term capital appreciation by investing solely in "Fidelity Global Investment Fund – Hong Kong Equity Fund" which is an APIF and in turn invests in equity market of Hong Kong, namely equities of companies listed in Hong Kong (including Greater China companies that are listed in Hong Kong) or companies which have a business connection with Hong Kong (including companies which are listed outside Hong Kong). Companies which have a business connection with Hong Kong include but are not limited to companies that are domiciled or incorporated in Hong Kong. The underlying APIF will normally invest 95% of its net assets in equities and 5% in cash. Up to 10% of its net asset value may be invested in shares listed on a stock exchange that is not an approved stock exchange.

Asian Equity Fund

As stated in its constitutive documents, the objective of the Asian Equity Fund is to provide members with long term capital growth by investing solely in the Schroder MPF Asian Fund, an APIF that invests primarily in securities of companies in Asian equity markets (excluding Japan). At least 60% of the assets of the underlying APIF is invested in Asian equities.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Absolute Return Fund

As stated in its constitutive documents, the objective of the Absolute Return Fund is to provide members with long-term capital preservation not related to an index by investing solely in Allianz Choice Absolute Return Fund (formerly known as RCM Absolute Return Fund), an APIF that invests primarily in a diversified portfolio of global equities and fixed-interest securities. In normal circumstances, at least 75% of the assets of the underlying APIF is invested in fixed-interest securities and cash in order to minimise short term volatility.

RMB Bond Fund

As stated in its constitutive documents, the objective of the RMB Bond Fund is to provide members with steady growth over the long term by investing solely in an APIF (which is denominated in HKD and not in RMB) and 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 the mainland China.

Core Accumulation Fund

As stated in its constitutive documents, the objective of the Core Accumulation Fund is to provide capital growth to members by investing in a globally diversified manner. 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. 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).

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Age 65 Plus Fund

As stated in its constitutive documents, the objective of the Age 65 Plus Fund is to provide stable growth to members by investing in a globally diversified manner. 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. 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 statement of movements in portfolio holdings for these twelve constituent funds during the year is included in Schedule 1 of this report.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

4. Investments Held

The net assets of the constituent funds as at 31 December 2017, 2016 and 2015 are summarised below:

	<u>MPF Conservative Fund</u>			<u>E30 Mixed Asset Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	1,240,226,192	1,231,497,485	1,194,752,319	657,578,754	794,566,467	716,299,887
Other net assets/(liabilities)	17,038,269	11,560,652	(36,673,776)	(1,165,808)	(1,768,232)	(1,102,377)
Total	<u>1,257,264,461</u>	<u>1,243,058,137</u>	<u>1,158,078,543</u>	<u>656,412,946</u>	<u>792,798,235</u>	<u>715,197,510</u>
Investments, at cost	<u>1,239,756,770</u>	<u>1,229,430,549</u>	<u>1,194,539,200</u>	<u>483,172,150</u>	<u>640,856,386</u>	<u>567,292,050</u>

	<u>E50 Mixed Asset Fund</u>			<u>E70 Mixed Asset Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	509,573,634	434,857,712	422,635,460	689,145,241	562,378,361	544,498,204
Other net assets/(liabilities)	(1,126,475)	(956,499)	(769,518)	(1,146,470)	(1,432,398)	(971,747)
Total	<u>508,447,159</u>	<u>433,901,213</u>	<u>421,865,942</u>	<u>687,998,771</u>	<u>560,945,963</u>	<u>543,526,457</u>
Investments, at cost	<u>300,619,483</u>	<u>293,890,096</u>	<u>282,248,787</u>	<u>370,700,950</u>	<u>360,437,943</u>	<u>345,964,304</u>

	<u>Global Bond Fund</u>			<u>Global Equity Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	110,843,004	91,813,997	84,111,414	186,293,681	145,948,112	120,168,244
Other net assets/(liabilities)	(129,419)	(173,964)	(124,969)	279,340	(293,680)	(16,268)
Total	<u>110,713,585</u>	<u>91,640,033</u>	<u>83,986,445</u>	<u>186,573,021</u>	<u>145,654,432</u>	<u>120,151,976</u>
Investments, at cost	<u>110,379,181</u>	<u>95,020,438</u>	<u>85,113,586</u>	<u>138,861,925</u>	<u>119,618,592</u>	<u>103,750,390</u>

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Hong Kong Equity Fund</u>			<u>Asian Equity Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	667,477,875	461,939,386	412,225,890	349,497,340	237,466,439	209,512,710
Other net assets/(liabilities)	1,016,028	1,017,124	(13,352)	(33,144)	(318,133)	(203,047)
Total	<u>668,493,903</u>	<u>462,956,510</u>	<u>412,212,538</u>	<u>349,464,196</u>	<u>237,148,306</u>	<u>209,309,663</u>
Investments, at cost	<u>478,593,409</u>	<u>446,677,205</u>	<u>404,050,216</u>	<u>231,498,643</u>	<u>208,000,821</u>	<u>186,838,020</u>

	<u>Absolute Return Fund</u>			<u>RMB Bond Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	136,202,366	115,145,921	98,639,807	64,392,129	40,892,310	28,761,891
Other net assets/(liabilities)	(110,848)	(155,956)	(48,783)	(294,568)	437,194	307,091
Total	<u>136,091,518</u>	<u>114,989,965</u>	<u>98,591,024</u>	<u>64,097,561</u>	<u>41,329,504</u>	<u>29,068,982</u>
Investments, at cost	<u>120,473,715</u>	<u>106,559,165</u>	<u>91,116,965</u>	<u>60,590,624</u>	<u>42,656,794</u>	<u>29,667,134</u>

	<u>Core Accumulation Fund</u>			<u>Age 65 Plus Fund</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	154,403,195	-	-	257,115,375	-	-
Other net assets/(liabilities)	1,595,639	-	-	924,880	-	-
Total	<u>155,998,834</u>	<u>-</u>	<u>-</u>	<u>258,040,255</u>	<u>-</u>	<u>-</u>
Investments, at cost	<u>145,927,727</u>	<u>-</u>	<u>-</u>	<u>253,845,494</u>	<u>-</u>	<u>-</u>

The investment portfolio for these constituent funds as at 31 December 2017 is included in Schedule 2 of this report.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 1

Statement of Movements in Portfolio Holdings - BCT (Industry) MPF Conservative Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Certificates of Deposit		
Hong Kong Dollar	18.78%	22.43%
Total Certificates of Deposit	18.78%	22.43%
Fixed Deposits		
Hong Kong Dollar	79.86%	76.64%
Total Fixed Deposits	79.86%	76.64%
Total Investments	98.64%	99.07%

Statement of Movements in Portfolio Holdings - BCT (Industry) E30 Mixed Asset Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Invesco - Global Stable Fund (Class B)	100.17%	100.22%
Total Investments	100.17%	100.22%

Statement of Movements in Portfolio Holdings - BCT (Industry) E50 Mixed Asset Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Invesco - Global Stable Growth Fund (Class B)	100.21%	100.22%
Total Investments	100.21%	100.22%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 1

Statement of Movements in Portfolio Holdings - BCT (Industry) E70 Mixed Asset Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Invesco - Global Balanced Fund (Class B)	100.16%	100.26%
Total Investments	100.16%	100.26%

Statement of Movements in Portfolio Holdings - BCT (Industry) Global Bond Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Templeton MPF Global Bond Fund (Class A)	100.11%	100.19%
Total Investments	100.11%	100.19%

Statement of Movements in Portfolio Holdings - BCT (Industry) Global Equity Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Templeton MPF Global Equity Fund (Class A)	99.84%	100.20%
Total Investments	99.84%	100.20%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 1

Statement of Movements in Portfolio Holdings – BCT (Industry) Hong Kong Equity Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Fidelity Global Investment Fund - Hong Kong Equity Fund (Class A)	99.84%	99.78%
Total Investments	99.84%	99.78%

Statement of Movements in Portfolio Holdings - BCT (Industry) Asian Equity Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Schroder MPF Asian Fund (Class A)	100.00%	100.13%
Total Investments	100.00%	100.13%

Statement of Movements in Portfolio Holdings - BCT (Industry) Absolute Return Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Allianz Choice Absolute Return Fund (Class A)	100.07%	100.14%
Total Investments	100.07%	100.14%

Statement of Movements in Portfolio Holdings - BCT (Industry) RMB Bond Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Invesco - RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	100.45%	98.94%
Total Investments	100.45%	98.94%

BCT (MPF) INDUSTRY CHOICE**INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017****Schedule 1****Statement of Movements in Portfolio Holdings – BCT (Industry) Core Accumulation Fund**

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Core Accumulation Fund (Class A)	98.97%	-
Total Investments	98.97%	-

Statement of Movements in Portfolio Holdings - BCT (Industry) Age 65 Plus Fund

	% of Net Assets	
	Closing Balance 31/12/2017	Opening Balance 1/1/2017
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Age 65 Plus Fund (Class A)	99.64%	-
Total Investments	99.64%	-

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 2

Investment Portfolio - BCT (Industry) MPF Conservative Fund

<u>Description</u>	<u>Nominal Value</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Certificates of Deposit			
Hong Kong Dollar			
Agricultural Bank China HK 0% Apr 23 2018	50,000,000	49,748,000	3.96%
Agricultural Bank China HK 0% Jun 01 2018	30,000,000	29,796,900	2.37%
Agricultural Bank China HK 1.58% Mar 13 2018	13,000,000	13,011,302	1.03%
Bank of China HK Ltd 0% Apr 27 2018	7,000,000	6,964,860	0.55%
Bank of China HK Ltd 0% Jul 04 2018	50,000,000	49,596,500	3.94%
Bank of China HK Ltd 1.07% Jan 12 2018	25,000,000	25,123,788	2.00%
Bank of China HK Ltd 1.4% May 21 2018	32,000,000	32,011,871	2.55%
China Development Bank 0% May 17 2018	15,000,000	14,911,950	1.19%
China Development Bank 1.54% Jun 14 2018	15,000,000	14,999,455	1.19%
Total Certificates of Deposit		236,164,626	18.78%
Fixed Deposits			
Hong Kong Dollar			
Public Bank Deposit 1.3% Mar 07 2018	61,099,898	61,099,898	4.86%
Public Bank Deposit 1.3% Mar 28 2018	23,500,382	23,500,382	1.87%
Bank of Communications HK Deposit 1% Mar 15 2018	30,161,279	30,161,279	2.40%
Bank of Communications HK Deposit 1.23% Feb 28 2018	30,670,639	30,670,639	2.44%
Bank of Communications HK Deposit 1.4% May 29 2018	24,153,139	24,153,139	1.92%
Bank of Communications HK Deposit 1.76% Mar 21 2018	33,870,093	33,870,093	2.69%
China Construction Bank Asia Deposit 1.2% Feb 28 2018	10,000,000	10,000,000	0.80%
China Construction Bank Asia Deposit 1.4% Mar 21 2018	33,269,103	33,269,103	2.65%
China Construction Bank Asia Deposit 1.4% Mar 22 2018	42,824,820	42,824,820	3.41%
China Construction Bank Asia Deposit 1.4% Mar 28 2018	30,898,610	30,898,610	2.46%
Dah Sing Bank Deposit 1% Feb 21 2018	10,021,425	10,021,425	0.80%
Bank of East Asia Ltd Deposit 0.8% Jan 04 2018	61,000,000	61,000,000	4.85%
Bank of East Asia Ltd Deposit 1.12% Feb 01 2018	31,341,598	31,341,598	2.49%
Bank of East Asia Ltd Deposit 1.14% Feb 06 2018	25,000,000	25,000,000	1.99%
Fubon Bank Deposit 0.8% Jan 02 2018	40,764,995	40,764,995	3.24%
Fubon Bank Deposit 1% Jan 04 2018	75,062,820	75,062,820	5.97%
ICBC (Asia) Deposit 0.8% Jan 11 2018	30,529,429	30,529,429	2.43%
ICBC (Asia) Deposit 0.85% Jan 29 2018	24,492,742	24,492,742	1.95%
ICBC (Asia) Deposit 1% Feb 22 2018	4,027,770	4,027,770	0.32%
ICBC (Asia) Deposit 1.45% Mar 27 2018	36,545,915	36,545,915	2.91%
Sumitomo Mitsui Deposit 1% Jan 30 2018	20,000,000	20,000,000	1.59%
Sumitomo Mitsui Deposit 1.08% Mar 19 2018	20,000,000	20,000,000	1.59%
Sumitomo Mitsui Deposit 1.41% Mar 19 2018	30,285,250	30,285,250	2.41%
Sumitomo Mitsui Deposit 1.51% May 31 2018	35,000,000	35,000,000	2.78%
United Overseas Bank Deposit 0.9% Jan 24 2018	35,590,315	35,590,315	2.83%
United Overseas Bank Deposit 1% Jan 29 2018	45,096,411	45,096,411	3.59%
United Overseas Bank Deposit 1.25% Mar 01 2018	20,264,011	20,264,011	1.61%
OCBC Wing Hang Bank Deposit 1% Feb 26 2018	41,050,566	41,050,566	3.27%
OCBC Wing Hang Bank Deposit 1.45% Mar 20 2018	30,056,096	30,056,096	2.39%
Wing Lung Bank Deposit 1.17% Jan 18 2018	40,305,573	40,305,573	3.21%
Wing Lung Bank Deposit 1.42% Mar 28 2018	27,178,687	27,178,687	2.14%
Total Fixed Deposits		1,004,061,566	79.86%
Total Investments		1,240,226,192	98.64%
Total Investments, at cost		1,239,756,770	

[Note: Investments are accounted for on a trade date basis.]

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 2

Investment Portfolio - BCT (Industry) E30 Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value</u> <u>(HK\$)</u>	<u>% of Net</u> <u>Assets</u>
Approved Pooled Investment Fund			
Invesco – Global Stable Fund (Class B)	25,760,429	657,578,754	100.17%
Total Investments		<u>657,578,754</u>	<u>100.17%</u>
Total Investments, at cost		<u>483,172,150</u>	

Investment Portfolio - BCT (Industry) E50 Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value</u> <u>(HK\$)</u>	<u>% of Net</u> <u>Assets</u>
Approved Pooled Investment Fund			
Invesco – Global Stable Growth Fund (Class B)	16,574,680	509,573,634	100.21%
Total Investments		<u>509,573,634</u>	<u>100.21%</u>
Total Investments, at cost		<u>300,619,483</u>	

Investment Portfolio - BCT (Industry) E70 Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value</u> <u>(HK\$)</u>	<u>% of Net</u> <u>Assets</u>
Approved Pooled Investment Fund			
Invesco – Global Balanced Fund (Class B)	24,166,374	689,145,241	100.16%
Total Investments		<u>689,145,241</u>	<u>100.16%</u>
Total Investments, at cost		<u>370,700,950</u>	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 2

Investment Portfolio - BCT (Industry) Global Bond Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Templeton MPF Global Bond Fund (Class A)	5,339,258	110,843,004	100.11%
Total Investments		<u>110,843,004</u>	<u>100.11%</u>
Total Investments, at cost		<u>110,379,181</u>	

Investment Portfolio - BCT (Industry) Global Equity Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Templeton MPF Global Equity Fund (Class A)	7,575,994	186,293,681	99.84%
Total Investments		<u>186,293,681</u>	<u>99.84%</u>
Total Investments, at cost		<u>138,861,925</u>	

Investment Portfolio – BCT (Industry) Hong Kong Equity Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	2,107,337	667,477,875	99.84%
Total Investments		<u>667,477,875</u>	<u>99.84%</u>
Total Investments, at cost		<u>478,593,409</u>	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 2

Investment Portfolio - BCT (Industry) Asian Equity Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Schroder MPF Asian Fund (Class A)	6,461,404	349,497,340	100.00%
Total Investments		<u>349,497,340</u>	<u>100.00%</u>
Total Investments, at cost		<u>231,498,643</u>	

Investment Portfolio - BCT (Industry) Absolute Return Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Allianz Choice Absolute Return Fund (Class A)	7,504,263	136,202,366	100.07%
Total Investments		<u>136,202,366</u>	<u>100.07%</u>
Total Investments, at cost		<u>120,473,715</u>	

Investment Portfolio - BCT (Industry) RMB Bond Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	5,717,900	64,392,129	100.45%
Total Investments		<u>64,392,129</u>	<u>100.45%</u>
Total Investments, at cost		<u>60,590,624</u>	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Schedule 2

Investment Portfolio - BCT (Industry) Core Accumulation Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco – Core Accumulation Fund (Class A)	14,019,194	154,403,195	98.97%
Total Investments		<u>154,403,195</u>	<u>98.97%</u>
Total Investments, at cost		<u>145,927,727</u>	

Investment Portfolio - BCT (Industry) Age 65 Plus Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco – Age 65 Plus Fund (Class A)	24,727,863	257,115,375	99.64%
Total Investments		<u>257,115,375</u>	<u>99.64%</u>
Total Investments, at cost		<u>253,845,494</u>	

[Note: The underlying approved pooled investment funds were established in Hong Kong and are accounted for on a trade date basis.]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
BCT (MPF) INDUSTRY CHOICE (THE "PLAN")**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of the Plan set out on pages 51 to 126, which comprise:

- the statement of net assets available for benefits of the Plan and statement of net assets of each of its constituent funds as at 31 December 2017;
- the statement of changes in net assets available for benefits of the Plan for the year then ended, and the statement of changes in net assets attributable to members of each of its constituent funds for the year/period then ended;
- the statement of comprehensive income of each of its constituent funds for the year/period then ended;
- the statement of cash flows of the Plan for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Plan as at 31 December 2017, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), "The Audit of Retirement Schemes" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Plan in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
BCT (MPF) INDUSTRY CHOICE (THE "PLAN") (Continued)**

Other Information

The Trustee of the Plan is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustee for the Financial Statements

The Trustee of the Plan is responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee of the Plan is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Plan or to cease operations, or have no realistic alternative but to do so.

In addition, the Trustee of the Plan is required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation").

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
BCT (MPF) INDUSTRY CHOICE (THE "PLAN") (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Plan have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
BCT (MPF) INDUSTRY CHOICE (THE "PLAN") (Continued)**

Report on Matters under the General Regulation

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.



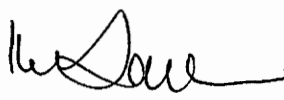
PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2018

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
– PLAN AND CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)
Assets			
Current assets			
Financial assets at fair value through profit or loss	8, 11	5,022,748,786	4,116,506,190
Derivative financial instruments	12	-	403,527
Amounts receivable on sale of financial assets at fair value through profit or loss		7,485,259	2,988,736
Interest receivable	11	1,490,225	820,164
Contributions receivable			
From employers		21,734,571	20,347,606
From members		21,422,795	19,996,018
Other receivables		246,415	184,479
Bank balances	11	32,481,254	24,543,477
Total assets		<u>5,107,609,305</u>	<u>4,185,790,197</u>
Liabilities			
Current liabilities			
Derivative financial instruments	12	(319,568)	-
Benefits and forfeitures payable	14	(19,293,270)	(13,415,136)
Accruals and other payables		(12,243,940)	(13,212,579)
Total liabilities		<u>(31,856,778)</u>	<u>(26,627,715)</u>
Net assets available for benefits attributable to members		<u>5,075,752,527</u>	<u>4,159,162,482</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
– PLAN AND CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)
Investment income			
Bank interest	11	9,924,313	6,996,015
Other income	11	3,264,204	2,359,015
Net realised gain on financial assets at fair value through profit or loss and derivative financial instruments		174,955,954	43,255,799
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		514,247,419	32,564,520
Total investment income		702,391,890	85,175,349
Expenses			
Investment management fees	4(a)	(11,190,128)	(9,536,194)
Trustee and administration fees	4(b)	(40,695,607)	(33,011,762)
Safe custody and bank charges		(165,799)	(157,903)
Auditor's remuneration		(702,650)	(561,980)
Professional indemnity insurance		(39,331)	(102,248)
Miscellaneous expenses		(4,181,188)	(6,071,085)
Total operating expenses		(56,974,703)	(49,441,172)
Net income		645,417,187	35,734,177
Contributions received and receivable	5		
From employers			
Mandatory		265,308,318	255,906,739
Additional voluntary		682,644	641,067
From members			
Mandatory		262,389,915	252,006,472
Additional voluntary		481,329	592,879
		528,862,206	509,147,157
Transfers in			
Group transfers in from other schemes		2,856,997	1,487,206
Individual transfers in from other schemes		88,918,784	44,600,518
		91,775,781	46,087,724
Contribution surcharge received and receivable		757,739	1,049,037
		621,395,726	556,283,918

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
– PLAN AND CONSTITUENT FUNDS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)
Benefits paid and payable	6,14		
Retirement		(82,788,136)	(61,531,318)
Early retirement		(23,355,610)	(22,757,323)
Death		(8,378,815)	(4,835,276)
Permanent departure		(20,264,569)	(17,322,595)
Total incapacity		(3,487,005)	(4,727,472)
Small balance		(82)	(27,242)
Refund of additional voluntary contributions		(1,767,429)	(532,854)
Long service payment		(20,152,815)	(14,375,979)
Terminal illness		(1,954,693)	(1,628,399)
		<u>(162,149,154)</u>	<u>(127,738,458)</u>
Transfers out			
Group transfers out to other schemes		(10,777,071)	(7,133,947)
Individual transfers out to other schemes		(177,296,643)	(112,553,216)
		<u>(188,073,714)</u>	<u>(119,687,163)</u>
Forfeitures		-	-
		<u>(350,222,868)</u>	<u>(247,425,621)</u>
Movement during the year		271,172,858	308,858,297
Net income for the year		645,417,187	35,734,177
Change in net assets available for benefits attributable to members		916,590,045	344,592,474
Net assets available for benefits attributable to members at the beginning of the year – members' accounts		4,159,162,482	3,814,570,008
Net assets available for benefits attributable to members at the end of the year – members' accounts		<u>5,075,752,527</u>	<u>4,159,162,482</u>

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CASH FLOWS - PLAN AND CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017


	2017 (HK\$)	2016 (HK\$)
Cash flows from operating activities		
Net income	645,417,187	35,734,177
Adjustment for		
-Bank interest	(9,924,313)	(6,996,015)
Operating profit before working capital changes	635,492,874	28,738,162
Net increase in financial assets at fair value through profit or loss – with original maturity of more than 3 months	(888,655,802)	(145,441,633)
Increase in amounts receivable on sale of financial assets at fair value through profit or loss	(4,496,523)	(741,095)
Net change in derivative financial instruments	723,095	(231,493)
Increase in other receivables	(61,936)	(47,448)
(Decrease)/increase in accruals and other payables	(968,639)	3,195,515
Decrease in amounts payable on purchase of financial assets at fair value through profit or loss	-	(40,000,000)
Cash used in operating activities	(257,966,931)	(154,527,992)
Interest received	9,254,252	7,115,873
Net cash used in operating activities	(248,712,679)	(147,412,119)
Cash flows from financing activities		
Contributions received and transfers in	618,581,984	550,268,025
Benefits paid, transfers out and forfeitures	(344,344,734)	(251,288,815)
Net cash generated from financing activities	274,237,250	298,979,210
Net increase in cash and cash equivalents	25,524,571	151,567,091
Cash and cash equivalents at the beginning of the year	462,292,113	310,725,022
Cash and cash equivalents at the end of the year	487,816,684	462,292,113
Analysis of balances of cash and cash equivalents:		
Financial assets at fair value through profit or loss	5,022,748,786	4,116,506,190
Less: Financial assets at fair value through profit or loss – with original maturity of more than 3 months	(4,567,413,356)	(3,678,757,554)
Financial assets at fair value through profit or loss – with original maturity of less than or equal to 3 months	455,335,430	437,748,636
Bank balances	32,481,254	24,543,477
	487,816,684	462,292,113

The notes on pages 69 to 126 are an integral part of the financial statements.


BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

		BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	1,240,226,192	1,231,497,485	657,578,754	794,566,467
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		-	-	1,431,590	1,012,222
Interest receivable	11	1,490,225	820,164	-	-
Amounts receivable on subscription		256,262	264,023	60,254	168,427
Amounts receivable on funds switching		748,234	609,268	93,144	15,498
Other receivables		-	-	11,089	13,402
Bank balances	11	19,432,738	14,341,397	87,998	145,590
Total assets		<u>1,262,153,651</u>	<u>1,247,532,337</u>	<u>659,262,829</u>	<u>795,921,606</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(1,872,838)	(1,857,976)	(1,505,195)	(724,637)
Amounts payable on funds switching		(1,153,312)	(941,857)	(51,820)	(486,574)
Accruals and other payables		(1,863,040)	(1,674,367)	(1,292,868)	(1,912,160)
Total liabilities		<u>(4,889,190)</u>	<u>(4,474,200)</u>	<u>(2,849,883)</u>	<u>(3,123,371)</u>
Net assets attributable to members		<u>1,257,264,461</u>	<u>1,243,058,137</u>	<u>656,412,946</u>	<u>792,798,235</u>
Units in issue		<u>1,129,248,281</u>	<u>1,116,717,996</u>	<u>331,857,777</u>	<u>450,895,721</u>
Net asset value per unit		<u>1.1134</u>	<u>1.1131</u>	<u>1.9780</u>	<u>1.7583</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

		BCT (Industry) E50 Mixed Asset Fund		BCT (Industry) E70 Mixed Asset Fund	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	509,573,634	434,857,712	689,145,241	562,378,361
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		482,490	188,572	562,685	907,365
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		57,108	70,541	90,972	45,364
Amounts receivable on funds switching		13,705	2,371	44,596	7,584
Other receivables		8,568	7,349	11,564	9,511
Bank balances	11	75,670	80,953	149,760	104,182
Total assets		510,211,175	435,207,498	690,004,818	563,452,367
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(549,116)	(191,961)	(661,292)	(1,056,499)
Amounts payable on funds switching		(239,775)	-	(32,425)	(428)
Accruals and other payables		(975,125)	(1,114,324)	(1,312,330)	(1,449,477)
Total liabilities		(1,764,016)	(1,306,285)	(2,006,047)	(2,506,404)
Net assets attributable to members		508,447,159	433,901,213	687,998,771	560,945,963
Units in issue		239,377,566	240,964,357	310,513,715	312,857,378
Net asset value per unit		2.1240	1.8007	2.2157	1.7930

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	110,843,004	91,813,997	186,293,681	145,948,112
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		190,302	173,024	610,592	114,471
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		42,788	23,020	48,192	32,666
Amounts receivable on funds switching		13,909	19,876	282,314	28,708
Other receivables		1,247	1,157	17,867	14,183
Bank balances	11	88,081	42,268	168,476	50,220
Total assets		111,179,331	92,073,342	187,421,122	146,188,360
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(296,705)	(230,086)	(617,975)	(213,490)
Amounts payable on funds switching		(35,164)	(35,490)	(943)	(53,408)
Accruals and other payables		(133,877)	(167,733)	(229,183)	(267,030)
Total liabilities		(465,746)	(433,309)	(848,101)	(533,928)
Net assets attributable to members		110,713,585	91,640,033	186,573,021	145,654,432
Units in issue		74,716,124	63,798,389	65,777,292	59,821,834
Net asset value per unit		1.4818	1.4364	2.8364	2.4348

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

		BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund	
	<u>Note</u>	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	667,477,875	461,939,386	349,497,340	237,466,439
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		1,126,707	321,037	392,996	76,988
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		152,316	222,230	65,767	123,003
Amounts receivable on funds switching		1,038,872	1,130,955	308,831	2,932
Other receivables		168,385	120,617	7,267	5,026
Bank balances	11	1,205,147	776,253	55,788	38,505
Total assets		<u>671,169,302</u>	<u>464,510,478</u>	<u>350,327,989</u>	<u>237,712,893</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(1,012,592)	(387,031)	(376,669)	(109,950)
Amounts payable on funds switching		(825,506)	(280,142)	(69,956)	(17,131)
Accruals and other payables		(837,301)	(886,795)	(417,168)	(437,506)
Total liabilities		<u>(2,675,399)</u>	<u>(1,553,968)</u>	<u>(863,793)</u>	<u>(564,587)</u>
Net assets attributable to members		<u>668,493,903</u>	<u>462,956,510</u>	<u>349,464,196</u>	<u>237,148,306</u>
Units in issue		<u>149,636,122</u>	<u>146,480,894</u>	<u>97,375,323</u>	<u>92,099,323</u>
Net asset value per unit		<u>4.4675</u>	<u>3.1605</u>	<u>3.5888</u>	<u>2.5749</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

		BCT (Industry) Absolute Return Fund		BCT (Industry) RMB Bond Fund	
	<u>Note</u>	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	136,202,366	115,145,921	64,392,129	40,892,310
Derivative financial instruments	12	-	-	-	403,527
Amounts receivable on sale of financial assets at fair value through profit or loss		64,711	150,131	543,698	44,926
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		41,426	32,138	35,131	12,980
Amounts receivable on funds switching		737	2,374	69,463	4,920
Other receivables		-	-	20,131	13,113
Bank balances	11	83,850	15,420	57,965	54,472
Total assets		<u>136,393,090</u>	<u>115,345,984</u>	<u>65,118,517</u>	<u>41,426,248</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	(319,568)	-
Amounts payable on redemption		(128,526)	(142,187)	(277,141)	(37,283)
Amounts payable on funds switching		(821)	(699)	(339,378)	(8,757)
Accruals and other payables		(172,225)	(213,133)	(84,869)	(50,704)
Total liabilities		<u>(301,572)</u>	<u>(356,019)</u>	<u>(1,020,956)</u>	<u>(96,744)</u>
Net assets attributable to members		<u>136,091,518</u>	<u>114,989,965</u>	<u>64,097,561</u>	<u>41,329,504</u>
Units in issue		<u>91,043,031</u>	<u>81,696,613</u>	<u>65,931,730</u>	<u>45,064,885</u>
Net asset value per unit		<u>1.4948</u>	<u>1.4075</u>	<u>0.9722</u>	<u>0.9171</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited


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Director

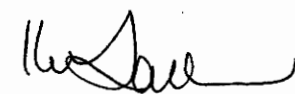

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Director

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2017

		BCT (Industry) Core Accumulation Fund*	BCT (Industry) Age 65 Plus Fund*	Total	
	Note	2017 (HK\$)	2017 (HK\$)	2017 (HK\$)	2016 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	154,403,195	257,115,375	5,022,748,786	4,116,506,190
Derivative financial instruments	12	-	-	-	403,527
Amounts receivable on sale of financial assets at fair value through profit or loss		852,264	1,227,224	7,485,259	2,988,736
Interest receivable	11	-	-	1,490,225	820,164
Amounts receivable on subscription		33,184	94,689	978,089	994,392
Amounts receivable on funds switching		1,523,951	785,926	4,923,682	1,824,486
Other receivables		-	-	246,118	184,358
Bank balances	11	200,241	340,617	21,946,331	15,649,260
Total assets		157,012,835	259,563,831	5,059,818,490	4,139,371,113
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	(319,568)	-
Amounts payable on redemption		(136,833)	(22,318)	(7,457,200)	(4,951,100)
Amounts payable on funds switching		(800,651)	(1,373,931)	(4,923,682)	(1,824,486)
Accruals and other payables		(76,517)	(127,327)	(7,521,830)	(8,173,229)
Total liabilities		(1,014,001)	(1,523,576)	(20,222,280)	(14,948,815)
Net assets attributable to members		155,998,834	258,040,255	5,039,596,210	4,124,422,298
Units in issue		144,138,901	250,576,202		
Net asset value per unit		1.0823	1.0298		

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director

*The constituent fund was launched on 1 April 2017.

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

		BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund		BCT (Industry) E50 Mixed Asset Fund	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Investment income							
Bank interest	11	9,922,872	6,995,014	42	1	10	1
Other income	11	5,040	51,823	156,850	66,997	95,165	37,003
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		4,241,444	457,105	85,578,930	11,779,370	17,343,303	10,735,410
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		(1,597,514)	1,853,817	20,696,523	4,702,244	67,986,535	580,943
Total investment income/(loss)		12,571,842	9,357,759	106,432,345	16,548,612	85,425,013	11,353,357
Expenses							
Investment management fees	4(a)	(2,454,324)	(1,504,842)	(3,529,119)	(3,455,806)	(2,141,221)	(1,937,411)
Trustee and administration fees	4(b)	(8,368,233)	(5,629,822)	(7,842,486)	(7,679,569)	(4,758,270)	(4,305,358)
Safe custody and bank charges		(103,966)	(94,491)	(6,880)	(7,852)	(5,727)	(6,596)
Auditor's remuneration		(196,807)	(172,075)	(119,623)	(109,934)	(75,431)	(61,755)
Professional indemnity insurance		(11,091)	(31,318)	(6,962)	(20,004)	(4,198)	(11,237)
Miscellaneous expenses		(1,180,433)	(1,841,136)	(763,564)	(1,175,718)	(446,521)	(660,804)
Total operating expenses		(12,314,854)	(9,273,684)	(12,268,634)	(12,448,883)	(7,431,368)	(6,983,161)
Total comprehensive income		256,988	84,075	94,163,711	4,099,729	77,993,645	4,370,196

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

		BCT (Industry) E70 Mixed Asset Fund		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Investment income							
Bank interest	11	14	1	7	-	11	1
Other income	11	125,908	47,628	266,590	227,081	607,440	453,434
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		25,430,116	14,852,278	(20,722)	(118,812)	5,356,305	1,298,694
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		116,503,873	3,406,518	3,670,264	(2,204,269)	21,102,236	9,911,666
Total investment income/(loss)		142,059,911	18,306,425	3,916,139	(2,096,000)	27,065,992	11,663,795
Expenses							
Investment management fees	4(a)	(2,832,930)	(2,476,012)	-	-	-	-
Trustee and administration fees	4(b)	(6,295,400)	(5,502,249)	(819,564)	(813,167)	(1,519,170)	(1,205,066)
Safe custody and bank charges		(6,217)	(7,054)	(6,039)	(6,514)	(6,250)	(6,651)
Auditor's remuneration		(100,180)	(78,846)	(16,288)	(12,746)	(26,941)	(17,916)
Professional indemnity insurance		(5,550)	(14,346)	(904)	(2,319)	(1,488)	(3,262)
Miscellaneous expenses		(584,236)	(843,259)	(104,518)	(146,752)	(164,334)	(208,459)
Total operating expenses		(9,824,513)	(8,921,766)	(947,313)	(981,498)	(1,718,183)	(1,441,354)
Total comprehensive income		132,235,398	9,384,659	2,968,826	(3,077,498)	25,347,809	10,222,441

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

		BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund		BCT (Industry) Absolute Return Fund	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Investment income							
Bank interest	11	114	7	9	-	5	-
Other income	11	1,738,048	1,314,436	75,384	25,509	-	-
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		24,948,518	810,495	10,724,212	2,837,530	1,863,205	836,729
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		173,622,285	7,086,507	88,533,079	6,790,928	7,141,895	1,063,914
Total investment income/(loss)		200,308,965	9,211,445	99,332,684	9,653,967	9,005,105	1,900,643
Expenses							
Investment management fees	4(a)	-	-	-	-	-	-
Trustee and administration fees	4(b)	(5,707,451)	(4,291,473)	(2,713,809)	(2,154,347)	(1,268,088)	(1,070,438)
Safe custody and bank charges		(9,979)	(10,238)	(9,121)	(9,478)	(8,580)	(9,029)
Auditor's remuneration		(91,849)	(61,196)	(48,418)	(32,227)	(20,130)	(15,285)
Professional indemnity insurance		(5,016)	(11,120)	(2,651)	(5,860)	(1,119)	(2,782)
Miscellaneous expenses		(521,795)	(665,261)	(281,704)	(353,831)	(127,002)	(175,553)
Total operating expenses		(6,336,090)	(5,039,288)	(3,055,703)	(2,555,743)	(1,424,919)	(1,273,087)
Total comprehensive income		193,972,875	4,172,157	96,276,981	7,098,224	7,580,186	627,556

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

		BCT (Industry) RMB Bond Fund		BCT (Industry) Core Accumulation Fund*	BCT (Industry) Age 65 Plus Fund*	Total	
	Note	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2017 (HK\$)	2017 (HK\$)	2016 (HK\$)
Investment income							
Bank interest	11	6	-	10	9	9,923,109	6,995,025
Other income	11	193,779	135,103	-	-	3,264,204	2,359,014
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		(1,212,601)	(233,000)	521,466	181,778	174,955,954	43,255,799
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		4,842,894	(627,748)	8,475,468	3,269,881	514,247,419	32,564,520
Total investment income/(loss)		3,824,078	(725,645)	8,996,944	3,451,668	702,390,686	85,174,358
Expenses							
Investment management fees	4(a)	(232,534)	(162,123)	-	-	(11,190,128)	(9,536,194)
Trustee and administration fees	4(b)	(516,743)	(360,273)	(443,865)	(442,528)	(40,695,607)	(33,011,762)
Safe custody and bank charges		(3,040)	-	-	-	(165,799)	(157,903)
Auditor's remuneration		(6,983)	-	-	-	(702,650)	(561,980)
Professional indemnity insurance		(352)	-	-	-	(39,331)	(102,248)
Miscellaneous expenses		(6,048)	-	-	-	(4,180,155)	(6,070,773)
Total operating expenses		(765,700)	(522,396)	(443,865)	(442,528)	(56,973,670)	(49,440,860)
Total comprehensive income		3,058,378	(1,248,041)	8,553,079	3,009,140	645,417,016	35,733,498

*For the period from 1 April 2017 (date of commencement of operation) to 31 December 2017.

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
- CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

	BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund		BCT (Industry) E50 Mixed Asset Fund	
	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Balance at the beginning of the year	1,243,058,137	1,158,078,543	792,798,235	715,197,510	433,901,213	421,865,942
Proceeds on units issued	255,634,307	222,008,652	92,701,933	116,598,533	35,537,827	33,306,779
Payments on units redeemed	(241,684,971)	(137,113,133)	(323,250,933)	(43,097,537)	(38,985,526)	(25,641,704)
	13,949,336	84,895,519	(230,549,000)	73,500,996	(3,447,699)	7,665,075
Total comprehensive income/(loss)	256,988	84,075	94,163,711	4,099,729	77,993,645	4,370,196
Balance at the end of the year	1,257,264,461	1,243,058,137	656,412,946	792,798,235	508,447,159	433,901,213
Units outstanding at the beginning of the year	1,116,717,996	1,040,449,059	450,895,721	409,647,253	240,964,357	236,668,422
Units issued	229,619,430	199,450,623	49,947,918	65,405,079	18,092,193	18,544,008
Units redeemed	(217,089,145)	(123,181,686)	(168,985,862)	(24,156,611)	(19,678,984)	(14,248,073)
Units outstanding at the end of the year	1,129,248,281	1,116,717,996	331,857,777	450,895,721	239,377,566	240,964,357

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
- CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

	BCT (Industry) E70 Mixed Asset Fund		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Balance at the beginning of the year	560,945,963	543,526,457	91,640,033	83,986,445	145,654,432	120,151,976
Proceeds on units issued	45,295,841	41,040,591	29,885,913	20,707,076	37,641,723	26,195,888
Payments on units redeemed	(50,478,431)	(33,005,744)	(13,781,187)	(9,975,990)	(22,070,943)	(10,915,873)
	(5,182,590)	8,034,847	16,104,726	10,731,086	15,570,780	15,280,015
Total comprehensive income/(loss)	132,235,398	9,384,659	2,968,826	(3,077,498)	25,347,809	10,222,441
Balance at the end of the year	687,998,771	560,945,963	110,713,585	91,640,033	186,573,021	145,654,432
Units outstanding at the beginning of the year	312,857,378	308,167,694	63,798,389	56,534,229	59,821,834	52,949,588
Units issued	22,594,629	23,313,065	20,244,553	14,013,663	14,223,409	11,774,741
Units redeemed	(24,938,292)	(18,623,381)	(9,326,818)	(6,749,503)	(8,267,951)	(4,902,495)
Units outstanding at the end of the year	310,513,715	312,857,378	74,716,124	63,798,389	65,777,292	59,821,834

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
- CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

	BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund		BCT (Industry) Absolute Return Fund	
	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)	2017 (HK\$)	2016 (HK\$)
Balance at the beginning of the year	462,956,510	412,212,538	237,148,306	209,309,663	114,989,965	98,591,024
Proceeds on units issued	135,897,023	125,330,268	52,186,569	40,396,661	30,905,768	24,975,556
Payments on units redeemed	(124,332,505)	(78,758,453)	(36,147,660)	(19,656,242)	(17,384,401)	(9,204,171)
	11,564,518	46,571,815	16,038,909	20,740,419	13,521,367	15,771,385
Total comprehensive income/(loss)	193,972,875	4,172,157	96,276,981	7,098,224	7,580,186	627,556
Balance at the end of the year	668,493,903	462,956,510	349,464,196	237,148,306	136,091,518	114,989,965
Units outstanding at the beginning of the year	146,480,894	131,019,854	92,099,323	83,854,307	81,696,613	70,514,199
Units issued	35,490,617	40,999,293	16,632,008	15,895,680	21,283,111	17,710,366
Units redeemed	(32,335,389)	(25,538,253)	(11,356,008)	(7,650,664)	(11,936,693)	(6,527,952)
Units outstanding at the end of the year	149,636,122	146,480,894	97,375,323	92,099,323	91,043,031	81,696,613

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS
- CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017

	BCT (Industry) RMB Bond Fund		BCT (Industry) Core Accumulation Fund*	BCT (Industry) Age 65 Plus Fund*	Total	
	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)	<u>2017</u> (HK\$)	<u>2017</u> (HK\$)	<u>2017</u> (HK\$)	<u>2016</u> (HK\$)
Balance at the beginning of the year/ period	41,329,504	29,068,982	-	-	4,124,422,298	3,791,989,080
Proceeds on units issued	28,712,289	17,932,058	167,350,838	279,521,495	1,191,271,526	668,492,062
Payments on units redeemed	(9,002,610)	(4,423,495)	(19,905,083)	(24,490,380)	(921,514,630)	(371,792,342)
	19,709,679	13,508,563	147,445,755	255,031,115	269,756,896	296,699,720
Total comprehensive income/(loss)	3,058,378	(1,248,041)	8,553,079	3,009,140	645,417,016	35,733,498
Balance at the end of the year/period	64,097,561	41,329,504	155,998,834	258,040,255	5,039,596,210	4,124,422,298
Units outstanding at the beginning of the year/period	45,064,885	30,785,009	-	-		
Units issued	30,374,431	18,964,129	163,241,707	274,565,843		
Units redeemed	(9,507,586)	(4,684,253)	(19,102,806)	(23,989,641)		
Units outstanding at the end of the year/period	65,931,730	45,064,885	144,138,901	250,576,202		

*For the period from 1 April 2017 (date of commencement of operation) to 31 December 2017.

The notes on pages 69 to 126 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

1. The Plan

BCT (MPF) Industry Choice (the “Plan”) was established on 13 April 2000 and is governed by its Trust Deed dated 12 April 2000. The Trust Deed was subsequently amended and superseded by a deed of substitution and adherence dated 1 June 2011, which was further amended by first supplemental deed dated 24 November 2011, second supplemental deed dated 29 May 2012, third supplemental deed dated 1 November 2012, fourth supplemental deed dated 19 March 2014, fifth supplemental deed dated 21 December 2015, sixth supplemental deed dated 1 December 2016 and seventh supplemental deed dated 5 March 2018. The Plan is registered under Section 21A of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “Ordinance”) and is required to comply with the Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority.

The financial information of the Plan comprises (i) the statement of net assets available for benefits as at 31 December 2017, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 31 December 2017 of the Plan on a standalone basis; and (ii) the statement of net assets as at 31 December 2017, and the statement of comprehensive income and statement of changes in net assets attributable to members for the year ended 31 December 2017 of each of its constituent funds except for the financial statements of BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund are prepared for the period from 1 April 2017 (date of commencement of operations) to 31 December 2017.

As at 31 December 2017, the Plan offered the Default Investment Strategy and twelve constituent funds (2016 : ten), namely, BCT (Industry) MPF Conservative Fund, BCT (Industry) E30 Mixed Asset Fund, BCT (Industry) E50 Mixed Asset Fund, BCT (Industry) E70 Mixed Asset Fund, BCT (Industry) Global Bond Fund, BCT (Industry) Global Equity Fund, BCT (Industry) Hong Kong Equity Fund, BCT (Industry) Asian Equity Fund, BCT (Industry) Absolute Return Fund, BCT (Industry) RMB Bond Fund, BCT (Industry) Core Accumulation Fund (established on 1 April 2017) and BCT (Industry) Age 65 Plus Fund (established on 1 April 2017).

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise its judgment in the process of applying the Plan’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

All references to net assets throughout the financial statements refer to net assets attributable to members unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2017

The Plan and its constituent funds have applied the following standard and amendment for the first time for their annual reporting period commencing 1 January 2017:

- Disclosure initiative – amendments to HKAS 7.

The adoption of the amendment did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 14.

There are several other new standards and amendments to standards that are mandatory for the first time for the financial year beginning on 1 January 2017. However, they do not have any impact on the financial statements of the Plan and its constituent funds and have therefore not been analysed in detail.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and have not been early adopted

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. This standard is not expected to have a significant impact on the financial statements of the Plan and its constituent funds.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Plan and its constituent funds.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Plan and its constituent funds are measured using the currency of the primary economic environment in which they operate (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the functional and presentation currency of the Plan and its constituent funds.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of changes in net assets available for benefits for the Plan and its constituent funds and the statement of comprehensive income for the constituent funds.

Foreign exchange gains and losses relating to bank balances are presented in the statement of changes in net assets available for benefits for the Plan and its constituent funds and the statement of comprehensive income for the constituent funds within “change in unrealised gain/loss on exchange”.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of changes in net assets available for benefits for the Plan and its constituent funds and the statement of comprehensive income for the constituent funds within “change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments” and “net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments”.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(c) Financial assets at fair value through profit or loss

(i) Classification

All investments of the Plan and its constituent funds are designated by the Trustee as “financial assets at fair value through profit or loss”.

(ii) Recognition/derecognition and measurement

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value. Transaction costs are expense in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of changes in net assets available for benefits for the Plan and its constituent funds and statement of comprehensive income for the constituent funds in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Plan and its constituent funds have transferred substantially all risks and rewards of ownership.

(iii) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Plan and its constituent funds is the current bid price; the quoted market price for financial liabilities is the current asking price.

Securities which are not listed on an exchange or are thinly traded are valued by using quotes from brokers. Investments in approved pooled investment funds are valued at their respective closing net asset value per unit as provided by the fund administrator.

Debt securities are fair valued based on quoted prices inclusive of accrued interests.

(iv) Transfer between levels

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(d) Derivative financial instruments

Derivative financial instruments represent outstanding forward foreign exchange contracts. Derivatives are recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value.

Outstanding forward foreign exchange contracts are fair valued at the year end date by reference to the forward rate of exchange applicable to the outstanding term of the contract. Unrealised gains or losses on outstanding contracts and realised gains and losses on closed contracts are recognised as “change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments” and “net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments” respectively in the statement of changes in net assets available for benefits for the Plan and its constituent funds and the statement of comprehensive income for the constituent funds. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits for the Plan and its constituent funds and statement of net assets for the constituent funds when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Income and expenses

Interest income is recognised on a time-proportion basis using the effective interest method.

Other income is accounted for on an accrual basis.

Expenses are accounted for on an accrual basis.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(g) Subscription and redemption of units

The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Proceeds and payments for units subscribed and redeemed are included in the statement of changes in net assets attributable to members of the constituent funds.

(h) Cash and cash equivalents

Cash comprises bank balances. Cash equivalents comprise fixed deposits which were within three months of maturity at the time of placement, and short term, highly liquid investments which are readily converted into known amounts of cash without notice and which were within three months of maturity when acquired.

(i) Amounts receivable on sale/payable on purchase of financial assets at fair value through profit or loss

Amounts receivable on sale and payable on purchase of financial assets at fair value through profit or loss represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year. Accounts receivable on sale and payable on purchase of financial assets at fair value through profit or loss are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts receivable on sale and payable on purchase of financial assets at fair value through profit or loss are classified as current assets or liabilities if the collection of receivable or payment is due within one year or less. If not, they are presented as non-current assets or liabilities.

(j) Contributions and benefits

Contributions and benefits are accounted for on an accrual basis.

(k) Transfers in and transfers out

Transfers in amounts are accounted for when the right to receive payment is established.

Transfers out amounts are accounted for when the obligation to make payment is established.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(l) Forfeitures

If a member ceases to be a member, the part of the employer's voluntary balance not otherwise disposed of in accordance with the rules of the Plan may be applied in reducing the future contributions of the employer, or in such other manner as the Trustee may determine, having consulted the employers (including payment to the employers). Forfeitures arising from such cases which have not been designated for the benefit of existing members and which have not been returned to the employers would be treated as liabilities of the Plan.

(m) Redeemable units

The constituent funds issue redeemable units, which are redeemable at the members' option represents puttable financial instruments of the constituent funds. The puttable financial instruments are classified as equity in accordance with HKAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all the following criteria:

- (i) The puttable instruments entitle the holder to a pro-rata share of net assets
- (ii) The puttable instruments are the most subordinated unit in issue and unit features are identical
- (iii) There are no contractual obligations to deliver cash or another financial assets
- (iv) The total expected cash flows from the puttable instrument over its life are based substantially on the profit or loss of these constituent funds.

The BCT (Industry) MPF Conservative Fund, BCT (Industry) E30 Mixed Asset Fund, BCT (Industry) E50 Mixed Asset Fund, BCT (Industry) E70 Mixed Asset Fund, BCT (Industry) Global Bond Fund, BCT (Industry) Global Equity Fund, BCT (Industry) Hong Kong Equity Fund, BCT (Industry) Asian Equity Fund, BCT (Industry) Absolute Return Fund, BCT (Industry) RMB Bond Fund, BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund issue one class of redeemable units, which are redeemable at the member's option and are classified as equity.

Redeemable units can be put back to the constituent funds at any time for cash equal to a proportionate share of each constituent fund's net asset value attributable to members in accordance with the Trust Deed and Principal Brochure.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(m) Redeemable units (Continued)

Redeemable units are issued or redeemed at the members' option at prices based on the respective constituent funds' net asset value per unit as at the close of business on the relevant dealing day. The net asset value per unit of the respective constituent funds is calculated by dividing the net assets attributable to members with the total number of outstanding units of the respective constituent funds.

(n) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Plan and its constituent funds consider all of their investments in Approved Pooled Investment Funds ("APIFs") to be investments in unconsolidated structured entities. The Plan and its constituent funds invest in APIFs whose objectives are specified in Note 7. The APIFs are managed by unrelated investment managers and apply various investment strategies to accomplish their respective investment objectives. The APIFs finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets. The Plan and its constituent funds hold redeemable units in each of its APIFs.

The change in fair value of each APIF is recognised as "change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments" in the statement of changes in net assets available for benefits for the Plan and its constituent funds and the statement of comprehensive income for the constituent funds.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and assumptions

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of unlisted / quoted investments

The Plan and its constituent funds hold a number of unlisted debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Trustee exercises judgments and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes adopted to fair value the investments may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of 31 December 2017 and 2016. Actual transacted prices may differ from the quotes provided by the brokers. The Trustee considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

4. Fees

(a) Investment management fees

The investment manager, Invesco Hong Kong Limited, is entitled to receive a fee calculated on the daily net asset value of the respective constituent funds other than the Global Bond Fund, Global Equity Fund, Hong Kong Equity Fund, Asian Equity Fund, Absolute Return Fund, Core Accumulation Fund and Age 65 Plus Fund (the “other constituent funds”) at an annual rate between 0.2% and 0.45% (2016: between 0.2% and 0.45%).

The investment management fees for other constituent funds, managed by Franklin Templeton Investments (Asia) Limited, FIL Investment Management (Hong Kong) Limited, Schroder Investment Management (Hong Kong) Limited, Allianz Global Investors Asia Pacific Limited and Invesco Hong Kong Limited, are charged at their respective underlying approved pooled investment funds.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

The investment management fees payable as at year end were as follows:

	2017 HK\$	2016 HK\$
BCT (Industry) MPF Conservative Fund	233,583	30,109
BCT (Industry) E30 Mixed Asset Fund	249,510	301,550
BCT (Industry) E50 Mixed Asset Fund	192,771	165,355
BCT (Industry) E70 Mixed Asset Fund	260,181	214,007
BCT (Industry) Global Bond Fund	-	-
BCT (Industry) Global Equity Fund	-	-
BCT (Industry) Hong Kong Equity Fund	-	-
BCT (Industry) Asian Equity Fund	-	-
BCT (Industry) Absolute Return Fund	-	-
BCT (Industry) RMB Bond Fund	24,158	15,736
BCT (Industry) Core Accumulation Fund	-	N/A
BCT (Industry) Age 65 Plus Fund	-	N/A

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

(b) Trustee and administration fees

The Trustee and Administrator, Bank Consortium Trust Company Limited, is entitled to receive a fee calculated between 0.59% to 1% per annum (2016: 0.68% to 1% per annum effective from 1 August 2016 and 0.8% to 1% per annum prior to 1 August 2016) of the daily net asset value of the respective constituent funds.

Trustee and administration fees of MPF Conservative Fund, Global Bond Fund, Global Equity Fund and Asian Equity Fund were reduced from 0.8% to 0.68%, 1% to 0.8%, 1% to 0.9% and 1% to 0.9% per annum respectively with effect from 1 August 2016.

The trustee and administration fees payable as at year end were as follows:

	2017 HK\$	2016 HK\$
BCT (Industry) MPF Conservative Fund	<u>794,181</u>	<u>102,369</u>
BCT (Industry) E30 Mixed Asset Fund	<u>554,467</u>	<u>670,110</u>
BCT (Industry) E50 Mixed Asset Fund	<u>428,381</u>	<u>367,456</u>
BCT (Industry) E70 Mixed Asset Fund	<u>578,180</u>	<u>475,572</u>
BCT (Industry) Global Bond Fund	<u>74,851</u>	<u>62,015</u>
BCT (Industry) Global Equity Fund	<u>140,849</u>	<u>110,428</u>
BCT (Industry) Hong Kong Equity Fund	<u>553,899</u>	<u>394,173</u>
BCT (Industry) Asian Equity Fund	<u>261,606</u>	<u>180,922</u>
BCT (Industry) Absolute Return Fund	<u>114,881</u>	<u>96,988</u>
BCT (Industry) RMB Bond Fund	<u>53,683</u>	<u>34,968</u>
BCT (Industry) Core Accumulation Fund	<u>76,517</u>	<u>N/A</u>
BCT (Industry) Age 65 Plus Fund	<u>127,327</u>	<u>N/A</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

5. Contributions received and receivable

Mandatory contributions for both non-casual employees and their employers are calculated at 5% of the non-casual employees' relevant income up to HK\$30,000 per month (2016: HK\$30,000 per month) but in respect of non-casual employees earning less than HK\$7,100 per month (2016: HK\$7,100 per month), the employees' mandatory contribution is nil.

Casual employees and their employers are required to contribute to the Plan in accordance with the Schedule to the Hong Kong Mandatory Provident Fund Schemes (Contributions for Casual Employees) Order.

Self-employed persons must contribute 5% of their relevant income subject to a maximum contribution of HK\$1,500 per month (2016: HK\$1,500 per month) to the Plan unless their relevant income is less than HK\$7,100 per month (2016: HK\$7,100 per month).

Any contributions made to the Plan by the employers or members in excess of their mandatory contributions are voluntary contributions.

6. Benefits paid and payable

Members will become entitled to benefits in respect of mandatory contributions to the Plan in the circumstances set out in the Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment after reaching the age of 60; (iii) become totally incapacitated; (iv) permanently depart from Hong Kong; (v) die; (vi) get terminal illness; or (vii) have the right to claim a small balance pursuant to the Ordinance.

Members will become entitled to benefits in respect of voluntary contributions to the Plan in circumstances set out in the Trust Deed and the relevant participation agreement.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

7. Financial risk management

I. Financial risk factors

The activities of the Plan and its constituent funds expose them to a variety of financial risks: market risk (including price risk, interest rate risk, and currency risk), credit risk and liquidity risk. The constituent funds' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the constituent funds' financial performance.

The investment objectives of the constituent funds are as follows:

MPF Conservative Fund is to provide members with a rate of return which matches or exceeds Hong Kong dollar savings rate. It invests in Hong Kong dollar denominated bank deposits and short term debt securities. The remaining constituent funds invest in APIFs. The investments in APIFs are to accomplish the respective investment objectives of the constituent funds.

E30 Mixed Asset Fund aims at capital growth over long term by investing indirectly in fixed income securities and maintaining a limited exposure to global equities. E50 Mixed Asset Fund aims at capital appreciation and a stable level of income over long term. It indirectly invests in bank deposits, global bonds and global equities. E70 Mixed Asset Fund aims at capital appreciation through diversification and indirectly invests in global equities with higher rates of returns. The Fund is subject to higher level of volatility of equity markets in short to medium term.

Global Bond Fund's objective is to achieve total investment return over medium to longer term by indirectly investing in global bonds.

The objective of Global Equity Fund, Hong Kong Equity Fund and Asian Equity Fund are to provide members with long term capital appreciation by indirectly investing in different equity markets.

Absolute Return Fund aims to achieve absolute return with long term capital preservation by indirectly investing primarily in diversified portfolio of global equities and fixed interest securities. RMB Bond Fund aims to achieve steady growth over the long term by indirectly investing primarily in RMB denominated debt instruments and money market instruments issued or distributed outside the mainland China.

Core Accumulation Fund and Age 65 Plus Fund are to provide members with capital growth and stable growth respectively by investing in a globally diversified manner.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

The investments in APIFs are subject to the terms and conditions of the respective APIF's offering documents and are susceptible to market price risk arising from uncertainties about future values of those APIFs. The investment managers make investment decisions after extensive due diligence of the underlying APIFs and their strategy. All of the APIFs in the investment portfolio are managed by portfolio managers who are compensated by the respective APIFs or constituent funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the constituent funds' investment in each of the APIFs or valuation of the constituent funds.

The right of the Plan and its constituent funds to request redemption of their investments in APIFs is on a daily basis.

The exposure to investments in APIFs at fair value is disclosed in Note 7I(a)(i). These investments are included in financial assets at fair value through profit or loss in the statement of net assets available for benefits for the Plan and its constituent funds and the statement of net assets for the constituent funds.

(a) Market risk

Refer to Note 8 for the overall market exposures of the constituent funds.

(i) Price risk

The MPF Conservative Fund only invests in debt securities, certificates of deposit and fixed deposits with original maturity terms of not exceeding 12 months and the average portfolio remaining maturity period of not more than 90 days. The investment manager of the fund considers that the fund has no significant exposure to market price fluctuations due to short term in nature of the investments and therefore the price sensitivity analysis is not necessary. The fund is exposed to the interest rate risk and refers to Note 7I(a)(ii).

Other constituent funds of the Plan are subject to market price risk arising from uncertainties about future prices of the investments. All investments present a risk of loss of capital. The constituent funds' market price risk is managed through a careful selection of securities and diversification of the underlying investment portfolio of the APIFs held.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

The overall market exposures for the constituent funds were as follows:

E30 Mixed Asset Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco - Global Stable Fund (Class B)	657,579	100.17	Towers Watson MPF Benchmark Composition - Equity content 20% - 40%	5%	28,932
Total investments	<u>657,579</u>	<u>100.17</u>			<u>28,932</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Invesco - Global Stable Fund (Class B)	794,566	100.22	Towers Watson MPF Benchmark Composition - Equity content 20% - 40%	5%	35,363
Total investments	<u>794,566</u>	<u>100.22</u>			<u>35,363</u>

E30 Mixed Asset Fund invests in Invesco - Global Stable Fund (Class B) (the "underlying APIF").
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	32%	31%
Bonds	63%	62%
Cash and other net assets	5%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	26%	23%
Japan	11%	13%
Asia Pacific ex Japan ex Hong Kong	6%	5%
North America	28%	25%
Europe	24%	26%
Other	-	1%
Total investments	<u>95%</u>	<u>93%</u>
Cash and other net assets	<u>5%</u>	<u>7%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$1,337 million (2016: HK\$1,369 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E50 Mixed Asset Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco - Global Stable Growth Fund (Class B)	509,574	100.21	Towers Watson MPF Benchmark Composition - Equity content 40% - 60%	5%	23,482
Total investments	<u>509,574</u>	<u>100.21</u>			<u>23,482</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Invesco - Global Stable Growth Fund (Class B)	434,858	100.22	Towers Watson MPF Benchmark Composition - Equity content 40% - 60%	5%	20,146
Total investments	<u>434,858</u>	<u>100.22</u>			<u>20,146</u>

E50 Mixed Asset Fund invests in Invesco – Global Stable Growth Fund (Class B) (the “underlying APIF”). The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	55%	51%
Bonds	41%	43%
Cash and other net assets	4%	6%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	28%	25%
Japan	11%	12%
Asia Pacific ex Japan ex Hong Kong	8%	7%
North America	26%	25%
Europe	23%	24%
Other	-	1%
Total investments	<u>96%</u>	<u>94%</u>
Cash and other net assets	<u>4%</u>	<u>6%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$509 million (2016: HK\$435 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E70 Mixed Asset Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u>					
(HK\$'000)					
Approved Pooled Investment Funds					
Invesco - Global Balanced Fund (Class B)	689,145	100.16	Towers Watson MPF Benchmark Composition - Equity content 60% - 80%	5%	32,551
Total investments	<u>689,145</u>	<u>100.16</u>			<u>32,551</u>

<u>As at 31 December 2016</u>					
(HK\$'000)					
Approved Pooled Investment Funds					
Invesco - Global Balanced Fund (Class B)	562,378	100.26	Towers Watson MPF Benchmark Composition - Equity content 60% - 80%	5%	26,562
Total investments	<u>562,378</u>	<u>100.26</u>			<u>26,562</u>

E70 Mixed Asset Fund invests in Invesco – Global Balanced Fund (Class B) (the “underlying APIF”).
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	75%	71%
Bonds	21%	24%
Cash and other net assets	4%	5%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	31%	27%
Japan	12%	12%
Asia Pacific ex Japan ex Hong Kong	9%	9%
North America	24%	26%
Europe	20%	21%
Total investments	<u>96%</u>	<u>95%</u>
Cash and other net assets	4%	5%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$882 million (2016: HK\$715 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Templeton MPF Global Bond Fund (Class A)	110,843	100.11	Citigroup World Government Bond Index, HSBC HK Govt Bond Index	5%	2,384
Total investments	<u>110,843</u>	<u>100.11</u>			<u>2,384</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Templeton MPF Global Bond Fund (Class A)	91,814	100.19	Citigroup World Government Bond Index, HSBC HK Govt Bond Index	5%	2,017
Total investments	<u>91,814</u>	<u>100.19</u>			<u>2,017</u>

Global Bond Fund invests in Templeton MPF Global Bond Fund (Class A) (the "underlying APIF").
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Bonds	89%	88%
Cash and other net assets	11%	12%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	47%	38%
Asia Pacific ex Japan ex Hong Kong	19%	32%
North America	1%	2%
Europe	-	1%
Other	22%	15%
Total investments	<u>89%</u>	<u>88%</u>
Cash and other net assets	<u>11%</u>	<u>12%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$3,119 million (2016: HK\$2,187 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Equity Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Templeton MPF Global Equity Fund (Class A)	186,294	99.84	FTSE MPF All World Hedged TR	5%	10,120
Total investments	<u>186,294</u>	<u>99.84</u>			<u>10,120</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Templeton MPF Global Equity Fund (Class A)	145,948	100.20	FTSE MPF All World Hedged TR	5%	7,887
Total investments	<u>145,948</u>	<u>100.20</u>			<u>7,887</u>

Global Equity Fund invests in Templeton MPF Global Equity Fund (Class A) (the “underlying APIF”).
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	97%	95%
Cash and other net assets	3%	5%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	1%	1%
Japan	9%	7%
Asia Pacific ex Japan ex Hong Kong	10%	10%
North America	38%	36%
Europe	38%	39%
Other	1%	2%
Total investments	<u>97%</u>	<u>95%</u>
Cash and other net assets	<u>3%</u>	<u>5%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$2,854 million (2016: HK\$2,257 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Hong Kong Equity Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	667,478	99.84	FTSE MPF Hong Kong	5%	32,700
Total investments	<u>667,478</u>	<u>99.84</u>			<u>32,700</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	461,939	99.78	FTSE MPF Hong Kong	5%	22,525
Total investments	<u>461,939</u>	<u>99.78</u>			<u>22,525</u>

Hong Kong Equity Fund invests in Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A) (the “underlying APIF”).
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	99%	99%
Cash and other net assets	1%	1%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	99%	99%
Total investments	99%	99%
Cash and other net assets	1%	1%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$35,055 million (2016: HK\$26,079 million).

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

Asian Equity Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Schroder MPF Asian Fund (Class A)	349,497	100.00	FTSE MPF Asia Pacific ex JP ex AU ex NZ TR	5%	13,817
Total investments	<u>349,497</u>	<u>100.00</u>			<u>13,817</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Schroder MPF Asian Fund (Class A)	237,466	100.13	FTSE MPF Asia Pacific ex JP ex AU ex NZ TR	5%	9,115
Total investments	<u>237,466</u>	<u>100.13</u>			<u>9,115</u>

Asian Equity Fund invests in Schroder MPF Asian Fund (Class A) (the "underlying APIF").
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	98%	97%
Cash and other net assets	2%	3%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	48%	44%
Asia Pacific ex Japan ex Hong Kong	50%	53%
Total investments	98%	97%
Cash and other net assets	2%	3%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$7,050 million (2016: HK\$4,762 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

RMB Bond Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	64,392	100.45	HSBC Offshore Renminbi Government Bond (Base HKD)	5%	2,514
Total investments	<u>64,392</u>	<u>100.45</u>			<u>2,514</u>

As at 31 December 2016
(HK\$'000)

Approved Pooled Investment Funds

Invesco – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	40,892	98.94	HSBC Offshore Renminbi Government Bond (Base HKD)	5%	1,620
Total investments	<u>40,892</u>	<u>98.94</u>			<u>1,620</u>

RMB Bond Fund invests in Invesco – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB) (the “underlying APIF”). The overall market exposures for this underlying APIF were as follows:

	% of net assets of underlying APIF	
	2017	2016
Bonds	92%	98%
Cash and other net assets	8%	2%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	% of net assets of underlying APIF	
	2017	2016
Asia Pacific ex Japan ex Hong Kong	92%	98%
Total investments	92%	98%
Cash and other net assets	8%	2%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$689 million (2016: HK\$466 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Core Accumulation Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco - Core Accumulation Fund (Class A)	154,403	98.97	FTSE MPF All-World Index (Unhedged Total Return), Citi MPF World Government Bond Index (HKD Hedged Total Return), MPFA Prescribed Savings Rate	5%	4,197
Total investments	<u>154,403</u>	<u>98.97</u>			<u>4,197</u>

Core Accumulation Fund invests in Invesco – Core Accumulation Fund (Class A) (the “underlying APIF”) which in turns invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation.
The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>
	<u>2017</u>
Listed equities	62%
Bonds	34%
Cash and other net assets	4%
Net assets attributable to unitholders	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>
	<u>2017</u>
Hong Kong	2%
Japan	9%
Asia Pacific ex Japan ex Hong Kong	9%
North America	46%
Europe	28%
Other	2%
Total investments	<u>96%</u>
Cash and other net assets	<u>4%</u>
Net assets attributable to unitholders	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$775 million.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

Age 65 Plus Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco - Age 65 Plus Fund (Class A)	257,115	99.64	FTSE MPF All-World Index (Unhedged Total Return), Citi MPF World Government Bond Index (HKD Hedged Total Return), MPFA Prescribed Savings Rate	5%	9,757
Total investments	<u>257,115</u>	<u>99.64</u>			<u>9,757</u>

Age 65 Plus Fund invests in Invesco – Age 65 Plus Fund (Class A) (the “underlying APIF”) which in turns invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>
Listed equities	<u>2017</u>
Bonds	21%
Cash and other net assets	73%
	6%
Net assets attributable to unitholders	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>
Hong Kong	<u>2017</u>
Japan	1%
Asia Pacific ex Japan ex Hong Kong	9%
North America	9%
Europe	37%
Other	35%
	3%
Total investments	<u>94%</u>
Cash and other net assets	6%
Net assets attributable to unitholders	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$421 million.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Absolute Return Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Allianz Global Investors Choice Fund – Allianz Choice Absolute Return Fund (Class A)	136,202	100.07	FTSE All World	5%	1,807
Total investments	<u>136,202</u>	<u>100.07</u>			<u>1,807</u>
<u>As at 31 December 2016</u> (HK\$'000)					
Approved Pooled Investment Funds					
Allianz Global Investors Choice Fund – Allianz Choice Absolute Return Fund (Class A)	115,146	100.14	FTSE All World	5%	1,452
Total investments	<u>115,146</u>	<u>100.14</u>			<u>1,452</u>

The objective of the Absolute Return Fund is to provide members with long-term capital preservation not related to an index by investing solely in Allianz Choice Absolute Return Fund which is an APIF which in turn invests primarily in a diversified portfolio of global equities and fixed-interest securities.

The underlying APIF adopts a dynamic asset allocation strategy. In strong equity market conditions, the underlying APIF may invest up to 50% of its assets in equities. In weaker equity market conditions, the underlying APIF may be rebalanced to preserve capital through the holding of fixed-interest securities. If market conditions so require, the underlying APIF may hold no equities and invest fully in fixed-interest securities and cash only. It is expected that under normal circumstances, at least 75% of the assets of the underlying APIF will be invested in fixed-interest securities and cash in order to minimise short term volatility.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Absolute Return Fund (Continued)

As at 31 December 2017, if the total investments of Absolute Return Fund increased/decreased by 5%, with all other variables held constant, the net asset value of Absolute Return Fund would have been increased/decreased by HK\$6,810,000 (2016: HK\$5,757,000).

Absolute Return Fund invests in Allianz Choice Absolute Return Fund (the “underlying APIF”).

The overall market exposures for this underlying APIF were as follows:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Listed equities	27%	24%
Bonds	69%	68%
Cash and other net assets	4%	8%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The following table shows the net market exposures of the underlying APIF:

	<u>% of net assets of underlying APIF</u>	
	<u>2017</u>	<u>2016</u>
Hong Kong	14%	8%
Japan	3%	2%
Asia Pacific ex Japan ex Hong Kong	6%	3%
North America	71%	72%
Europe	2%	5%
Other	-	2%
Total investments	<u>96%</u>	<u>92%</u>
Cash and other net assets	4%	8%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2017 is HK\$2,199 million (2016: HK\$1,819 million).

Notes

- ¹ Relevant index for the investments represents the relevant market index which has similar investment portfolio composition as the underlying investments.
- ² The analysis is based on the assumption that the relevant index increased/decreased by 5% (2016: 5%), with all other variables held constant and that the fair value of the constituent funds’ investments moved according to the historical correlation with the index. The investment managers have used their view of what would be a “reasonable shift” in each key market to estimate the change for use in the market sensitivity analysis. Changes in market index % are revised annually depending on investment managers’ current view of market volatility and other relevant factors.
- ³ Change in net asset value of the constituent funds is calculated based on the fair value of investments multiplied by the estimated % of reasonable possible change of the relevant index and the historical correlation of the constituent funds’ investments with the index. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative.

The constituent funds’ maximum exposure to loss from their interests in APIFs is equal to the total fair value of their investments in the APIFs.

Once the constituent funds have disposed of their units in APIFs, the constituent funds cease to be exposed to any risk from the APIFs.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

The constituent funds' investment strategies entail trading on other funds on a regular basis. As at 31 December 2017 and 2016 the constituent funds had no capital commitment obligations and no amounts due to APIFs for unsettled purchases.

The net gain/(loss) incurred on investments in APIFs during the year ended 31 December 2017 and 2016 are stated in the respective constituent funds' statement of comprehensive income.

(ii) Interest rate risk

The constituent funds of the Plan which invested in interest bearing financial assets are subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash of the constituent funds are invested in short-term commercial papers or deposits.

The majority of the financial assets and liabilities of E30 Mixed Asset Fund, E50 Mixed Asset Fund, E70 Mixed Asset Fund, Global Bond Fund, Global Equity Fund, Hong Kong Equity Fund, Asian Equity Fund, Absolute Return Fund, RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund are non-interest bearing. Their interest bearing financial assets comprise bank balances. The investment managers consider these funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. As a result, no sensitivity analysis on interest rate movements is required.

The majority of the financial assets and liabilities of the Plan are non-interest bearing. The only interest bearing financial assets comprise bank balances. Any excess cash and cash equivalents of the Plan are invested at short-term market interest rates and have no significant exposure to interest rate risk. As such, no interest rate risk sensitivity is disclosed.

The table below summarised the exposure to bank balances of E30 Mixed Asset Fund, E50 Mixed Asset Fund, E70 Mixed Asset Fund, Global Bond Fund, Global Equity Fund, Hong Kong Equity Fund, Asian Equity Fund, Absolute Return Fund, RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund as at 31 December 2017 and 2016:

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

	As at 31 December 2017		As at 31 December 2016	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
E30 Mixed Asset Fund - Bank balances	<u>87,998</u>	<u>0.01</u>	<u>145,590</u>	<u>0.02</u>
E50 Mixed Asset Fund - Bank balances	<u>75,670</u>	<u>0.01</u>	<u>80,953</u>	<u>0.02</u>
E70 Mixed Asset Fund - Bank balances	<u>149,760</u>	<u>0.02</u>	<u>104,182</u>	<u>0.02</u>
Global Bond Fund - Bank balances	<u>88,081</u>	<u>0.08</u>	<u>42,268</u>	<u>0.05</u>
Global Equity Fund - Bank balances	<u>168,476</u>	<u>0.09</u>	<u>50,220</u>	<u>0.03</u>
Hong Kong Equity Fund - Bank balances	<u>1,205,147</u>	<u>0.18</u>	<u>776,253</u>	<u>0.17</u>
Asian Equity Fund - Bank balances	<u>55,788</u>	<u>0.02</u>	<u>38,505</u>	<u>0.02</u>
Absolute Return Fund - Bank balances	<u>83,850</u>	<u>0.06</u>	<u>15,420</u>	<u>0.01</u>
RMB Bond Fund - Bank balances	<u>57,965</u>	<u>0.09</u>	<u>54,472</u>	<u>0.13</u>
Core Accumulation Fund - Bank balances	<u>200,241</u>	<u>0.13</u>		
Age 65 Plus Fund - Bank balances	<u>340,617</u>	<u>0.13</u>		

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

The table below summarised the MPF Conservative Fund's exposure to interest rate risk, categorised by remaining maturity period:

MPF Conservative Fund

At 31 December 2017
(HK\$'000)

	Up to 3 months	3-12 months	Over 12 months	Non- interest bearing	Total
Bank balances	19,433	-	-	-	19,433
Financial assets at fair value through profit or loss	983,043	257,183	-	-	1,240,226
Other assets	-	-	-	2,495	2,495
Total assets	1,002,476	257,183	-	2,495	1,262,154
Total liabilities	-	-	-	4,889	4,889
Total interest sensitivity gap	1,002,476	257,183	-		

At 31 December 2016
(HK\$'000)

	Up to 3 months	3-12 months	Over 12 months	Non- interest bearing	Total
Bank balances	14,341	-	-	-	14,341
Financial assets at fair value through profit or loss	1,071,717	159,780	-	-	1,231,497
Other assets	-	-	-	1,694	1,694
Total assets	1,086,058	159,780	-	1,694	1,247,532
Total liabilities	-	-	-	4,474	4,474
Total interest sensitivity gap	1,086,058	159,780	-		

As at 31 December 2017, if interest rates have increased/decreased by 1% (2016: 1%), the net assets attributable to members of the MPF Conservative Fund would have been increased/decreased by HK\$12,597,000 (2016: HK\$12,458,000).

The investment managers monitor the constituent funds' overall interest sensitivity on a daily basis.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

(iii) Currency risk

As at 31 December 2017 and 2016, the Plan and all of the constituent funds did not have any assets or liabilities denominated in currencies other than their functional currency, Hong Kong dollar. As a result, the Plan and all of the constituent funds are not subject to significant currency risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due. The MPF Conservative Fund also invests in debt securities and is therefore exposed to credit risk if the issuers default and will not repay the principal amount at maturity and interest as scheduled. Investment transactions are settled upon delivery using approved brokers. The credit risk of default is considered minimal, and counterparty risk is mitigated as delivery of investments sold is only made to brokers against payment. In a purchase, payment is made when the securities have been received by the broker. The transaction will fail if either party fails to meet their respective obligations.

The credit risk is mitigated as the debt securities held are subject to the requirements of (i) minimum credit rating, and (ii) maximum holding of 10% of net asset value of any single issuer except for those issued or guaranteed by the government and other bodies permitted by the Mandatory Provident Fund Schemes Authority of Hong Kong.

As at 31 December 2017 and 2016, the Plan and the following constituent funds held debt securities and bank balances with the following credit ratings, which are rated by well-known rating agencies and the table below sets out credit rating as a percentage of total bank balances of the Plan and each constituent fund respectively.

	<u>The Plan</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances</u>		
A-1+/A-1/P-1	98%	97%
A-2/P-2	2%	3%
	<u>100%</u>	<u>100%</u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

	<u>MPF Conservative Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Debt Securities and Certificates of Deposit</u>		
A-1+/A-1/P-1	100%	100%
	<u>100%</u>	<u>100%</u>
 <u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	49%	51%
A-2/P-2	51%	49%
	<u>100%</u>	<u>100%</u>
	<u>E30 Mixed Asset Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u>100%</u>	<u>100%</u>
	<u>E50 Mixed Asset Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u>100%</u>	<u>100%</u>
	<u>E70 Mixed Asset Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u>100%</u>	<u>100%</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

	<u>Global Bond Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u> </u>	<u> </u>
	<u>Global Equity Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u> </u>	<u> </u>
	<u>Hong Kong Equity Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u> </u>	<u> </u>
	<u>Asian Equity Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u> </u>	<u> </u>
	<u>Absolute Return Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u> </u>	<u> </u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

RMB Bond Fund

Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017	2016
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Rating

Bank Balances and Fixed Deposits

A-1+/A-1/P-1

100%

100%

Core Accumulation Fund

Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017
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Rating

Bank Balances and Fixed Deposits

A-1+/A-1/P-1

100%

Age 65 Plus Fund

Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2017
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Rating

Bank Balances and Fixed Deposits

A-1+/A-1/P-1

100%

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets available for benefits for the Plan and its constituent funds and the statement of net assets for the constituent funds.

None of the assets is impaired nor past due but not impaired.

(c) Liquidity risk

The constituent funds are exposed to daily cash redemptions of units. The constituent funds therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. All investments in APIFs permit redemptions on a daily basis and with a short settlement period. The investment managers consider the liquidity risk is low.

The table below analyses the Plan's and constituent funds' financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

The Plan

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Derivative financial instruments	319,568	-	-
Benefits and forfeitures payable	19,293,270	-	-
Accruals and other payables	9,444,324	305,302	2,494,314
Total financial liabilities	29,057,162	305,302	2,494,314

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Benefits and forfeitures payable	13,415,136	-	-
Accruals and other payables	8,264,520	2,699,330	2,248,729
Total financial liabilities	21,679,656	2,699,330	2,248,729

MPF Conservative Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	1,028,638	117,593	716,809
Amounts payable on redemption	1,872,838	-	-
Amounts payable on funds switching	1,153,312	-	-
Total financial liabilities	4,054,788	117,593	716,809

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	133,515	841,655	699,197
Amounts payable on redemption	1,857,976	-	-
Amounts payable on funds switching	941,857	-	-
Total financial liabilities	2,933,348	841,655	699,197

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

E30 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	804,432	69,642	418,794
Amounts payable on redemption	1,505,195	-	-
Amounts payable on funds switching	51,820	-	-
Total financial liabilities	<u>2,361,447</u>	<u>69,642</u>	<u>418,794</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	972,320	515,825	424,015
Amounts payable on redemption	724,637	-	-
Amounts payable on funds switching	486,574	-	-
Total financial liabilities	<u>2,183,531</u>	<u>515,825</u>	<u>424,015</u>

E50 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	621,504	32,647	320,974
Amounts payable on redemption	549,116	-	-
Amounts payable on funds switching	239,775	-	-
Total financial liabilities	<u>1,410,395</u>	<u>32,647</u>	<u>320,974</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	533,174	288,356	292,794
Amounts payable on redemption	191,961	-	-
Total financial liabilities	<u>725,135</u>	<u>288,356</u>	<u>292,794</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E70 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	838,835	38,373	435,122
Amounts payable on redemption	661,292	-	-
Amounts payable on funds switching	32,425	-	-
Total financial liabilities	<u>1,532,552</u>	<u>38,373</u>	<u>435,122</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	690,048	370,932	388,497
Amounts payable on redemption	1,056,499	-	-
Amounts payable on funds switching	428	-	-
Total financial liabilities	<u>1,746,975</u>	<u>370,932</u>	<u>388,497</u>

Global Bond Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	74,928	8,209	50,740
Amounts payable on redemption	296,705	-	-
Amounts payable on funds switching	35,164	-	-
Total financial liabilities	<u>406,797</u>	<u>8,209</u>	<u>50,740</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	62,092	62,407	43,234
Amounts payable on redemption	230,086	-	-
Amounts payable on funds switching	35,490	-	-
Total financial liabilities	<u>327,668</u>	<u>62,407</u>	<u>43,234</u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

Global Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	140,977	8,228	79,978
Amounts payable on redemption	617,975	-	-
Amounts payable on funds switching	943	-	-
Total financial liabilities	<u>759,895</u>	<u>8,228</u>	<u>79,978</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	110,550	94,484	61,996
Amounts payable on redemption	213,490	-	-
Amounts payable on funds switching	53,408	-	-
Total financial liabilities	<u>377,448</u>	<u>94,484</u>	<u>61,996</u>

Hong Kong Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	554,351	11,953	270,997
Amounts payable on redemption	1,012,592	-	-
Amounts payable on funds switching	825,506	-	-
Total financial liabilities	<u>2,392,449</u>	<u>11,953</u>	<u>270,997</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	394,562	295,668	196,565
Amounts payable on redemption	387,031	-	-
Amounts payable on funds switching	280,142	-	-
Total financial liabilities	<u>1,061,735</u>	<u>295,668</u>	<u>196,565</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Asian Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	261,844	10,332	144,992
Amounts payable on redemption	376,669	-	-
Amounts payable on funds switching	69,956	-	-
Total financial liabilities	<u>708,469</u>	<u>10,332</u>	<u>144,992</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	181,120	153,848	102,538
Amounts payable on redemption	109,950	-	-
Amounts payable on funds switching	17,131	-	-
Total financial liabilities	<u>308,201</u>	<u>153,848</u>	<u>102,538</u>

Absolute Return Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	114,975	8,325	48,925
Amounts payable on redemption	128,526	-	-
Amounts payable on funds switching	821	-	-
Total financial liabilities	<u>244,322</u>	<u>8,325</u>	<u>48,925</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	97,084	76,155	39,894
Amounts payable on redemption	142,187	-	-
Amounts payable on funds switching	699	-	-
Total financial liabilities	<u>239,970</u>	<u>76,155</u>	<u>39,894</u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

RMB Bond Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Derivative financial instruments	319,568	-	-
Accruals and other payables	77,886	-	6,983
Amounts payable on redemption	277,141	-	-
Amounts payable on funds switching	339,378	-	-
Total financial liabilities	1,013,973	-	6,983

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2016			
Liabilities:			
Accruals and other payables	50,704	-	-
Amounts payable on redemption	37,283	-	-
Amounts payable on funds switching	8,757	-	-
Total financial liabilities	96,744	-	-

Core Accumulation Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	76,517	-	-
Amounts payable on redemption	136,833	-	-
Amounts payable on funds switching	800,651	-	-
Total financial liabilities	1,014,001	-	-

Age 65 Plus Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Liabilities:			
Accruals and other payables	127,327	-	-
Amounts payable on redemption	22,318	-	-
Amounts payable on funds switching	1,373,931	-	-
Total financial liabilities	1,523,576	-	-

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

The investment managers manage the liquidity risk of each constituent fund by investing predominantly in investments that they expect to be able to liquidate normally, within 7 days or less. The table below analyses the constituent funds' expected liquidity of financial assets held.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
MPF Conservative Fund	419,019,885	585,609,211	257,524,555
E30 Mixed Asset Fund	659,262,829	-	-
E50 Mixed Asset Fund	510,211,175	-	-
E70 Mixed Asset Fund	690,004,818	-	-
Global Bond Fund	111,179,331	-	-
Global Equity Fund	187,421,122	-	-
Hong Kong Equity Fund	671,169,302	-	-
Asian Equity Fund	350,327,989	-	-
Absolute Return Fund	136,393,090	-	-
RMB Bond Fund	65,118,517	-	-
Core Accumulation Fund	157,012,835	-	-
Age 65 Plus Fund	259,563,831	-	-
At 31 December 2016			
MPF Conservative Fund	414,531,694	673,160,726	159,839,917
E30 Mixed Asset Fund	795,921,606	-	-
E50 Mixed Asset Fund	435,207,498	-	-
E70 Mixed Asset Fund	563,452,367	-	-
Global Bond Fund	92,073,342	-	-
Global Equity Fund	146,188,360	-	-
Hong Kong Equity Fund	464,510,478	-	-
Asian Equity Fund	237,712,893	-	-
Absolute Return Fund	115,345,984	-	-
RMB Bond Fund	41,426,248	-	-

At 31 December 2017 and 2016, no individual member held more than 10% of each constituent fund's units.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

II. Capital risk management

The capital of the constituent funds is represented by the net assets attributable to members. Subscriptions and redemptions during the year are shown in the statement of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. The objective of the constituent funds when managing capital is to safeguard the constituent funds' ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the constituent funds.

In order to maintain or adjust the capital structure, the policy of the constituent funds is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets;
- and
- redeem and issue units in accordance with the trust deed of the constituent funds.

The Trustee monitors capital on the basis of the value of net assets attributable to members.

III. Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the constituent funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the constituent funds for similar financial instruments.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

HKFRS 13 requires the constituent funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the constituent funds. The constituent funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

The following tables analyse within the fair value hierarchy the constituent funds' investments (by class) measured at fair value at 31 December 2017 and 2016:

MPF Conservative Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Debt securities and certificates of deposit	-	236,164,626	236,164,626
- Fixed deposits	1,004,061,566	-	1,004,061,566
	<u>1,004,061,566</u>	<u>236,164,626</u>	<u>1,240,226,192</u>

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Debt securities and certificates of deposit	-	278,874,068	278,874,068
- Fixed deposits	952,623,417	-	952,623,417
	<u>952,623,417</u>	<u>278,874,068</u>	<u>1,231,497,485</u>

E30 Mixed Asset Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	657,578,754	-	657,578,754
	<u>657,578,754</u>	<u>-</u>	<u>657,578,754</u>

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	794,566,467	-	794,566,467
	<u>794,566,467</u>	<u>-</u>	<u>794,566,467</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E50 Mixed Asset Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	509,573,634	-	509,573,634

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	434,857,712	-	434,857,712

E70 Mixed Asset Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	689,145,241	-	689,145,241

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	562,378,361	-	562,378,361

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	110,843,004	-	110,843,004

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	91,813,997	-	91,813,997

Global Equity Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	186,293,681	-	186,293,681

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	145,948,112	-	145,948,112

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Hong Kong Equity Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	667,477,875	-	667,477,875

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	461,939,386	-	461,939,386

Asian Equity Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	349,497,340	-	349,497,340

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	237,466,439	-	237,466,439

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Absolute Return Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	136,202,366	-	136,202,366

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	115,145,921	-	115,145,921

RMB Bond Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	64,392,129	-	64,392,129
Liabilities			
Financial liabilities held for trading			
- Derivative financial instruments	-	(319,568)	(319,568)

As at 31 December 2016

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	40,892,310	-	40,892,310
- Derivative financial instruments	-	403,527	403,527
	40,892,310	403,527	41,295,837

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Core Accumulation Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	154,403,195	-	154,403,195
	<u>154,403,195</u>	<u>-</u>	<u>154,403,195</u>

Age 65 Plus Fund

As at 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	257,115,375	-	257,115,375
	<u>257,115,375</u>	<u>-</u>	<u>257,115,375</u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. The constituent funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2017 and 2016, the constituent funds did not hold any investments classified in level 3.

There were no transfers between levels of investments held by the constituent funds for the years ended 31 December 2017 and 2016.

The assets and liabilities of the constituent funds in the statement of net assets excluding financial assets at fair value through profit or loss at 31 December 2017 and 2016 are carried at amortised cost; their carrying values are a reasonable approximation of fair value. There are no other financial assets and liabilities not carrying at fair value but for which the fair value is disclosed.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

8. Financial assets at fair value through profit or loss

	<u>2017</u> HK\$	<u>2016</u> HK\$
BCT (Industry) MPF Conservative Fund		
Certificates of deposit	236,164,626	278,874,068
Fixed deposits	1,004,061,566	952,623,417
	<hr/>	<hr/>
Investments, at fair value		
(at cost: 2017: HK\$1,239,756,770; 2016: HK\$1,229,430,549)	1,240,226,192	1,231,497,485
	<hr/>	<hr/>
 BCT (Industry) E30 Mixed Asset Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$483,172,150 HK\$; 2016: HK\$640,856,386)	657,578,754	794,566,467
	<hr/>	<hr/>
 BCT (Industry) E50 Mixed Asset Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$300,619,483; 2016: HK\$293,890,096)	509,573,634	434,857,712
	<hr/>	<hr/>
 BCT (Industry) E70 Mixed Asset Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$370,700,950; 2016: HK\$360,437,943)	689,145,241	562,378,361
	<hr/>	<hr/>
 BCT (Industry) Global Bond Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$110,379,181; 2016: HK\$95,020,438)	110,843,004	91,813,997
	<hr/>	<hr/>
 BCT (Industry) Global Equity Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$138,861,925; 2016: HK\$119,618,592)	186,293,681	145,948,112
	<hr/>	<hr/>
 BCT (Industry) Hong Kong Equity Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$478,593,409; 2016: HK\$446,677,205)	667,477,875	461,939,386
	<hr/>	<hr/>
 BCT (Industry) Asian Equity Fund		
Approved pooled investment fund, at fair value		
(at cost: 2017: HK\$231,498,643; 2016: HK\$208,000,821)	349,497,340	237,466,439
	<hr/>	<hr/>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

	<u>2017</u> HK\$	<u>2016</u> HK\$
BCT (Industry) Absolute Return Fund		
Approved pooled investment fund, at fair value (at cost: 2017: HK\$120,473,715; 2016: HK\$106,559,165)	136,202,366	115,145,921
	-----	-----
BCT (Industry) RMB Bond Fund		
Approved pooled investment fund, at fair value (at cost: 2017: HK\$60,590,624; 2016: HK\$42,656,794) (Refer to Note 12 for the investment in derivative financial instruments)	64,392,129	40,892,310
	-----	-----
BCT (Industry) Core Accumulation Fund		
Approved pooled investment fund, at fair value (at cost: 2017: HK\$145,927,727; 2016: Nil)	154,403,195	N/A
	-----	-----
BCT (Industry) Age 65 Plus Fund		
Approved pooled investment fund, at fair value (at cost: 2017: HK\$253,845,494; 2016: Nil)	257,115,375	N/A
	-----	-----
Total investments, at fair value	5,022,748,786	4,116,506,190
	=====	=====
Total investments, at cost	3,934,420,071	3,543,147,989
	=====	=====

9. Accrued benefits

The total accrued benefits vested in the members' accounts amounted to HK\$5,027,806,694 as at 31 December 2017 (2016: HK\$4,115,933,115).

10. Taxation

The Plan is not subject to Hong Kong profits tax as it is not considered to be carrying on a business in Hong Kong.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

11. Transactions with related parties/associates

Certain constituent funds invest directly in the units of other unit trusts managed by the investment managers as disclosed in Note 4. Connected persons of the investment managers are those as defined in the Code on Unit Trust and Mutual Funds established by the Securities & Futures Commission of Hong Kong.

Except as disclosed in Note 4 and below, the Plan and its constituent funds did not have any transactions with related parties including the Trustee, the investment managers and their associates or delegates during the years ended 31 December 2017 and 2016. All transactions were entered into in the ordinary course of business and on normal commercial terms.

At the year end date, the Plan and its constituent funds had bank balances with, and investments issued by the shareholders of the Trustee as follows:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Bank balances	32,470,124	24,543,427
Certificates of deposit and fixed deposits	360,036,019	448,512,582

Income earned by the Plan and its constituent funds from the shareholders of the Trustee was as follows:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Interest income	4,571,562	3,493,336

Interest receivable from the shareholders of the Trustee at the year end date was as follows:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Interest receivable	405,195	441,319

For the years ended 31 December 2017 and 2016, the Plan and its constituent funds received rebate of fee expenses from Bank Consortium Trust Company Limited amounted to HK\$2,543,868 and HK\$1,777,165 respectively.

During the year, certain expenses of Core Accumulation Fund, Age 65 Plus Fund and RMB Bond Fund, three constituent funds of BCT (MPF) Industry Choice of which BCT Financial Limited acts as the sponsor, were borne by the BCT Financial Limited amounted to HK\$168,817 (2016: HK\$55,961 for RMB Bond Fund only).

During the year, BCT Financial Limited reimbursed certain expenses which were incurred/paid by Core Accumulation Fund, Age 65 Plus Fund and RMB Bond Fund, three constituent funds of BCT (MPF) Industry Choice of which BCT Financial Limited acts as an sponsor, amounting to HK\$8,293 (2016: HK\$7,006 for RMB Bond Fund only).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

12. Derivative financial instruments

Outstanding forward foreign exchange contracts as at the year end were as follows:

RMB Bond Fund

Contract to deliver	In exchange for	Settlement date	Unrealised loss HK\$
<u>2017</u>			
Open contracts: CNY14,800,000	HK\$17,388,668	19 January 2018	(319,568)
		Total unrealised loss	<u>(319,568)</u>

RMB Bond Fund

Contract to deliver	In exchange for	Settlement date	Unrealised gain HK\$
<u>2016</u>			
Open contracts: CNY12,186,128	HK\$13,880,000	20 January 2017	403,527
		Total unrealised gain	<u>403,527</u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

13. Payments charged to default investments strategy ("DIS") constituent funds or scheme or members who invest the constituent funds

In accordance with the Mandatory Provident Fund legislation, the aggregate of the payments for services of the BCT (Industry) Core Accumulation Fund and BCT (Industry) 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 the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund divided by the number of days in the year.

The above aggregate of the payments for services include, but are not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Investment Manager, the Custodian and the Sponsor and/or promoter (if any) of each of the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund and its underlying investment fund(s), 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 BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund and its underlying investment fund(s), but do not include any out-of-pocket expenses incurred by each of the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund and their underlying investment fund(s).

In accordance with the Mandatory Provident Fund legislation, the total amount of all payments that are charged to or imposed on a DIS constituent fund or members who invest in a DIS constituent 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 constituent fund, shall not in a single year exceed 0.2% per annum of the net asset value (the sum of net asset value of the relevant DIS constituent fund as at the last dealing day of each month of the relevant period/year divided by the number of months) of each of the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus 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 constituent fund in connection with recurrent acquisition of investments for the DIS constituent fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS constituent fund.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS constituent fund and such out-of-pocket expenses are not subject to the above statutory limit.

Payment for services, out-of-pocket expenses and other payment charged to the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

During the period from 1 April 2017 (date of commencement of operation) to 31 December 2017

	BCT (Industry) Core Accumulation Fund ("DIS Fund") HK\$	BCT (Industry) Age 65 Plus Fund ("DIS Fund") HK\$
Payment for services		
- Trustee and administration fees	443,865	442,528
Total payment for services of each DIS Fund	<u>443,865</u>	<u>442,528</u>
Total payment for services of each DIS Fund*	0.59%	0.59%
Proportionate of the underlying investment funds fee rate of the underlying investment funds of each DIS Fund**	<u>0.16%</u>	<u>0.16%</u>
Total Payment for Services expressed as a percentage of net asset value of the DIS funds	<u>0.75%</u>	<u>0.75%</u>
	HK\$	HK\$
Out-of-pocket expenses	<u>-</u>	<u>-</u>
Total payment for out-of-pocket expenses	<u>-</u>	<u>-</u>
Out-of-pocket expenses expressed as a percentage of average net asset value as at the last dealing day of each month of the constituent fund	<u>-</u>	<u>-</u>

**The payment for service fees of 0.59%, which represents daily payment for services of each DIS Fund as a percentage of daily NAV, is the maximum fee rate allowed to charge to each DIS Fund on a daily basis.*

***The proportionate of the underlying investment fund fee rate paid to the specified person as disclosed in the prospectus of the underlying investment funds*

During the year, certain expenses of Core Accumulation Fund and Age 65 Plus Fund, two constituent funds of BCT (MPF) Industry Choice of which BCT Financial Limited acts as the sponsor, were borne by the BCT Financial Limited, see Note 11.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

14. Reconciliation of movement in benefits payable

	Benefits payable HK\$
Beginning balance as at 31 December 2016 and 1 January 2017	13,415,136
Charged to statement of changes in net assets available for benefits	350,222,868
Cash outflow	(344,344,734)
Ending balance as at 31 December 2017	19,293,270

15. Financial instruments by category

Apart from derivative financial instruments and financial assets at fair value through profit or loss as disclosed in the Plan's statement of net assets available for benefits and its constituent funds' statement of net assets which are classified as "financial assets at fair value through profit or loss", all other financial assets as disclosed in the Plan's statement of net assets available for benefits and its constituent funds' statement of net assets, including amounts receivable on sale of financial assets at fair value through profit or loss, interest receivable, contribution receivables, other receivables and bank balances, are categorised as "loans and receivables".

In addition, all other financial liabilities as disclosed in the Plan's statement of net assets available for benefits and its constituent funds' statement of net assets, including benefits and forfeitures payable, accruals and other payables and amounts payable on purchase of financial assets at fair value through profit or loss, are categorised as "other financial liabilities".

16. Soft commission arrangements

During the year, certain investment managers had entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making were received. These investment managers did not make direct payments for these services but transacted an agreed amount of business with the brokers on behalf of the funds under their management including the Plan and its constituent funds and commissions were paid on these transactions.

The goods and services received include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

17. Security lending arrangements

The Plan and its constituent funds had no security lending arrangements as at 31 December 2017 (2016: Nil).

18. Bank loans and other borrowings

As at 31 December 2017, The Plan and its constituent funds had no bank loans or other borrowings (2016: Nil).

19. Negotiability of assets

As at 31 December 2017, there were no statutory or contractual requirements restricting the negotiability of the assets of the Plan and its constituent funds (2016: Nil)

20. Commitments

The Plan and its constituent funds had no commitments as at 31 December 2017 (2016: Nil).

21. Contingent liabilities

The Plan and its constituent funds had no contingent liabilities as at 31 December 2017 (2016: Nil).

22. Marketing expenses

There have been no advertising expenses, promotional expenses or commissions or brokerage fees paid and payable to the MPF intermediaries deducted from the Plan or its constituent funds during the year ended 31 December 2017 (2016: Nil).

23. Approval of financial statements

The financial statements were approved for issue by the Trustee on 20 June 2018.

BCT (MPF) INDUSTRY CHOICE

INDEPENDENT AUDITOR'S ASSURANCE REPORT

FOR THE YEAR ENDED

31 DECEMBER 2017

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF BCT (MPF) INDUSTRY CHOICE (THE "PLAN")

We have audited the financial statements of the Plan for the year ended 31 December 2017 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised) "The Audit of Retirement Schemes" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have issued an unqualified auditor's report thereon dated 20 June 2018.

Pursuant to section 102 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), we are required to report whether the Plan complied with certain requirements of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance") and the General Regulation.

Trustee's Responsibility

The General Regulation requires the Trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the constituent funds of the Plan, the Plan assets and all financial transactions entered into in relation to the Plan;
- (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority (the "MPFA") under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- (c) the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4), 34DI(1) and (2), 34DJ(2), (3), (4) and (5) and 34DK(2) of the Ordinance are complied with; and
- (d) the Plan assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to report solely to the Trustee, in accordance with section 102 of the General Regulation, on the Plan's compliance with the above requirements based on the results of the procedures performed by us, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF BCT (MPF) INDUSTRY CHOICE ("THE PLAN") (CONTINUED)

Auditor's Responsibility (Continued)

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 860.1 (Revised) "The Audit of Retirement Schemes" issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Plan has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in Practice Note 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Plan's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Based on the foregoing:

- (a) in our opinion:
 - (i) proper accounting and other records have been kept during the year ended 31 December 2017 in respect of the constituent funds of the Plan, the Plan assets and all financial transactions entered into in relation to the Plan; and
 - (ii) the requirements specified in the guidelines made by the MPFA under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 31 December 2017, 31 August 2017 and 28 April 2017; and
 - (iii) the requirements specified in the Ordinance under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2017, 31 August 2017 and 28 April 2017; and
 - (iv) the requirements specified in the Ordinance under sections 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund have been complied with, in all material respects, during the period from 1 April 2017 (date of commencement of operation) to 31 December 2017; and
 - (v) the requirements specified in section 34DD(4)(b) of the Ordinance with respect to the controls of out-of-pocket expenses of the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2017.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE
TRUSTEE OF BCT (MPF) INDUSTRY CHOICE ("THE PLAN")
(CONTINUED)**

Opinion (Continued)

- (b) as at 31 December 2017, the Plan assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

Intended Users and Purpose

This report is intended solely for submission by the Trustee to the MPFA pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purpose.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers", is written over the printed name of the firm.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2018