



BCT
銀聯集團



BCT (MPF) Industry Choice

2018

Reports and Financial Statements
(From 1 January to 31 December 2018)

BCT (MPF) INDUSTRY CHOICE

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

BCT (MPF) INDUSTRY CHOICE

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BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 The Deed was subsequently amended and superseded by a deed of substitution and adherence dated 1 June 2011, which was further amended by first supplemental deed dated 24 November 2011, second supplemental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, seventh supplemental deed dated 5 March 2018 and eighth supplemental deed dated 1 April 2019.

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 2018, 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) Flexi Mixed Asset Fund (formerly known as 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.]*

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2. Financial Highlights

During the year ended 31 December 2018, the total contributions received and receivable including transfers in from participating employers and members of the Plan amounted to HK\$618 million, while the total benefits paid and payable including transfers out and forfeitures amounted to HK\$374 million. As at 31 December 2018, the market values of the Plan's constituent funds were as follows:

	<u>Market Value</u> (HK\$)
BCT (Industry) MPF Conservative Fund	1,377,288,366
BCT (Industry) E30 Mixed Asset Fund	595,981,284
BCT (Industry) E50 Mixed Asset Fund	454,079,211
BCT (Industry) E70 Mixed Asset Fund	597,858,641
BCT (Industry) Global Bond Fund	121,319,701
BCT (Industry) Global Equity Fund	168,835,365
BCT (Industry) Hong Kong Equity Fund	600,547,226
BCT (Industry) Asian Equity Fund	304,928,717
BCT (Industry) Flexi Mixed Asset Fund*	142,072,128
BCT (Industry) RMB Bond Fund	83,356,058
BCT (Industry) Core Accumulation Fund	215,427,716
BCT (Industry) Age 65 Plus Fund	278,850,894
	<hr/>
Total	4,940,545,307
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After taking into account the operating expenses of HK\$61.3 million, the net loss of the Plan during the year ended 31 December 2018 was HK\$345.6 million.

*(*formerly known as BCT (Industry) Absolute Return Fund)*

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3. Changes to the Governing Rules of the Plan

Set out below is a brief summary of the key amendments to the governing rules / principal brochure of the Plan during the year ended 31 December 2018 in relation to:-

- the 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 to BCT (Industry) Flexi Mixed Asset 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;
- the changes in the methodology for valuation of quoted investments of a constituent fund from using the last bid price to the last traded price to align with general market practice as well as other mandatory provident fund schemes under the trusteeship of the Trustee;
- the enhancement of investment policy of the underlying fund of Asian Equity Fund to clarify that the underlying fund may invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved exchange as defined in the Regulation, including without limitation shares of company listed on the stock exchange(s) of the People's Republic of China via the Stock Connect;
- the enhancement of disclosures on the risks associated with investments via the Stock Connect and investment in the China A shares market;
- the clarifications and enhancement of disclosures on various fees in the second addendum to the principal brochure issued on 19 March 2018 and third addendum to the principal brochure issued on 18 January 2019; and
- the change of the name of the reference index "Citi MPF World Government Bond Index" referred to in respect of the BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund, to "FTSE MPF World Government Bond Index".

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After the end of the financial year, there have also been certain key changes to the governing rules / principal brochure of the Plan for:-

- the introduction of the tax deductible voluntary contributions with effect from 1 April 2019; and
- the change of the Chinese newspapers for the publication of net asset value per unit, the issue price and the redemption price for each constitution fund with effect from 1 May 2019.

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.

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 CMB Wing Lung Bank Limited (formerly known as 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.

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

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- 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.
- 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.

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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

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

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

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- ◆ 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

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

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- ◆ 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
- ◆ CMB Wing Lung Bank Limited^ (formerly known as Wing Lung Bank Limited)
45 Des Voeux Road Central, Hong Kong

(^The bank renamed as CMB Wing Lung Bank Limited in October 2018)

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

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)	Chief Operating Officer & Senior Executive Vice President Asia Financial Holdings Limited 16/F, Worldwide House 19 Des Voeux Road Central Hong Kong
Mr. LAU Wai Man	Executive Director & Deputy Chief Executive Chong Hing Bank Limited 26/F, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

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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)	Senior Executive Director & Head of Commercial Banking Division Dah Sing Bank, Limited 35/F, Everbright Centre 108 Gloucester Road, Wanchai Hong Kong
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)	Head of MPF Service Centre Department Shanghai Commercial Bank Limited 28/F, Landmark East 100 How Ming Street, Kwun Tong, Kowloon Hong Kong
Mr. WANG Frank John	Authorised Representative OCBC Wing Hang Bank Limited 4/F, 161 Queen's Road Central Hong Kong
Mr. WOO Lap Hoi	Head of Life Insurance & MPF CMB 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

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Mr. LECKIE Stuart Hamilton, OBE, JP (Independent Director)	Chairman Stirling Finance Limited 2802 Tower 2, 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

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.

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PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 OOI Sang Kuang

Mr TSE Hau Yin Aloysius

The business address of the above directors in item 8 is 161 Queen's Road Central, Hong Kong.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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) Flexi Mixed Asset Fund ("Flexi Mixed Asset Fund") (formerly known as BCT (Industry) 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

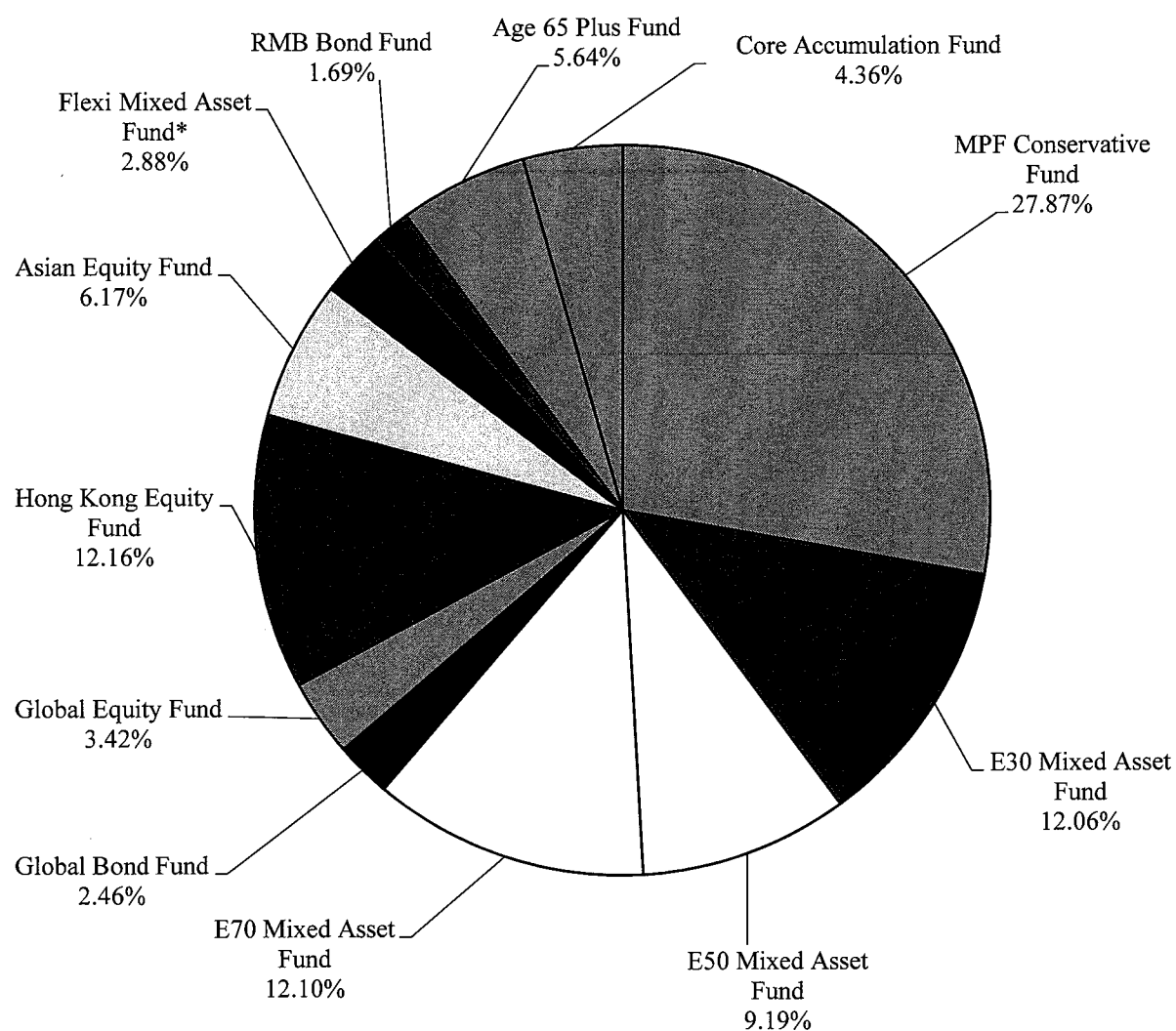
Invesco Hong Kong Limited has been appointed as the investment manager to carry out the investment management functions of the constituent funds (1) to (4) and (10) to (12). Franklin Templeton Investments (Asia) Limited has been appointed as the investment manager of the Global Bond Fund and Global Equity 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 Flexi Mixed Asset Fund (formerly known as Absolute Return Fund).

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Distribution of Constituent Funds

As at 31 December 2018, distribution of net assets of the Plan amongst the constituent funds was as follows:



(*formerly known as Absolute Return Fund)

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

2. Investment Income and Performance

	<u>MPF Conservative Fund</u>			<u>E30 Mixed Asset Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	17,091,649	9,922,872	6,995,014	156	42	1
Dividend income	-	-	-	-	-	-
Other income	-	5,040	51,823	126,628	156,850	66,997
Total income	<u>17,091,649</u>	<u>9,927,912</u>	<u>7,046,837</u>	<u>126,784</u>	<u>156,892</u>	<u>66,998</u>
Net income/(loss) – excluding capital appreciation and depreciation	3,198,490	(2,386,942)	(2,226,847)	(9,733,502)	(12,111,742)	(12,381,885)
Net investment appreciation/(depreciation) – realised and unrealised	5,769,394	2,643,930	2,310,922	(31,192,404)	106,275,453	16,481,614

	<u>E50 Mixed Asset Fund</u>			<u>E70 Mixed Asset Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	111	10	1	138	14	1
Dividend income	-	-	-	-	-	-
Other income	98,215	95,165	37,003	132,483	125,908	47,628
Total income	<u>98,326</u>	<u>95,175</u>	<u>37,004</u>	<u>132,621</u>	<u>125,922</u>	<u>47,629</u>
Net income/(loss) – excluding capital appreciation and depreciation	(7,552,689)	(7,336,193)	(6,946,157)	(10,182,158)	(9,698,591)	(8,874,137)
Net investment appreciation/(depreciation) – realised and unrealised	(34,741,394)	85,329,838	11,316,353	(60,088,707)	141,933,989	18,258,796

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Global Bond Fund</u>			<u>Global Equity Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	119	7	-	99	11	1
Dividend income	-	-	-	-	-	-
Other income	309,758	266,590	227,081	689,422	607,440	453,434
Total income	<u>309,877</u>	<u>266,597</u>	<u>227,081</u>	<u>689,521</u>	<u>607,451</u>	<u>453,435</u>
Net income/(loss) – excluding capital appreciation and depreciation	(769,068)	(680,716)	(754,417)	(1,207,044)	(1,110,732)	(987,919)
Net investment appreciation/(depreciation) – realised and unrealised	(983,270)	3,649,542	(2,323,081)	(29,071,251)	26,458,541	11,210,360
	<u>Hong Kong Equity Fund</u>			<u>Asian Equity Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	1,239	114	7	90	9	-
Dividend income	-	-	-	-	-	-
Other income	1,991,435	1,738,048	1,314,436	83,414	75,384	25,509
Total income	<u>1,992,674</u>	<u>1,738,162</u>	<u>1,314,443</u>	<u>83,504</u>	<u>75,393</u>	<u>25,509</u>
Net income/(loss) – excluding capital appreciation and depreciation	(5,265,717)	(4,597,928)	(3,724,845)	(3,290,647)	(2,980,310)	(2,530,234)
Net investment appreciation/(depreciation) – realised and unrealised	(84,307,106)	198,570,803	7,897,002	(48,381,537)	99,257,291	9,628,458

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Flexi Mixed Asset Fund*</u>			<u>RMB Bond Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	47	5	-	124	6	-
Dividend income	-	-	-	-	-	-
Other income	-	-	-	290,836	193,779	135,103
Total income	<u>47</u>	<u>5</u>	<u>-</u>	<u>290,960</u>	<u>193,785</u>	<u>135,103</u>
Net income/(loss) – excluding capital appreciation and depreciation	(1,586,238)	(1,424,914)	(1,273,087)	(910,889)	(571,915)	(387,293)
Net investment appreciation/(depreciation) – realised and unrealised	(6,045,669)	9,005,100	1,900,643	345,684	3,630,293	(860,748)
	<u>Core Accumulation Fund</u>			<u>Age 65 Plus Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	234	10	-	362	9	-
Dividend income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	<u>234</u>	<u>10</u>	<u>-</u>	<u>362</u>	<u>9</u>	<u>-</u>
Net income/(loss) – excluding capital appreciation and depreciation	(1,242,119)	(443,855)	-	(1,928,358)	(442,519)	-
Net investment appreciation/(depreciation) – realised and unrealised	(13,296,755)	8,996,934	-	(3,131,357)	3,451,659	-

(*formerly known as Absolute Return Fund)

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

After two years of positive performance across the board, with almost no asset class in negative territory, 2018 is marking a change of direction, with an unprecedented percentage of asset classes in red. Global growth started to slow down in 2018, but with significant differences among economies. US growth, bolstered by fiscal policy, remained firmly anchored. In contrast, growth in the Eurozone was very disappointing because of both domestic and external factors. The situation deteriorated in emerging countries: they are highly exposed to the Chinese slowdown and to trade tensions with the United States, and they also suffered from the rise in US interest rates and the appreciation of the dollar. In 2019, however, developed economies will probably suffer more than emerging countries.

2018 has been a challenging year in most asset classes as investors adjusted to trade wars, China growth uncertainties, unstable European politics and a succession of Fed rate hikes. On equity market side, the decline even accelerated in December, a historically very rare occurrence.

United States

The year 2018 was a year of strong economic performance for the United States: after a weak start at the beginning of the year, growth accelerated significantly in Q2 and Q3, benefiting from the fiscal stimulus provided by the 2017 Tax Cut and Jobs Act. The year was divided into 4 periods: First, January was positive in the wake of 2017; second, the decline prevailed until the end of March, with the rise in US long-term rates causing a first drop, especially since the end of March, when the White House's desire to correct bilateral trade balance imbalances began to weigh; this was then followed by a period of divergence between the United States, supported by the positive effects of its tax reform and the rest of the world until October; for the second time in the year, the rise in long-term rates caused a general decline in equity markets, including the US market, and in particular the most prominent technology stocks. December's manufacturing ISM hit a 2-year low of 54.1, down from 59.3 in November.

In local currencies, the United States fell by -5.0% (MSCI USA NR index), -5.4% (S&P 500 NR Index). The worst sectors in the United States in total return terms during the year were Energy (-18.0%), Materials (-14.6%), Industrials (-13.9%), and Financials (-13.5%), whilst on the upside, Utilities and Healthcare managed a positive return of +1.3% and +7.3% respectively.

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Europe

European economic figures were very disappointing in 2018. Indeed, GDP growth in the euro zone was only 1% in the first three quarters of the year, compared with 2% in the last three quarters of 2017. Several negative factors played a role. First, industrial activity and exports were penalized by the high level of the euro at the beginning of the year and by international trade tensions. In addition, for temporary reasons (linked to changes in emission standards) German automobile production fell sharply in Q3. The rise in the price of oil until October was also a negative factor. Besides, political uncertainty has remained a major issue, to varying degrees, in major countries (yellow vest protests in France, Brexit, and Italy's budget issues). In December, the European Central Bank ended its asset purchase programme, but its ability to raise its key rates in 2019 remained highly uncertain.

The MSCI Europe was down -10.67% for 2018 as a whole, whilst the EuroStoxx 50 fell -11.8% in local currency terms. There were no equity markets in Europe that delivered positive returns over the year – the Swiss SMI and the Swedish OMX were the best performer (only falling -7.0%), whilst the German DAX was the main underperformer (falling -18.3%). The worst sectors in Europe in total return terms during the year were Financials (-18.14%), Industrials (-13.82%), Basic Materials (-13.37%) and Consumer Goods (-12.92%), whilst on the upside, Utilities managed a positive return of +2.03%.

Japan

In Japan, the economy weakened towards the end of the year. However, the Japanese economy is largely insulated from the effects of the US-China trade war, as exports to the US and China only account for around 3% of Japan's GDP. On the plus side, it is encouraging to note that Japanese firms are planning to increase their investment spending at a level unseen since 2007, despite the threats currently weighing on global trade. The labour market is at its tightest since 1974 and pay is rising at its fastest rate for 20 years.

During 2018, the MSCI Japan was down -15.1% and the Nikkei 225 fell -10.4% in local currency terms. Unlike the previous year, small and mid-cap stocks underperformed large caps. High PE growth stocks were especially hit by foreign selling. Domestic demand defensive sectors such as Electric Power & Gas, Consumer Goods and Land Transportation outperformed external demand-related sectors including semiconductors and machine tool manufacturers. The Nikkei China Related Stock 50 Index (-18.08%) underperformed due to China's slowdown.

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Other Asia

In the Asian economies, the deterioration in domestic conditions – mainly stemming from the risks posed by US protectionism – will continue to weigh on the business and investment climate (particularly in North Asia). However, other countries will continue to cover their infrastructure needs (Indonesia and the Philippines, for example). Nonetheless, we should mention that two of the factors that destabilised economies in 2018 (the rise in US long rates and dollar appreciation) are no longer an issue: long-term rates have come down and the dollar has stopped rising, which will ease the pressure on the countries with the most dollar-denominated debt.

The benchmark MSCI AC Asia ex Japan posted a strong negative performance over the year: -12.0% in local currency terms. Performance diverged among markets within Asia. Except India (+7.3%), all markets were in negative territory, from -16.8% for Korea's Kospi to -0.3% for Indonesia's JCI.

China and Hong Kong

The slowdown in growth in the second semester was partly due to the sharp fall in infrastructure investment, but also to a stronger negative contribution of foreign trade to growth despite strong exports. While Chinese exports, particularly to the United States, have remained dynamic in recent months despite the trade war, import demand has remained strong, partly due to the sustained growth in household consumption expenditure. However, the latest statistics available on Chinese exports in value show that their growth slowed down in November. In addition, the publication of the national PMI and Caixin surveys for the manufacturing sector in December confirms that the expansion of Chinese business activity is slowing down. The NBS National PMI Index fell below 50 and fell from 50.0 to 49.4, its lowest level since July 2016. After a slight increase in October and November, the Caixin index also fell in December, from 50.2 to 49.7, below the 50 threshold. To maintain a growth rate close to its 6.5% target, the government has initiated a recovery plan in particular in 2018 that consisted of reductions in the reserve requirement rate (RRR) applied to commercial banks by the Chinese central bank (People's Bank of China or PBoC).

In Hong Kong, the Hang Seng Index dropped -10.5% (in local currency terms) for the year, posting its worst year since 2011. In China, CSI 300 TR fell -23.4% in local currency terms. Given a deteriorating economic outlook in China, challenges are expected and China will use all the levers at its disposal to avoid a hard landing. Also, it is worth remembering that it has more leeway in these matters than the United States. As such, we continue to expect a managed slowdown of the Chinese economy.

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Global Bond

After the sharp rise in real yields generated by Fed policy normalisation, US Treasuries have rallied in the last two months, amid political concern and economic deceleration. The US 10-year rate ended the year at 2.6% after peaking at 3.26% in early November. The German 10-year rate fell below 0.2% at the end of December, which is lower than the level observed at the beginning of 2018. In a rapid move, the market switched from discounting three or four hikes to discounting less than one interest rate hike for 2019. In this bumpy path for interest rates, corporate and emerging market (EM) bonds suffered strong outflows. Credit spreads have significantly repriced, discounting, in our view, a probability of recession and not just a deceleration. EMs have recently shown some resilience, possibly an early signal of investors' confidence coming back.

[*Note: The above market commentary was prepared by Bank Consortium Trust Company Limited and only reflects the situation as of the approval date of the financial statements. 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>	0.66	0.18	0.11	0.63
Performance Target <i>[MPF Prescribed Savings Rates (FER adjusted)]</i>	0.03	0.01	0.01	0.47
Deviation from the performance target	0.63	0.17	0.10	0.16
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the positive contribution of the investments (e.g. term deposits/certificate deposit) with the foreign and local banks (which provided an attractive rate of returns for small depositors).				

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	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>	-6.37	1.09	3.03	3.46
Performance Target <i>[Wills Towers Watson MPF Benchmark (Equity 20% -40%) (FER adjusted)]</i>	-5.16	0.64	2.47	3.09
Deviation from the performance target	-1.21	0.45	0.56	0.37
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the unfavourable security selection under the fixed income sleeve of the fund as well as security selection in Hong Kong/China, Europe and Asia Pac excluding Japan, Hong Kong and China under the equity sleeve of the fund. As of 31 December 2018, the fund's equity exposure through investment in underlying APIF to these markets amounted to about 18.7%.				
	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>	-8.51	1.48	4.14	3.74
Performance Target <i>[Wills Towers Watson MPF Benchmark (Equity 40% -60%) (FER adjusted)]</i>	-7.44	1.29	4.08	3.71
Deviation from the performance target	-1.07	0.19	0.06	0.03
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the unfavourable security selection under the fixed income sleeve of the fund as well as security selection in Hong Kong/China, Europe and Asia Pac excluding Japan, Hong Kong and China under the equity sleeve of the fund. As of 31 December 2018, the fund's equity exposure through investment in underlying APIF to these markets amounted to about 31.7%.				

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	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>	-10.51	1.93	5.37	3.86
Performance Target <i>[Wills Towers Watson MPF Benchmark (Equity 60% -80%) (FER adjusted)]</i>	-9.75	1.79	5.52	4.01
Deviation from the performance target	-0.76	0.14	-0.15	-0.15
Trustee's commentary <p>According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the unfavourable security selection under the fixed income sleeve of the fund as well as security selection in Hong Kong/China, Europe and Asia Pac excluding Japan, Hong Kong and China under the equity sleeve of the fund. As of 31 December 2018, the fund's equity exposure through investment in underlying APIF to these markets amounted to about 44.7%.</p> <p>However, the fund performance was above the market median of the relevant asset class (as per Lipper /Willis Tower Watson performance report) for 1-year period as of 31 December 2018.</p>				
	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>	-1.46	-2.18	0.98	2.36
Performance Target <i>[FTSE WGBI TR USD 35% Hedged HKD (FER adjusted)]</i>	-1.54	0.08	0.42	2.16
Deviation from the performance target	0.08	-2.26	0.56	0.20
Trustee's commentary <p>According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the currency positions with no exposure to Euro and the overweight position of the Mexican Peso that positively contributed to the overall fund's return.</p>				

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	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>	-15.36	0.34	6.23	5.53
Performance Target <i>[FTSE MPF All World Hedged TR (FER adjusted)]</i>	-10.54	3.30	8.06	6.44
Deviation from the performance target	-4.82	-2.96	-1.83	-0.91
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the weak security selection in United States and Eurozone, while the overweight position in Eurozone and underweight position in United States also undermined the fund's return.				
	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>	-13.30	3.77	7.68	8.68
Performance Target <i>[FTSE MPF Hong Kong TR (FER adjusted)]</i>	-14.54	3.13	8.00	5.01
Deviation from the performance target	1.24	0.64	-0.32	3.67
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to stock selection in the Financials and Healthcare sectors and sector allocation with, relative to the benchmark, an overweight in the Consumer Goods, Oil & Gas and Telecommunication sectors.				

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	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>	-14.72	4.23	9.47	7.92
Performance Target <i>[FTSE MPF Asia Pacific ex-Japan ex Australia ex New Zealand TR (FER adjusted)]</i>	-14.79	2.54	8.39	6.80
Deviation from the performance target	0.07	1.69	1.08	1.12
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to security selection and overweight positions in India and Hong Kong, which positively contributed to the overall fund's return.				
	Annualized return (in terms of %)			
	1 year*	5 years	10 years	Since Launch
BCT (Industry) Flexi Mixed Asset Fund (formerly known as BCT (Industry) Absolute Return Fund) <i>Launch date: 01/08/2005</i>	-5.20	0.54	2.72	2.63
Performance Target <i>[Year End 5-Year Average Composite Consumer Price Index Hong Kong (FER adjusted)]</i>	1.46	1.97	1.76	1.62
Deviation from the performance target	-6.66	-1.43	0.96	1.01
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to underperformance within the Hong Kong/China equity exposure over the period. Hang Seng Index dropped about 10.5% in 2018.				

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	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>	-0.38	-0.71	n/a	-0.55
Performance Target <i>[Markit iBoxx ALBI China Offshore Non-Government Investment Grade 30% Hedged HKD (FER adjusted)]</i>	-1.48	-0.20	n/a	-0.20
Deviation from the performance target	1.10	-0.51	n/a	-0.35
Trustee's commentary According to the Investment Manager/Sponsor, the fund outperformed the 1-year performance target in respect of the financial period ended 31 December 2018 was mainly due to the net of fee of the benchmark (i.e. the performance target).				
	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>	-6.64	n/a	n/a	0.59
Performance Target <i>[FTSE MPF Default Investment Strategy Reference Portfolios (FER adjusted)]</i>	-5.79	n/a	n/a	1.92
Deviation from the performance target	-0.85	n/a	n/a	-1.33
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the negative contribution of the equity sleeve driven by the weak security selection in the United States, while the asset allocation positively contributed to the overall fund's return. Contribution of the fixed income sleeve was marginally negative.				

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	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>	-1.73	n/a	n/a	0.68
Performance Target <i>[FTSE MPF Default Investment Strategy Reference Portfolios (FER adjusted)]</i>	-1.55	n/a	n/a	1.19
Deviation from the performance target	-0.18	n/a	n/a	-0.51
Trustee's commentary <p>According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial period ended 31 December 2018 was mainly due to the negative contribution of the equity sleeve driven by the weak security selection in the United States, while the asset allocation positively contributed to the overall fund's return. Contribution of the fixed income sleeve was marginally negative.</p>				

^ FER adjustment was done by simple deduction of 2018 FER from the benchmark of the respective periods of the fund.

*The above one year annualized return is calculated with a simple return on a unit NAV-to-NAV basis based on the last dealing day of the relevant year while the net annualized investment return as shown in the performance table is calculated based on the last calendar day of the relevant year if the year-end day is not a dealing day.

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 and 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.

While the operation of the industry scheme is still a subject matter of trustee's on-going review, performance of the BCT (Industry) Global Equity Fund has become a focus of the review (including being put on watch list). In this connection, the investment manager has also been urged to improve the fund performance. For examples, enhancement in the research process. We will consider further actions as appropriate and necessary.

The investment objectives and policies for all the constituent funds 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 this report) is true and accurate as of the reporting date.

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

MPF Conservative Fund

(Date of launch: 1 December 2000)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	1,377.29	1,257.26	1,243.06	1,158.08	1,078.33	1,006.50	929.84	857.18	808.57	771.21
Net asset value per unit (HK\$)	1.1208	1.1134	1.1131	1.1131	1.1129	1.1108	1.1108	1.1082	1.1082	1.1081
Highest issue price (HK\$)	1.1208	1.1135	1.1132	1.1131	1.1130	1.1110	1.1108	1.1085	1.1082	1.1081
Lowest redemption price (HK\$)	1.1134	1.1131	1.1129	1.1129	1.1109	1.1108	1.1082	1.1082	1.1081	1.1080
Net annualised investment return	0.66%	0.03%	0.00%	0.02%	0.19%	0.00%	0.23%	0.00%	0.01%	0.01%

E30 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	595.98	656.41	792.80	715.20	668.75	603.23	538.39	460.03	446.34	407.24
Net asset value per unit (HK\$)	1.8521	1.9780	1.7583	1.7459	1.7895	1.7545	1.7030	1.5602	1.5947	1.5320
Highest issue price (HK\$)	2.0366	1.9782	1.8566	1.8688	1.8290	1.7595	1.7056	1.6619	1.6364	1.5643
Lowest redemption price (HK\$)	1.8342	0.9170	1.6844	1.7238	1.7356	1.6514	1.5628	1.5186	1.4635	1.2571
Net annualised investment return	-6.37%	12.50%	0.71%	-2.44%	1.99%	3.02%	9.15%	-2.16%	4.09%	11.45%

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E50 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	454.08	508.45	433.90	421.87	429.24	414.10	378.04	329.77	343.21	317.37
Net asset value per unit (HK\$)	1.9434	2.1240	1.8007	1.7825	1.8381	1.8054	1.6858	1.5038	1.5950	1.5160
Highest issue price (HK\$)	2.2194	2.1242	1.8862	1.9682	1.8947	1.8054	1.6898	1.6668	1.6303	1.5419
Lowest redemption price (HK\$)	1.9167	1.4154	1.6730	1.7349	1.7601	1.6479	1.5087	1.4368	1.4155	1.1474
Net annualised investment return	-8.50%	17.95%	1.02%	-3.02%	1.81%	7.09%	12.10%	-5.72%	5.21%	17.03%

E70 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	597.86	688.00	560.95	543.53	557.93	540.40	476.05	409.69	446.34	413.19
Net asset value per unit (HK\$)	1.9831	2.2157	1.7930	1.7637	1.8314	1.8021	1.6196	1.4068	1.5511	1.4594
Highest issue price (HK\$)	2.3470	2.2159	1.8636	2.0080	1.9026	1.8021	1.6249	1.6315	1.5794	1.4792
Lowest redemption price (HK\$)	1.9477	1.7879	1.6002	1.6906	1.7312	1.5958	1.3973	1.3181	1.3287	1.0090
Net annualised investment return	-10.50%	23.58%	1.66%	-3.70%	1.63%	11.27%	15.13%	-9.30%	6.28%	24.11%

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Global Bond Fund

(Date of launch: 1 October 2002)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	121.32	110.71	91.64	83.99	81.74	73.85	66.02	52.30	44.66	36.82
Net asset value per unit (HK\$)	1.4602	1.4818	1.4364	1.4856	1.5905	1.6301	1.6563	1.5401	1.5459	1.4331
Highest issue price (HK\$)	1.5034	1.5068	1.5040	1.5923	1.6635	1.6761	1.6566	1.6264	1.5909	1.4586
Lowest redemption price (HK\$)	1.4321	1.4327	1.4343	1.4802	1.5891	1.5935	1.5434	1.5205	1.4210	1.2327
Net annualised investment return	-1.46%	3.16%	-3.31%	-6.60%	-2.43%	-1.58%	7.54%	-0.38%	7.87%	8.24%

Global Equity Fund

(Date of launch: 1 October 2002)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	168.84	186.57	145.65	120.15	113.64	100.20	70.64	53.33	51.86	42.10
Net asset value per unit (HK\$)	2.4009	2.8364	2.4348	2.2692	2.3738	2.3608	1.8896	1.6031	1.7369	1.6334
Highest issue price (HK\$)	3.0286	2.8401	2.4600	2.6125	2.5088	2.3608	1.9018	1.9009	1.7419	1.6449
Lowest redemption price (HK\$)	2.3406	1.8537	1.9245	2.1315	2.2220	1.9190	1.5367	1.4628	1.4330	1.0167
Net annualised investment return	-15.35%	16.49%	7.30%	-4.41%	0.55%	24.94%	17.87%	-7.70%	6.34%	24.51%

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Hong Kong Equity Fund

(Date of launch: 1 October 2002)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	600.55	668.49	462.96	412.21	381.60	327.91	269.94	197.31	203.75	145.36
Net asset value per unit (HK\$)	3.8733	4.4675	3.1605	3.1462	3.3134	3.2191	2.9953	2.4888	3.1311	2.8818
Highest issue price (HK\$)	4.9506	4.4735	3.4821	4.0501	3.4610	3.2845	2.9963	3.3062	3.3918	2.9687
Lowest redemption price (HK\$)	3.7107	2.5453	2.5947	2.9259	2.9460	2.7069	2.4198	2.2410	2.4750	1.5792
Net annualised investment return	-13.30%	41.35%	0.45%	-5.05%	2.93%	7.47%	20.35%	-20.51%	8.65%	55.87%

Asian Equity Fund

(Date of launch: 1 May 2004)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	304.93	349.46	237.15	209.31	206.90	169.38	150.75	107.47	104.95	70.67
Net asset value per unit (HK\$)	3.0607	3.5888	2.5749	2.4961	2.7302	2.4880	2.5126	2.0399	2.4010	2.0682
Highest issue price (HK\$)	3.8529	3.6154	2.8340	3.0113	2.8293	2.6132	2.5156	2.5348	2.4055	2.0682
Lowest redemption price (HK\$)	2.9356	1.8686	2.2218	2.3861	2.3529	2.2664	2.0600	1.8698	1.8307	1.0443
Net annualised investment return	-14.72%	39.38%	3.16%	-8.57%	9.73%	-0.98%	23.17%	-15.04%	16.09%	67.03%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Flexi Mixed Asset Fund[#]

(Date of launch: 1 August 2005)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	142.07	136.09	114.99	98.59	85.09	67.79	51.30	36.44	26.40	17.93
Net asset value per unit (HK\$)	1.4171	1.4948	1.4075	1.3982	1.4165	1.3793	1.3501	1.2539	1.2580	1.1980
Highest issue price (HK\$)	1.5184	1.4949	1.4343	1.4654	1.4189	1.3924	1.3503	1.2942	1.2646	1.2054
Lowest redemption price (HK\$)	1.4086	1.4099	1.3752	1.3650	1.3632	1.3269	1.2554	1.2240	1.1919	1.0763
Net annualised investment return	-5.20%	6.20%	0.67%	-1.29%	2.70%	2.16%	7.67%	-0.33%	5.01%	10.56%

RMB Bond Fund

(Date of launch: 4 March 2013)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	83.36	64.10	41.33	29.07	16.34	6.85	-	-	-	-
Net asset value per unit (HK\$)	0.9685	0.9722	0.9171	0.9443	0.9926	1.0038	-	-	-	-
Highest issue price (HK\$)	1.0017	0.9747	0.9581	0.9999	1.0087	1.0066	-	-	-	-
Lowest redemption price (HK\$)	0.9571	0.9155	0.9171	0.9442	0.9863	0.9847	-	-	-	-
Net annualised investment return	-0.38%	6.01%	-2.88%	-4.87%	-1.12%	0.38%*	-	-	-	-

(*formerly known as Absolute Return Fund)

BCT (MPF) INDUSTRY CHOICE

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Core Accumulation Fund

(Date of launch: 1 April 2017)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	215.43	156.00	-	-	-	-	-	-	-	-
Net asset value per unit (HK\$)	1.0104	1.0823	-	-	-	-	-	-	-	-
Highest issue price (HK\$)	1.1285	1.1133	-	-	-	-	-	-	-	-
Lowest redemption price (HK\$)	0.9847	0.9989	-	-	-	-	-	-	-	-
Net annualised investment return	-6.64%	8.23%*	-	-	-	-	-	-	-	-

Age 65 Plus Fund

(Date of launch: 1 April 2017)

Financial year	<u>2018</u>	<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>
Net asset value (HK\$ million)	278.85	258.04	-	-	-	-	-	-	-	-
Net asset value per unit (HK\$)	1.0120	1.0298	-	-	-	-	-	-	-	-
Highest issue price (HK\$)	1.0403	1.0318	-	-	-	-	-	-	-	-
Lowest redemption price (HK\$)	1.0022	0.9999	-	-	-	-	-	-	-	-
Net annualised investment return	-1.73%	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 2018**

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

Financial year	<u>FER</u> <u>2018</u>	<u>Transaction costs</u> <u>2018</u> (HK\$)
MPF Conservative Fund	1.04%	-
E30 Mixed Asset Fund	1.71%	-
E50 Mixed Asset Fund	1.71%	-
E70 Mixed Asset Fund	1.71%	-
Global Bond Fund	1.69%	-
Global Equity Fund	1.78%	-
Hong Kong Equity Fund	1.79%	-
Asian Equity Fund	1.85%	-
Flexi Mixed Asset Fund*	1.67%	-
RMB Bond Fund	1.30%	-
Core Accumulation Fund	0.91%	-
Age 65 Plus Fund	0.91%	-

*(*formerly known as Absolute Return Fund)*

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018

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). The underlying APIF will seek to achieve its objective through investing its non-cash assets primarily in Asian (ex-Japan) equities in a range of 60-100%.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Flexi Mixed Asset Fund (formerly known as Absolute Return Fund)

As stated in its constitutive documents, the objective of the Flexi Mixed Asset Fund (formerly known as Absolute Return Fund) is to provide members with long-term capital preservation not related to an index by investing solely in Allianz Choice Flexi Balanced Fund (formerly known as Allianz Choice 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 Invesco Pooled Investment Fund – RMB Bond Fund (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. The underlying APIF will invest at least 70% of its net assets in RMB denominated bonds issued outside the mainland China, with a primary focus on RMB denominated bonds issued in Hong Kong. It may also invest in other RMB denominated debt instruments which include but are not limited to convertible bonds, fixed rate and floating rate debt instruments, issued by governmental and supranational bodies, local authorities, national public bodies and corporations worldwide. The underlying APIF may also invest up to 30% of its net assets in non-RMB denominated bonds, money market instruments, cash and cash equivalents.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 FTSE MPF World Government Bond Index (formerly known as 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).

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 FTSE MPF World Government Bond Index (formerly known as 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 2018

4. Investments Held

The net assets of the constituent funds as at 31 December 2018, 2017 and 2016 are summarised below:

	<u>MPF Conservative Fund</u>			<u>E30 Mixed Asset Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	1,357,180,599	1,240,226,192	1,231,497,485	597,103,786	657,578,754	794,566,467
Other net assets/(liabilities)	20,107,767	17,038,269	11,560,652	(1,122,502)	(1,165,808)	(1,768,232)
Total	<u>1,377,288,366</u>	<u>1,257,264,461</u>	<u>1,243,058,137</u>	<u>595,981,284</u>	<u>656,412,946</u>	<u>792,798,235</u>
Investments, at cost	<u>1,353,689,222</u>	<u>1,239,756,770</u>	<u>1,229,430,549</u>	<u>471,881,612</u>	<u>483,172,150</u>	<u>640,856,386</u>

	<u>E50 Mixed Asset Fund</u>			<u>E70 Mixed Asset Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	454,845,995	509,573,634	434,857,712	598,832,480	689,145,241	562,378,361
Other net assets/(liabilities)	(766,784)	(1,126,475)	(956,499)	(973,839)	(1,146,470)	(1,432,398)
Total	<u>454,079,211</u>	<u>508,447,159</u>	<u>433,901,213</u>	<u>597,858,641</u>	<u>687,998,771</u>	<u>560,945,963</u>
Investments, at cost	<u>301,861,751</u>	<u>300,619,483</u>	<u>293,890,096</u>	<u>374,024,021</u>	<u>370,700,950</u>	<u>360,437,943</u>

	<u>Global Bond Fund</u>			<u>Global Equity Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	121,265,177	110,843,004	91,813,997	168,643,487	186,293,681	145,948,112
Other net assets/(liabilities)	54,524	(129,419)	(173,964)	191,878	279,340	(293,680)
Total	<u>121,319,701</u>	<u>110,713,585</u>	<u>91,640,033</u>	<u>168,835,365</u>	<u>186,573,021</u>	<u>145,654,432</u>
Investments, at cost	<u>121,756,545</u>	<u>110,379,181</u>	<u>95,020,438</u>	<u>155,810,872</u>	<u>138,861,925</u>	<u>119,618,592</u>

BCT (MPF) INDUSTRY CHOICE

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	<u>Hong Kong Equity Fund</u>			<u>Asian Equity Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	598,851,098	667,477,875	461,939,386	305,203,582	349,497,340	237,466,439
Other net assets/(liabilities)	1,696,128	1,016,028	1,017,124	(274,865)	(33,144)	(318,133)
Total	<u>600,547,226</u>	<u>668,493,903</u>	<u>462,956,510</u>	<u>304,928,717</u>	<u>349,464,196</u>	<u>237,148,306</u>
Investments, at cost	<u>537,333,577</u>	<u>478,593,409</u>	<u>446,677,205</u>	<u>249,705,904</u>	<u>231,498,643</u>	<u>208,000,821</u>

	<u>Flexi Mixed Asset Fund*</u>			<u>RMB Bond Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	142,159,325	136,202,366	115,145,921	82,639,773	64,392,129	40,892,310
Other net assets/(liabilities)	(87,197)	(110,848)	(155,956)	716,285	(294,568)	437,194
Total	<u>142,072,128</u>	<u>136,091,518</u>	<u>114,989,965</u>	<u>83,356,058</u>	<u>64,097,561</u>	<u>41,329,504</u>
Investments, at cost	<u>134,414,633</u>	<u>120,473,715</u>	<u>106,559,165</u>	<u>81,171,069</u>	<u>60,590,624</u>	<u>42,656,794</u>

	<u>Core Accumulation Fund</u>			<u>Age 65 Plus Fund</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	213,807,037	154,403,195	-	278,064,713	257,115,375	-
Other net assets/(liabilities)	1,620,679	1,595,639	-	786,181	924,880	-
Total	<u>215,427,716</u>	<u>155,998,834</u>	<u>-</u>	<u>278,850,894</u>	<u>258,040,255</u>	<u>-</u>
Investments, at cost	<u>220,290,930</u>	<u>145,927,727</u>	<u>-</u>	<u>278,298,075</u>	<u>253,845,494</u>	<u>-</u>

The investment portfolio for these constituent funds as at 31 December 2018 is included in Schedule 2 of this report.

(*formerly known as Absolute Return Fund)

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 1

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Certificates of Deposit		
Hong Kong Dollar	22.32	18.78
Total Certificates of Deposit	22.32	18.78
Fixed Deposits		
Hong Kong Dollar	76.22	79.86
Total Fixed Deposits	76.22	79.86
Total Investments	98.54	98.64

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Global Stable Fund (Class B)	100.19	100.17
Total Investments	100.19	100.17

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Global Stable Growth Fund (Class B)	100.17	100.21
Total Investments	100.17	100.21

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 1

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Global Balanced Fund (Class B)	100.16	100.16
Total Investments	100.16	100.16

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Templeton MPF Global Bond Fund (Class A)	99.96	100.11
Total Investments	99.96	100.11

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Templeton MPF Global Equity Fund (Class A)	99.89	99.84
Total Investments	99.89	99.84

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 1

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	99.72	99.84
Total Investments	99.72	99.84

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Schroder MPF Asian Fund (Class A)	100.09	100.00
Total Investments	100.09	100.00

**Statement of Movements in Portfolio Holdings - BCT (Industry) Flexi Mixed Asset Fund
(formerly known as BCT (Industry) Absolute Return Fund)**

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Allianz Choice Flexi Balanced Fund (Class A) (formerly known as Allianz Choice Absolute Return Fund (Class A))	100.06	100.07
Total Investments	100.06	100.07

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 1

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	99.14	100.45
Total Investments	99.14	100.45

Statement of Movements in Portfolio Holdings – BCT (Industry) Core Accumulation Fund

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Core Accumulation Fund (Class A)	99.25	98.97
Total Investments	99.25	98.97

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

	% of Net Assets	
	Closing Balance 31/12/2018	Opening Balance 1/1/2018
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Age 65 Plus Fund (Class A)	99.72	99.64
Total Investments	99.72	99.64

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 BK CHINA/HK 0% APR 23 2019	45,000,000	44,651,475	3.24
AGRICULTURAL BK CHINA/HK 0% JAN 22 2019	8,000,000	7,992,360	0.58
AGRICULTURAL BK CHINA/HK 0% JUN 05 2019	30,000,000	29,679,150	2.15
AGRICULTURAL BK CHINA/HK 1.9% JAN 25 2019	27,000,000	27,475,758	1.99
BANK OF CHINA HK LTD 2.48% AUG 14 2019	30,000,000	30,281,451	2.20
BANK OF CHINA/HONG KONG 0% JUL 09 2019	26,000,000	25,685,920	1.86
BANK OF CHINA/HONG KONG 2.12% MAR 14 2019	10,000,000	10,156,365	0.74
BANK OF CHINA/HONG KONG 2.6% OCT 10 2019	15,000,000	15,103,985	1.10
CHINA DEVELOPMENT BK 0% MAY 02 2019	18,000,000	17,852,400	1.30
CHINA DEVELOPMENT BK/HK 0% MAY 17 2019	20,000,000	19,823,800	1.44
CHINA DEVELOPMENT BK/HK 0% SEP 26 2019	20,000,000	19,624,200	1.42
CHINA DEVELOPMENT BK/HK 2.38% MAY 31 2019	11,000,000	11,150,911	0.81
DAH SING BANK LTD 2.55% SEP 06 2019	18,000,000	18,161,444	1.32
DBS BANK HONG KONG LTD 0% MAY 24 2019	20,000,000	19,792,800	1.44
SHINHAN BANK OF HK 0% JAN 22 2019	10,000,000	9,988,000	0.73
Total Certificates of Deposit		307,420,019	22.32
Fixed Deposits			
Hong Kong Dollar			
BANK OF COMMUNICATIONS HK DEPOSIT 1.73% JAN 28 2019	31,138,298	31,138,298	2.26
BANK OF COMMUNICATIONS HK DEPOSIT 1.98% JAN 18 2019	30,621,053	30,621,053	2.22
BANK OF COMMUNICATIONS HK DEPOSIT 2% JAN 22 2019	30,326,775	30,326,775	2.20
BANK OF COMMUNICATIONS HK DEPOSIT 2% MAR 01 2019	24,539,544	24,539,544	1.78
BANK OF EAST ASIA LTD DEPOSIT 2.16% FEB 21 2019	20,135,531	20,135,531	1.46
BANK OF EAST ASIA LTD DEPOSIT 2.3% FEB 12 2019	25,310,769	25,310,769	1.84
BANK OF EAST ASIA LTD DEPOSIT 2.36% MAR 11 2019	20,210,628	20,210,628	1.47
BANK OF EAST ASIA LTD DEPOSIT 2.5% MAR 18 2019	15,160,950	15,160,950	1.10
CHINA CONSTRUCTION BANK ASIA DEPOSIT 2% FEB 28 2019	10,153,297	10,153,297	0.74
CHINA CONSTRUCTION BANK ASIA DEPOSIT 2.18% FEB 25 2019	43,573,468	43,573,468	3.16
CHINA CONSTRUCTION BANK ASIA DEPOSIT 2.4% MAR 28 2019	31,466,622	31,466,622	2.28
CMB WING LUNG BANK DEPOSIT 2% FEB 14 2019	10,135,055	10,135,055	0.74
CMB WING LUNG BANK DEPOSIT 2% JAN 29 2019	27,549,309	27,549,309	2.00
CMB WING LUNG BANK DEPOSIT 2.54% MAR 28 2019	28,068,555	28,068,555	2.04
FUBON BANK DEPOSIT 1.9% JAN 03 2019	76,212,208	76,212,208	5.54
FUBON BANK DEPOSIT 2.2% JAN 08 2019	41,452,101	41,452,101	3.01
ICBC (ASIA) DEPOSIT 2.1% FEB 25 2019	14,089,557	14,089,557	1.02
ICBC (ASIA) DEPOSIT 2.1% FEB 28 2019	24,890,725	24,890,725	1.81
ICBC (ASIA) DEPOSIT 2.2% JAN 11 2019	35,999,424	35,999,424	2.61
ICBC (ASIA) DEPOSIT 2.5% MAR 27 2019	31,105,927	31,105,927	2.26
OCBC WING HANG BANK DEPOSIT 1.5% JAN 04 2019	21,675,643	21,675,643	1.57
OCBC WING HANG BANK DEPOSIT 2.2% JAN 21 2019	24,250,243	24,250,243	1.76
OCBC WING HANG BANK DEPOSIT 2.55% FEB 21 2019	28,830,130	28,830,130	2.09
OCBC WING HANG BANK DEPOSIT 2.6% MAR 20 2019	30,566,509	30,566,509	2.22
PUBLIC BANK DEPOSIT 2.35% MAR 07 2019	42,010,383	42,010,383	3.05
PUBLIC BANK DEPOSIT 2.5% MAR 18 2019	13,000,000	13,000,000	0.94
SHANGHAI COMMERCIAL BANK DEPOSIT 1.75% FEB 13 2019	26,154,598	26,154,598	1.90
SHANGHAI COMMERCIAL BANK DEPOSIT 2% FEB 08 2019	20,105,863	20,105,863	1.46
SHANGHAI COMMERCIAL BANK DEPOSIT 2.4% JAN 21 2019	41,033,306	41,033,306	2.98
SUMITOMO MITSUI DEPOSIT 2.1% MAR 06 2019	35,881,092	35,881,092	2.61
SUMITOMO MITSUI DEPOSIT 2.24% JAN 21 2019	30,650,372	30,650,372	2.23
SUMITOMO MITSUI DEPOSIT 2.48% MAR 28 2019	20,391,953	20,391,953	1.48
SUMITOMO MITSUI DEPOSIT 2.59% MAR 19 2019	20,371,894	20,371,894	1.48

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

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 2

Investment Portfolio - BCT (Industry) MPF Conservative Fund (Continued)

<u>Description</u>	<u>Nominal Value</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Fixed Deposits (Continued)			
Hong Kong Dollar (Continued)			
UNITED OVERSEAS BANK DEPOSIT 2.35% MAR 04 2019	20,598,650	20,598,650	1.50
UNITED OVERSEAS BANK DEPOSIT 2.38% JAN 24 2019	36,131,835	36,131,835	2.62
UNITED OVERSEAS BANK DEPOSIT 2.41% JAN 30 2019	45,813,086	45,813,086	3.33
UNITED OVERSEAS BANK DEPOSIT 2.44% FEB 11 2019	20,155,227	20,155,227	1.46
Total Fixed Deposits		1,049,760,580	76.22
Total Investments		1,357,180,599	98.54
Total Investments, at cost		1,353,689,222	

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

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 Pooled Investment Fund – Global Stable Fund (Class B)	24,597,782	597,103,786	100.19
Total Investments		<u>597,103,786</u>	<u>100.19</u>
Total Investments, at cost		<u>471,881,612</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 Pooled Investment Fund – Global Stable Growth Fund (Class B)	15,921,576	454,845,995	100.17
Total Investments		<u>454,845,995</u>	<u>100.17</u>
Total Investments, at cost		<u>301,861,751</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 Pooled Investment Fund – Global Balanced Fund (Class B)	23,100,788	598,832,480	100.16
Total Investments		<u>598,832,480</u>	<u>100.16</u>
Total Investments, at cost		<u>374,024,021</u>	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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)	5,889,518	121,265,177	99.96
Total Investments		<u>121,265,177</u>	<u>99.96</u>
Total Investments, at cost		<u>121,756,545</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)	8,049,808	168,643,487	99.89
Total Investments		<u>168,643,487</u>	<u>99.89</u>
Total Investments, at cost		<u>155,810,872</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)	2,164,496	598,851,098	99.72
Total Investments		<u>598,851,098</u>	<u>99.72</u>
Total Investments, at cost		<u>537,333,577</u>	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 2

Investment Portfolio - BCT (Industry) Asian Equity 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			
Schroder MPF Asian Fund (Class A)	6,550,839	305,203,582	100.09
Total Investments		<u>305,203,582</u>	<u>100.09</u>
Total Investments, at cost		<u>249,705,904</u>	

**Investment Portfolio - BCT (Industry) Flexi Mixed Asset Fund
(formerly known as BCT (Industry) Absolute Return 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			
Allianz Choice Flexi Balanced Fund (Class A) (formerly known as Allianz Choice Absolute Return Fund (Class A))	8,170,076	142,159,325	100.06
Total Investments		<u>142,159,325</u>	<u>100.06</u>
Total Investments, at cost		<u>134,414,633</u>	

Investment Portfolio - BCT (Industry) RMB Bond 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 Pooled Investment Fund – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	7,419,291	82,639,773	99.14
Total Investments		<u>82,639,773</u>	<u>99.14</u>
Total Investments, at cost		<u>81,171,069</u>	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Schedule 2

Investment Portfolio - BCT (Industry) Core Accumulation Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value</u> (HK\$)	<u>% of Net</u> <u>Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Core Accumulation Fund (Class A)	20,662,276	213,807,037	99.25
Total Investments		<u>213,807,037</u>	<u>99.25</u>
Total Investments, at cost		<u>220,290,930</u>	

Investment Portfolio - BCT (Industry) Age 65 Plus Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value</u> (HK\$)	<u>% of Net</u> <u>Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Age 65 Plus Fund (Class A)	27,024,648	278,064,713	99.72
Total Investments		<u>278,064,713</u>	<u>99.72</u>
Total Investments, at cost		<u>278,298,075</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 54 to 136, 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 2018;
- 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 then ended;
- the statement of comprehensive income of each of the constituent funds for the year 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 2018, 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 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 the Trustee for the Financial Statements

The Trustee 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 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 is required to ensure that the financial statements of the Plan 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:

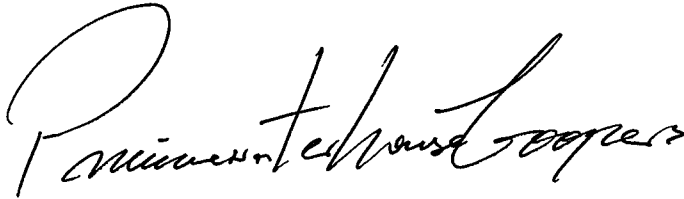
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 of the Plan have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- (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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a large, stylized, light-colored circular mark.

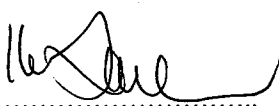
PricewaterhouseCoopers
Certified Public Accountants

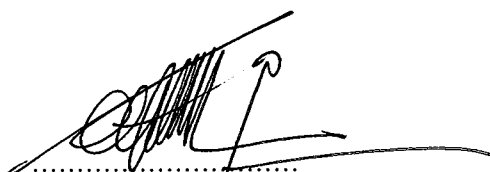
Hong Kong, 24 June 2019

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
– PLAN AND CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> (HK\$)	<u>2017</u> (HK\$)
Assets			
Current assets			
Financial assets at fair value through profit or loss	8, 11	4,918,597,052	5,022,748,786
Derivative financial instruments	12	757,075	-
Amounts receivable on sale of financial assets at fair value through profit or loss		6,801,886	7,485,259
Interest receivable	11	2,319,557	1,490,225
Contributions receivable			
From employers		20,466,308	21,734,571
From members		20,124,930	21,422,795
Other receivables		237,157	246,415
Bank balances	11	33,750,790	32,481,254
Total assets		<u>5,003,054,755</u>	<u>5,107,609,305</u>
Liabilities			
Current liabilities			
Derivative financial instruments	12	-	(319,568)
Benefits and forfeitures payable	6	(17,213,773)	(19,293,270)
Accruals and other payables		(12,115,896)	(12,243,940)
Total liabilities		<u>(29,329,669)</u>	<u>(31,856,778)</u>
Net assets available for benefits attributable to members		<u>4,973,725,086</u>	<u>5,075,752,527</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited


.....
Director


.....
Director

The notes on pages 75 to 136 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 2018

	<u>Note</u>	2018 (HK\$)	2017 (HK\$)
Investment income			
Bank interest	11	17,104,488	9,924,313
Other income	11	3,722,191	3,264,204
Net realised gain on financial assets at fair value through profit or loss and derivative financial instruments		143,768,859	174,955,954
Change in unrealised (loss)/gain on financial assets at fair value through profit or loss and derivative financial instruments		(448,893,231)	514,247,419
Total investment (loss)/income		(284,297,693)	702,391,890
Expenses			
Investment management fees	4(a)	(11,208,976)	(11,190,128)
Trustee and administration fees	4(b)	(44,532,081)	(40,695,607)
Safe custody and bank charges		(146,229)	(165,799)
Legal and other professional fees		(75,813)	-
Auditor's remuneration		(685,612)	(702,650)
Professional indemnity insurance		(40,753)	(39,331)
Miscellaneous expenses		(4,599,409)	(4,181,188)
Total operating expenses		(61,288,873)	(56,974,703)
Net (loss)/income		(345,586,566)	645,417,187
Contributions received and receivable	5		
From employers			
Mandatory		271,915,509	265,308,318
Additional voluntary		733,194	682,644
From members			
Mandatory		269,397,167	262,389,915
Additional voluntary		763,427	481,329
		542,809,297	528,862,206
Transfers in			
Group transfers in from other schemes		1,300,423	2,856,997
Individual transfers in from other schemes		72,895,436	88,918,784
		74,195,859	91,775,781
Contribution surcharge received and receivable		882,759	757,739
		617,887,915	621,395,726

The notes on pages 75 to 136 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 2018

	<u>Note</u>	<u>2018</u> (HK\$)	<u>2017</u> (HK\$)
Benefits paid and payable	6		
Retirement		(95,693,027)	(82,788,136)
Early retirement		(29,610,890)	(23,355,610)
Death		(7,146,562)	(8,378,815)
Permanent departure		(24,187,838)	(20,264,569)
Total incapacity		(1,822,717)	(3,487,005)
Small balance		(6,565)	(82)
Refund of additional voluntary contributions		(463,497)	(1,767,429)
Long service payment		(15,677,761)	(20,152,815)
Terminal illness		(1,363,375)	(1,954,693)
		<u>(175,972,232)</u>	<u>(162,149,154)</u>
Transfers out			
Group transfers out to other schemes		(11,748,030)	(10,777,071)
Individual transfers out to other schemes		(186,608,528)	(177,296,643)
		<u>(198,356,558)</u>	<u>(188,073,714)</u>
Forfeitures		-	-
		<u>(374,328,790)</u>	<u>(350,222,868)</u>
Movement during the year		243,559,125	271,172,858
Net income for the year		(345,586,566)	645,417,187
Change in net assets available for benefits attributable to members		(102,027,441)	916,590,045
Net assets available for benefits attributable to members at the beginning of the year – members' accounts		<u>5,075,752,527</u>	<u>4,159,162,482</u>
Net assets available for benefits attributable to members at the end of the year – members' accounts		<u><u>4,973,725,086</u></u>	<u><u>5,075,752,527</u></u>

The notes on pages 75 to 136 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 2018


	<u>2018</u> (HK\$)	<u>2017</u> (HK\$)
Cash flows from operating activities		
Net (loss)/income	(345,586,566)	645,417,187
Adjustment for		
-Bank interest	(17,104,488)	(9,924,313)
Operating (loss)/profit before working capital changes	(362,691,054)	635,492,874
Net decrease/(increase) in financial assets at fair value through profit or loss – with original maturity of more than 3 months	168,942,296	(888,655,802)
Decrease/(increase) in amounts receivable on sale of financial assets at fair value through profit or loss	683,373	(4,496,523)
Net change in derivative financial instruments	(1,076,643)	723,095
Decrease/(increase) in other receivables	9,258	(61,936)
Decrease in accruals and other payables	(128,044)	(968,639)
Cash used in operating activities	(194,260,814)	(257,966,931)
Interest received	16,275,156	9,254,252
Net cash used in operating activities	(177,985,658)	(248,712,679)
Cash flows from financing activities		
Contributions received and transfers in	620,454,043	618,581,984
Benefits paid, transfers out and forfeitures	(376,408,287)	(344,344,734)
Net cash generated from financing activities	244,045,756	274,237,250
Net increase in cash and cash equivalents	66,060,098	25,524,571
Cash and cash equivalents at the beginning of the year	487,816,684	462,292,113
Cash and cash equivalents at the end of the year	553,876,782	487,816,684
Analysis of balances of cash and cash equivalents:		
Financial assets at fair value through profit or loss	4,918,597,052	5,022,748,786
Less: Financial assets at fair value through profit or loss – with original maturity of more than 3 months	(4,398,471,060)	(4,567,413,356)
Financial assets at fair value through profit or loss – with original maturity of less than or equal to 3 months	520,125,992	455,335,430
Bank balances	33,750,790	32,481,254
	553,876,782	487,816,684

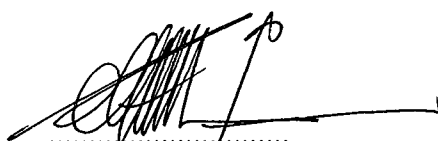
The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

		BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	1,357,180,599	1,240,226,192	597,103,786	657,578,754
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		-	-	944,750	1,431,590
Interest receivable	11	2,319,557	1,490,225	-	-
Amounts receivable on subscription		304,193	256,262	51,376	60,254
Amounts receivable on funds switching		1,645,299	748,234	5,132	93,144
Other receivables		-	-	10,121	11,089
Bank balances	11	22,128,923	19,432,738	141,354	87,998
Total assets		<u>1,383,578,571</u>	<u>1,262,153,651</u>	<u>598,256,519</u>	<u>659,262,829</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(2,503,845)	(1,872,838)	(996,629)	(1,505,195)
Amounts payable on funds switching		(1,790,015)	(1,153,312)	(46,631)	(51,820)
Accruals and other payables		(1,996,345)	(1,863,040)	(1,231,975)	(1,292,868)
Total liabilities		<u>(6,290,205)</u>	<u>(4,889,190)</u>	<u>(2,275,235)</u>	<u>(2,849,883)</u>
Net assets attributable to members		<u>1,377,288,366</u>	<u>1,257,264,461</u>	<u>595,981,284</u>	<u>656,412,946</u>
Units in issue		<u>1,228,829,541</u>	<u>1,129,248,281</u>	<u>321,791,434</u>	<u>331,857,777</u>
Net asset value per unit		<u>1.1208</u>	<u>1.1134</u>	<u>1.8521</u>	<u>1.9780</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited


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Director



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Director

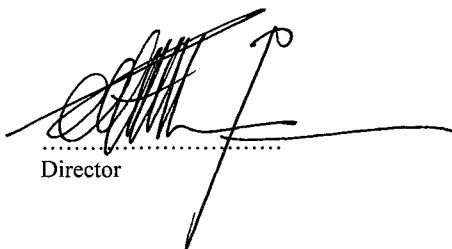
The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

		BCT (Industry) E50 Mixed Asset Fund		BCT (Industry) E70 Mixed Asset Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	454,845,995	509,573,634	598,832,480	689,145,241
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		322,012	482,490	465,230	562,685
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		54,865	57,108	94,681	90,972
Amounts receivable on funds switching		62,992	13,705	132,970	44,596
Other receivables		7,735	8,568	10,234	11,564
Bank balances	11	80,947	75,670	130,379	149,760
Total assets		455,374,546	510,211,175	599,665,974	690,004,818
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(338,900)	(549,116)	(440,881)	(661,292)
Amounts payable on funds switching		(16,724)	(239,775)	(117,255)	(32,425)
Accruals and other payables		(939,711)	(975,125)	(1,249,197)	(1,312,330)
Total liabilities		(1,295,335)	(1,764,016)	(1,807,333)	(2,006,047)
Net assets attributable to members		454,079,211	508,447,159	597,858,641	687,998,771
Units in issue		233,653,116	239,377,566	301,479,409	310,513,715
Net asset value per unit		1.9434	2.1240	1.9831	2.2157

On behalf of the Trustee
Bank Consortium Trust Company Limited


.....
Director



.....
Director


The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	121,265,177	110,843,004	168,643,487	186,293,681
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		179,326	190,302	261,883	610,592
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		37,067	42,788	53,947	48,192
Amounts receivable on funds switching		16,217	13,909	287,877	282,314
Other receivables		1,843	1,247	17,604	17,867
Bank balances	11	151,741	88,081	114,669	168,476
Total assets		121,651,371	111,179,331	169,379,467	187,421,122
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(94,795)	(296,705)	(155,286)	(617,975)
Amounts payable on funds switching		(81,241)	(35,164)	(152,849)	(943)
Accruals and other payables		(155,634)	(133,877)	(235,967)	(229,183)
Total liabilities		(331,670)	(465,746)	(544,102)	(848,101)
Net assets attributable to members		121,319,701	110,713,585	168,835,365	186,573,021
Units in issue		83,084,605	74,716,124	70,320,784	65,777,292
Net asset value per unit		1.4602	1.4818	2.4009	2.8364

On behalf of the Trustee
Bank Consortium Trust Company Limited


Director



Director

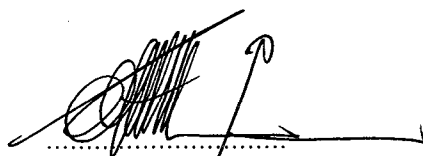
The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

		BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	598,851,098	667,477,875	305,203,582	349,497,340
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		1,652,980	1,126,707	232,201	392,996
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		133,234	152,316	47,687	65,767
Amounts receivable on funds switching		1,566,774	1,038,872	51,435	308,831
Other receivables		156,446	168,385	6,515	7,267
Bank balances	11	854,494	1,205,147	72,053	55,788
Total assets		603,215,026	671,169,302	305,613,473	350,327,989
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(330,395)	(1,012,592)	(236,181)	(376,669)
Amounts payable on funds switching		(1,485,419)	(825,506)	(38,279)	(69,956)
Accruals and other payables		(851,986)	(837,301)	(410,296)	(417,168)
Total liabilities		(2,667,800)	(2,675,399)	(684,756)	(863,793)
Net assets attributable to members		600,547,226	668,493,903	304,928,717	349,464,196
Units in issue		155,049,021	149,636,122	99,626,932	97,375,323
Net asset value per unit		3.8733	4.4675	3.0607	3.5888

On behalf of the Trustee
Bank Consortium Trust Company Limited


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Director


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Director

The notes on pages 75 to 136 are an integral part of the financial statements.

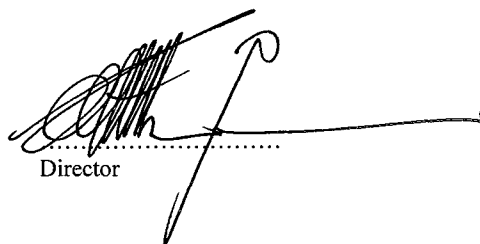
BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

		BCT (Industry) Flexi Mixed Asset Fund*		BCT (Industry) RMB Bond Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	142,159,325	136,202,366	82,639,773	64,392,129
Derivative financial instruments	12	-	-	757,075	-
Amounts receivable on sale of financial assets at fair value through profit or loss		166,010	64,711	41,294	543,698
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		73,039	41,426	61,108	35,131
Amounts receivable on funds switching		6,271	737	172,875	69,463
Other receivables		-	-	26,294	20,131
Bank balances	11	32,835	83,850	125,789	57,965
Total assets		142,437,480	136,393,090	83,824,208	65,118,517
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	(319,568)
Amounts payable on redemption		(161,819)	(128,526)	(34,703)	(277,141)
Amounts payable on funds switching		(10,118)	(821)	(273,660)	(339,378)
Accruals and other payables		(193,415)	(172,225)	(159,787)	(84,869)
Total liabilities		(365,352)	(301,572)	(468,150)	(1,020,956)
Net assets attributable to members		142,072,128	136,091,518	83,356,058	64,097,561
Units in issue		100,258,310	91,043,031	86,062,808	65,931,730
Net asset value per unit		1.4171	1.4948	0.9685	0.9722

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director



Director


(*formerly known as BCT (Industry) Absolute Return Fund)


The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

		BCT (Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	Note	2018 (HK\$)	2017* (HK\$)	2018 (HK\$)	2017* (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	213,807,037	154,403,195	278,064,713	257,115,375
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		1,062,454	852,264	1,473,746	1,227,224
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		71,166	33,184	101,456	94,689
Amounts receivable on funds switching		1,745,648	1,523,951	1,094,427	785,926
Other receivables		-	-	-	-
Bank balances	11	266,372	200,241	348,591	340,617
Total assets		216,952,677	157,012,835	281,082,933	259,563,831
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(280,814)	(136,833)	(103,358)	(22,318)
Amounts payable on funds switching		(1,002,390)	(800,651)	(1,773,336)	(1,373,931)
Accruals and other payables		(241,757)	(76,517)	(355,345)	(127,327)
Total liabilities		(1,524,961)	(1,014,001)	(2,232,039)	(1,523,576)
Net assets attributable to members		215,427,716	155,998,834	278,850,894	258,040,255
Units in issue		213,214,564	144,138,901	275,539,816	250,576,202
Net asset value per unit		1.0104	1.0823	1.0120	1.0298

On behalf of the Trustee
Bank Consortium Trust Company Limited


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Director


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Director


*The constituent fund was launched on 1 April 2017.

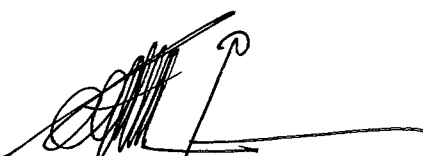
The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2018

	<u>Note</u>	Total 2018 (HK\$)	2017 (HK\$)
Assets			
Current assets			
Financial assets at fair value through profit or loss	8, 11	4,918,597,052	5,022,748,786
Derivative financial instruments	12	757,075	-
Amounts receivable on sale of financial assets at fair value through profit or loss		6,801,886	7,485,259
Interest receivable	11	2,319,557	1,490,225
Amounts receivable on subscription		1,083,819	978,089
Amounts receivable on funds switching		6,787,917	4,923,682
Other receivables		236,792	246,118
Bank balances	11	24,448,147	21,946,331
Total assets		<u>4,961,032,245</u>	<u>5,059,818,490</u>
Liabilities			
Current liabilities			
Derivative financial instruments	12	-	(319,568)
Amounts payable on redemption		(5,677,606)	(7,457,200)
Amounts payable on funds switching		(6,787,917)	(4,923,682)
Accruals and other payables		(8,021,415)	(7,521,830)
Total liabilities		<u>(20,486,938)</u>	<u>(20,222,280)</u>
Net assets attributable to members		<u>4,940,545,307</u>	<u>5,039,596,210</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited


.....
Director


.....
Director

The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

		BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund		BCT (Industry) E50 Mixed Asset Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Investment income							
Bank interest	11	17,091,649	9,922,872	156	42	111	10
Other income	11	-	5,040	126,628	156,850	98,215	95,165
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		2,747,439	4,241,444	17,992,026	85,578,930	21,228,513	17,343,303
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		3,021,955	(1,597,514)	(49,184,430)	20,696,523	(55,969,907)	67,986,535
Total investment income/(loss)		22,861,043	12,571,842	(31,065,620)	106,432,345	(34,643,068)	85,425,013
Expenses							
Investment management fees	4(a)	(2,820,133)	(2,454,324)	(2,849,128)	(3,529,119)	(2,209,843)	(2,141,221)
Trustee and administration fees	4(b)	(9,588,453)	(8,368,233)	(6,331,395)	(7,842,486)	(4,910,763)	(4,758,270)
Safe custody and bank charges		(76,007)	(103,966)	(5,834)	(6,880)	(5,411)	(5,727)
Legal and other professional fees		(20,601)	-	(9,231)	-	(7,139)	-
Auditor's remuneration		(178,338)	(196,807)	(85,969)	(119,623)	(66,756)	(75,431)
Professional indemnity insurance		(10,627)	(11,091)	(5,070)	(6,962)	(3,933)	(4,198)
Miscellaneous expenses		(1,199,000)	(1,180,433)	(573,659)	(763,564)	(447,170)	(446,521)
Total operating expenses		(13,893,159)	(12,314,854)	(9,860,286)	(12,268,634)	(7,651,015)	(7,431,368)
Total comprehensive income		8,967,884	256,988	(40,925,906)	94,163,711	(42,294,083)	77,993,645

The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

		BCT (Industry) E70 Mixed Asset Fund		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Investment income							
Bank interest	11	138	14	119	7	99	11
Other income	11	132,483	125,908	309,758	266,590	689,422	607,440
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		33,547,125	25,430,116	(28,079)	(20,722)	5,527,890	5,356,305
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		(93,635,832)	116,503,873	(955,191)	3,670,264	(34,599,141)	21,102,236
Total investment (loss)/income		(59,956,086)	142,059,911	(673,393)	3,916,139	(28,381,730)	27,065,992
Expenses							
Investment management fees	4(a)	(2,980,879)	(2,832,930)	-	-	-	-
Trustee and administration fees	4(b)	(6,624,176)	(6,295,400)	(938,644)	(819,564)	(1,683,420)	(1,519,170)
Safe custody and bank charges		(5,926)	(6,217)	(5,929)	(6,039)	(6,141)	(6,250)
Legal and other professional fees		(9,541)	-	(1,800)	-	(2,840)	-
Auditor's remuneration		(90,188)	(100,180)	(15,780)	(16,288)	(25,441)	(26,941)
Professional indemnity insurance		(5,305)	(5,550)	(940)	(904)	(1,499)	(1,488)
Miscellaneous expenses		(598,764)	(584,236)	(115,852)	(104,518)	(177,224)	(164,334)
Total operating expenses		(10,314,779)	(9,824,513)	(1,078,945)	(947,313)	(1,896,565)	(1,718,183)
Total comprehensive income		(70,270,865)	132,235,398	(1,752,338)	2,968,826	(30,278,295)	25,347,809

The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

		BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund		BCT (Industry) Flexi Mixed Asset Fund*	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Investment income							
Bank interest	11	1,239	114	90	9	47	5
Other income	11	1,991,435	1,738,048	83,414	75,384	-	-
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		43,059,839	24,948,518	14,119,482	10,724,212	1,938,290	1,863,205
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		(127,366,945)	173,622,285	(62,501,019)	88,533,079	(7,983,959)	7,141,895
Total investment (loss)/income		<u>(82,314,432)</u>	<u>200,308,965</u>	<u>(48,298,033)</u>	<u>99,332,684</u>	<u>(6,045,622)</u>	<u>9,005,105</u>
Expenses							
Investment management fees	4(a)	-	-	-	-	-	-
Trustee and administration fees	4(b)	(6,544,273)	(5,707,451)	(3,002,895)	(2,713,809)	(1,417,916)	(1,268,088)
Safe custody and bank charges		(9,997)	(9,979)	(9,046)	(9,121)	(8,463)	(8,580)
Legal and other professional fees		(9,201)	-	(4,679)	-	(2,155)	-
Auditor's remuneration		(88,938)	(91,849)	(45,408)	(48,418)	(19,121)	(20,130)
Professional indemnity insurance		(5,242)	(5,016)	(2,673)	(2,651)	(1,136)	(1,119)
Miscellaneous expenses		(600,740)	(521,795)	(309,450)	(281,704)	(137,494)	(127,002)
Total operating expenses		<u>(7,258,391)</u>	<u>(6,336,090)</u>	<u>(3,374,151)</u>	<u>(3,055,703)</u>	<u>(1,586,285)</u>	<u>(1,424,919)</u>
Total comprehensive income		<u>(89,572,823)</u>	<u>193,972,875</u>	<u>(51,672,184)</u>	<u>96,276,981</u>	<u>(7,631,907)</u>	<u>7,580,186</u>

(*formerly known as BCT (Industry) Absolute Return Fund)

The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

		BCT (Industry) RMB Bond Fund		BCT(Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	Note	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017* (HK\$)	2018 (HK\$)	2017* (HK\$)
Investment income							
Bank interest	11	124	6	234	10	362	9
Other income	11	290,836	193,779	-	-	-	-
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		1,601,842	(1,212,601)	1,662,606	521,466	371,886	181,778
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		(1,256,158)	4,842,894	(14,959,361)	8,475,468	(3,503,243)	3,269,881
Total investment income/(loss)		636,644	3,824,078	(13,296,521)	8,996,944	(3,130,995)	3,451,668
Expenses							
Investment management fees	4(a)	(348,993)	(232,534)	-	-	-	-
Trustee and administration fees	4(b)	(775,539)	(516,743)	(1,090,306)	(443,865)	(1,624,301)	(442,528)
Safe custody and bank charges		(4,546)	(3,040)	(4,349)	-	(4,580)	-
Legal and other professional fees		(1,215)	-	(3,108)	-	(4,303)	-
Auditor's remuneration		(10,345)	(6,983)	(23,703)	-	(35,625)	-
Professional indemnity insurance		(621)	(352)	(1,488)	-	(2,219)	-
Miscellaneous expenses		(60,590)	(6,048)	(119,399)	-	(257,692)	-
Total operating expenses		(1,201,849)	(765,700)	(1,242,353)	(443,865)	(1,928,720)	(442,528)
Total comprehensive income		(565,205)	3,058,378	(14,538,874)	8,553,079	(5,059,715)	3,009,140

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

The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	Total <u>2018</u> (HK\$)	<u>2017</u> (HK\$)
Investment income			
Bank interest	11	17,094,368	9,923,109
Other income	11	3,722,191	3,264,204
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		143,768,859	174,955,954
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		(448,893,231)	514,247,419
Total investment (loss)/income		(284,307,813)	702,390,686
Expenses			
Investment management fees	4(a)	(11,208,976)	(11,190,128)
Trustee and administration fees	4(b)	(44,532,081)	(40,695,607)
Safe custody and bank charges		(146,229)	(165,799)
Legal and other professional fees		(75,813)	-
Auditor's remuneration		(685,612)	(702,650)
Professional indemnity insurance		(40,753)	(39,331)
Miscellaneous expenses		(4,597,034)	(4,180,155)
Total operating expenses		(61,286,498)	(56,973,670)
Total comprehensive income		(345,594,311)	645,417,016

The notes on pages 75 to 136 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 2018

	BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund		BCT (Industry) E50 Mixed Asset Fund	
	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017 (HK\$)
Balance at the beginning of the year	1,257,264,461	1,243,058,137	656,412,946	792,798,235	508,447,159	433,901,213
Proceeds on units issued	328,220,613	255,634,307	43,404,635	92,701,933	34,292,847	35,537,827
Payments on units redeemed	(217,164,592)	(241,684,971)	(62,910,391)	(323,250,933)	(46,366,712)	(38,985,526)
	111,056,021	13,949,336	(19,505,756)	(230,549,000)	(12,073,865)	(3,447,699)
Total comprehensive income	8,967,884	256,988	(40,925,906)	94,163,711	(42,294,083)	77,993,645
Balance at the end of the year	1,377,288,366	1,257,264,461	595,981,284	656,412,946	454,079,211	508,447,159
Units outstanding at the beginning of the year	1,129,248,281	1,116,717,996	331,857,777	450,895,721	239,377,566	240,964,357
Units issued	294,237,263	229,619,430	22,364,140	49,947,918	16,448,854	18,092,193
Units redeemed	(194,656,003)	(217,089,145)	(32,430,483)	(168,985,862)	(22,173,304)	(19,678,984)
Units outstanding at the end of the year	1,228,829,541	1,129,248,281	321,791,434	331,857,777	233,653,116	239,377,566

The notes on pages 75 to 136 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 2018

	BCT (Industry) E70 Mixed Asset Fund		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	2018	2017	2018	2017	2018	2017
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Balance at the beginning of the year	687,998,771	560,945,963	110,713,585	91,640,033	186,573,021	145,654,432
Proceeds on units issued	45,625,476	45,295,841	34,802,132	29,885,913	36,669,853	37,641,723
Payments on units redeemed	(65,494,741)	(50,478,431)	(22,443,678)	(13,781,187)	(24,129,214)	(22,070,943)
	(19,869,265)	(5,182,590)	12,358,454	16,104,726	12,540,639	15,570,780
Total comprehensive income	(70,270,865)	132,235,398	(1,752,338)	2,968,826	(30,278,295)	25,347,809
Balance at the end of the year	597,858,641	687,998,771	121,319,701	110,713,585	168,835,365	186,573,021
Units outstanding at the beginning of the year	310,513,715	312,857,378	74,716,124	63,798,389	65,777,292	59,821,834
Units issued	20,959,880	22,594,629	23,624,876	20,244,553	13,232,152	14,223,409
Units redeemed	(29,994,186)	(24,938,292)	(15,256,395)	(9,326,818)	(8,688,660)	(8,267,951)
Units outstanding at the end of the year	301,479,409	310,513,715	83,084,605	74,716,124	70,320,784	65,777,292

The notes on pages 75 to 136 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 2018

	BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund		BCT (Industry) Flexi Mixed Asset Fund*	
	2018	2017	2018	2017	2018	2017
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Balance at the beginning of the year	668,493,903	462,956,510	349,464,196	237,148,306	136,091,518	114,989,965
Proceeds on units issued	193,373,027	135,897,023	51,780,297	52,186,569	33,597,134	30,905,768
Payments on units redeemed	(171,746,881)	(124,332,505)	(44,643,592)	(36,147,660)	(19,984,617)	(17,384,401)
	21,626,146	11,564,518	7,136,705	16,038,909	13,612,517	13,521,367
Total comprehensive income	(89,572,823)	193,972,875	(51,672,184)	96,276,981	(7,631,907)	7,580,186
Balance at the end of the year	600,547,226	668,493,903	304,928,717	349,464,196	142,072,128	136,091,518
Units outstanding at the beginning of the year	149,636,122	146,480,894	97,375,323	92,099,323	91,043,031	81,696,613
Units issued	44,403,214	35,490,617	15,124,502	16,632,008	22,829,645	21,283,111
Units redeemed	(38,990,315)	(32,335,389)	(12,872,893)	(11,356,008)	(13,614,366)	(11,936,693)
Units outstanding at the end of the year	155,049,021	149,636,122	99,626,932	97,375,323	100,258,310	91,043,031

(*formerly known as BCT (Industry) Absolute Return Fund)

The notes on pages 75 to 136 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 2018

	BCT (Industry) RMB Bond Fund		BCT (Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	2018 (HK\$)	2017 (HK\$)	2018 (HK\$)	2017* (HK\$)	2018 (HK\$)	2017* (HK\$)
Balance at the beginning of the year/ period	64,097,561	41,329,504	155,998,834	-	258,040,255	-
Proceeds on units issued	41,347,869	28,712,289	117,393,585	167,350,838	107,791,423	279,521,495
Payments on units redeemed	(21,524,167)	(9,002,610)	(43,425,829)	(19,905,083)	(81,921,069)	(24,490,380)
	19,823,702	19,709,679	73,967,756	147,445,755	25,870,354	255,031,115
Total comprehensive income	(565,205)	3,058,378	(14,538,874)	8,553,079	(5,059,715)	3,009,140
Balance at the end of the year/period	83,356,058	64,097,561	215,427,716	155,998,834	278,850,894	258,040,255
Units outstanding at the beginning of the year/period	65,931,730	45,064,885	144,138,901	-	250,576,202	-
Units issued	42,118,061	30,374,431	109,454,424	163,241,707	105,304,541	274,565,843
Units redeemed	(21,986,983)	(9,507,586)	(40,378,761)	(19,102,806)	(80,340,927)	(23,989,641)
Units outstanding at the end of the year/period	86,062,808	65,931,730	213,214,564	144,138,901	275,539,816	250,576,202

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

The notes on pages 75 to 136 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 2018

	Total 2018 (HK\$)	2017 (HK\$)
Balance at the beginning of the year	5,039,596,210	4,124,422,298
Proceeds on units issued	1,068,298,891	1,191,271,526
Payments on units redeemed	(821,755,483)	(921,514,630)
	246,543,408	269,756,896
Total comprehensive income	(345,594,311)	645,417,016
Balance at the end of the year	4,940,545,307	5,039,596,210

The notes on pages 75 to 136 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, seventh supplemental deed dated 5 March 2018 and eighth supplemental deed dated 1 April 2019. 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 2018, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 31 December 2018 of the Plan on a standalone basis; and (ii) the statement of net assets as at 31 December 2018, and the statement of comprehensive income and statement of changes in net assets attributable to members for the year ended 31 December 2018 of each of its constituent funds.

As at 31 December 2018, the Plan offered the Default Investment Strategy and twelve constituent funds (2017 : twelve), 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) Flexi Mixed Asset Fund (formerly known as 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 applied 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.

* With effect from 30 November 2018, the name of the constituent fund “BCT (Industry) Absolute Return Fund” was changed to “BCT (Industry) Flexi Mixed Asset Fund” as a result of the name change of its underlying investment from “Allianz Choice Absolute Return Fund” to “Allianz Choice Flexi Balanced Fund” in order to align the name with its investment objective.

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 2018

HKFRS 9 ‘Financial Instruments’ became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in HKAS 39.

Classification and measurement of debt assets is driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (“SPPI”). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. HKFRS 9 also introduces a new expected credit loss (“ECL”) impairment model.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

HKFRS 9 has been applied by the Plan and its constituent funds and did not result in a change to the classification or measurement of financial instruments. The Plan and its constituent funds' investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for the financial period beginning on 1 January 2018 that have a material effect on the financial statements of the Plan and its constituent funds.

New standards, amendments and interpretations effective after 1 January 2018 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for the financial period beginning after 1 January 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Plan and its constituent funds.

(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.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

(ii) Transactions and balances (Continued)

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”.

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

(i) Classification

The Plan and its constituent funds classify their investments based on both the Plan's and its constituent funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Plan and its constituent funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Plan and its constituent funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Plan's and its constituent funds' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plan's and its constituent funds' business model's objective. Consequently, all investments are measured at fair value through profit or loss.

As such, the Plan and its constituent funds classify all of their investment portfolio as financial assets as fair value through profit or loss.

The Plan's and its constituent funds' policy requires the investment managers and the Trustee to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(ii) Recognition/derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Plan and its constituent funds commit to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Plan and its constituent funds have transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets or financial liabilities at fair value through profit or loss’ category are presented 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 within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Debt securities are fair valued based on quoted market price inclusive of accrued interest. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

For the year ended 31 December 2017 and for the period from 1 January 2018 to 25 April 2018, the quoted market price used for financial assets and liabilities held by the Plan and its constituent funds is the current bid price and the current asking price respectively. Pursuant to the seventh supplemental deed of the Trust Deed dated on 5 March 2018, with effect from 26 April 2018, the Plan and its constituent funds utilise the last traded price for both financial assets and financial liabilities where the last traded price falls within the bid-offer spread. In circumstances where the last traded price is not within the bid-offer spread, investment managers of the constituent funds will determine the point within the bid-offer spread that is most representative of fair value. The Trustee considered that the effect of the above mentioned accounting policy change in the fair value estimation had no material impact on the statement of net assets available for benefits of the Plan and its constituent funds as at 31 December 2017 and did not have a material impact on the opening balance of the financial statements of the Plan and its constituent funds for the year ended 31 December 2017. As a result, the opening balance of the financial statements of the Plan and its constituent funds during the year ended 31 December 2017 has not been restated.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(iii) Fair value estimation (continued)

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Plan and its constituent funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments in approved pooled investment funds are valued at their respective closing net asset value per unit as provided by their respective fund administrators.

(iv) Transfer between levels

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

(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.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(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 is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

Other income and expenses accounted for on an accrual basis.

(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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Plan and its constituent funds shall measure the loss allowance on amounts due from counterparties at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Plan and its constituent funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. A significant increase in credit risk is defined by the Trustee as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

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

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 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.

(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.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(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) Flexi Mixed Asset Fund (formerly known as 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.

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.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(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 investments could actually be traded as of 31 December 2018 and 2017. 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, Flexi Mixed Asset Fund (formerly known as Absolute Return Fund), Core Accumulation Fund and Age 65 Plus Fund (collectively, the “other constituent funds”) at an annual rate between 0.2% and 0.45% (2017: 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

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

	2018 HK\$	2017 HK\$
BCT (Industry) MPF Conservative Fund	233,789	233,583
BCT (Industry) E30 Mixed Asset Fund	227,723	249,510
BCT (Industry) E50 Mixed Asset Fund	174,042	192,771
BCT (Industry) E70 Mixed Asset Fund	230,256	260,181
BCT (Industry) Global Bond Fund	-	-
BCT (Industry) Global Equity Fund	-	-
BCT (Industry) Hong Kong Equity Fund	-	-
BCT (Industry) Asian Equity Fund	-	-
BCT (Industry) Flexi Mixed Asset Fund (formerly known as BCT (Industry) Absolute Return Fund)	-	-
BCT (Industry) RMB Bond Fund	31,553	24,158
BCT (Industry) Core Accumulation Fund	-	-
BCT (Industry) Age 65 Plus Fund	-	-

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 (2017: 0.59% to 1% per annum) of the daily net asset value of the respective constituent funds.

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

	2018 HK\$	2017 HK\$
BCT (Industry) MPF Conservative Fund	794,883	794,181
BCT (Industry) E30 Mixed Asset Fund	506,051	554,467
BCT (Industry) E50 Mixed Asset Fund	386,760	428,381
BCT (Industry) E70 Mixed Asset Fund	511,680	578,180
BCT (Industry) Global Bond Fund	81,806	74,851
BCT (Industry) Global Equity Fund	131,840	140,849
BCT (Industry) Hong Kong Equity Fund	512,938	553,899
BCT (Industry) Asian Equity Fund	234,538	261,606
BCT (Industry) Flexi Mixed Asset Fund (formerly known as BCT (Industry) Absolute Return Fund)	120,362	114,881
BCT (Industry) RMB Bond Fund	70,117	53,683
BCT (Industry) Core Accumulation Fund	106,881	76,517
BCT (Industry) Age 65 Plus Fund	138,520	127,327

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 (2017: HK\$30,000 per month) but in respect of non-casual employees earning less than HK\$7,100 per month (2017: 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 (2017: HK\$1,500 per month) to the Plan unless their relevant income is less than HK\$7,100 per month (2017: 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.

The following table shows the reconciliation of movement in benefits payable for the year ended 31 December 2018 and 2017:

	2018	2017
	HK\$	HK\$
Beginning balance as at 1 January	19,293,270	13,415,136
Charged to statement of changes in net asset available for benefits	374,328,790	350,222,868
Cash outflow	(376,408,287)	(344,344,734)
Ending balance as at 31 December	17,213,773	19,293,270

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.

Flexi Mixed Asset Fund (formerly known as Absolute Return Fund) aims to achieve 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
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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)
As at 31 December 2018 (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Global Stable Fund (Class B)	597,104	100.19	Towers Watson MPF Benchmark Composition - Equity content 20% - 40%	5%	28,260
Total investments	<u>597,104</u>	<u>100.19</u>			<u>28,260</u>

As at 31 December 2017
(HK\$'000)

Approved Pooled Investment Funds

Invesco Pooled Investment Fund - 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>

E30 Mixed Asset Fund invests in Invesco Pooled Investment Fund – Global Stable Fund (Class B) (the “underlying APIF”).
The overall market exposures for this underlying APIF were as follows:

	% of net assets of underlying APIF	
	2018	2017
Listed equities	30%	32%
Bonds	63%	63%
Cash and other net assets	7%	5%
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	
	2018	2017
Hong Kong	24%	26%
Japan	13%	11%
Asia Pacific ex Japan ex Hong Kong	6%	6%
North America	27%	28%
Europe	23%	24%
Total investments	<u>93%</u>	<u>95%</u>
Cash and other net assets	7%	5%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$1,261 million (2017: HK\$1,337 million).

BCT (MPF) INDUSTRY CHOICE
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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)
As at 31 December 2018 (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Global Stable Growth Fund (Class B)	454,846	100.17	Towers Watson MPF Benchmark Composition - Equity content 40% - 60%	5%	22,422
Total investments	<u>454,846</u>	<u>100.17</u>			<u>22,422</u>

As at 31 December 2017
(HK\$'000)

Approved Pooled Investment Funds

Invesco Pooled Investment Fund - 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>

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

	% of net assets of underlying APIF	
	2018	2017
Listed equities	50%	55%
Bonds	43%	41%
Cash and other net assets	7%	4%
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	
	2018	2017
Hong Kong	27%	28%
Japan	13%	11%
Asia Pacific ex Japan ex Hong Kong	7%	8%
North America	25%	26%
Europe	21%	23%
Total investments	<u>93%</u>	<u>96%</u>
Cash and other net assets	<u>7%</u>	<u>4%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$558 million (2017: HK\$509 million).

BCT (MPF) INDUSTRY CHOICE
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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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Global Balanced Fund (Class B)	598,832	100.16	Towers Watson MPF Benchmark Composition - Equity content 60% - 80%	5%	29,740
Total investments	<u>598,832</u>	<u>100.16</u>			<u>29,740</u>

As at 31 December 2017
(HK\$'000)

Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - 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>

E70 Mixed Asset Fund invests in Invesco Pooled Investment Fund – 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>2018</u>	<u>2017</u>
Listed equities	70%	75%
Bonds	24%	21%
Cash and other net assets	6%	4%
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>2018</u>	<u>2017</u>
Hong Kong	28%	31%
Japan	13%	12%
Asia Pacific ex Japan ex Hong Kong	9%	9%
North America	24%	24%
Europe	20%	20%
Total investments	<u>94%</u>	<u>96%</u>
Cash and other net assets	6%	4%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$652 million (2017: HK\$882 million).

BCT (MPF) INDUSTRY CHOICE
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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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Templeton MPF Global Bond Fund (Class A)	121,265	99.96	FTSE World Government Bond Index (formerly known as Citigroup World Government Bond Index) (35% HKD Hedged), HSBC HK Govt Bond Index	5%	3,149
Total investments	<u>121,265</u>	<u>99.96</u>			<u>3,149</u>

As at 31 December 2017
(HK\$'000)

Approved Pooled Investment Funds

Templeton MPF Global Bond Fund (Class A)	110,843	100.11	FTSE World Government Bond Index (formerly known as Citigroup World Government Bond Index) (35% HKD Hedged), HSBC HK Govt Bond Index	5%	2,384
Total investments	<u>110,843</u>	<u>100.11</u>			<u>2,384</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>2018</u>	<u>2017</u>
Bonds	87%	89%
Cash and other net assets	13%	11%
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>2018</u>	<u>2017</u>
Hong Kong	29%	47%
Asia Pacific ex Japan ex Hong Kong	20%	19%
North America	16%	1%
Other	22%	22%
Total investments	<u>87%</u>	<u>89%</u>
Cash and other net assets	<u>13%</u>	<u>11%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$1,358 million (2017: HK\$3,119 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Templeton MPF Global Equity Fund (Class A)	168,643	99.89	FTSE MPF All World Hedged TR	5%	8,999
Total investments	<u>168,643</u>	<u>99.89</u>			<u>8,999</u>

As at 31 December 2017
(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>

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>2018</u>	<u>2017</u>
Listed equities	96%	97%
Cash and other net assets	4%	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>2018</u>	<u>2017</u>
Hong Kong	1%	1%
Japan	9%	9%
Asia Pacific ex Japan ex Hong Kong	12%	10%
North America	30%	38%
Europe	43%	38%
Other	1%	1%
Total investments	<u>96%</u>	<u>97%</u>
Cash and other net assets	4%	3%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$535 million (2017: HK\$2,854 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	598,851	99.72	FTSE MPF Hong Kong	5%	29,979
Total investments	<u>598,851</u>	<u>99.72</u>			<u>29,979</u>

As at 31 December 2017
(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>

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>2018</u>	<u>2017</u>
Listed equities	94%	99%
Cash and other net assets	6%	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>2018</u>	<u>2017</u>
Hong Kong	94%	99%
Total investments	94%	99%
Cash and other net assets	6%	1%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$25,924 million (2017: HK\$35,055 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Schroder MPF Asian Fund (Class A)	305,204	100.09	FTSE MPF Asia Pacific ex JP ex AU ex NZ TR	5%	13,868
Total investments	<u>305,204</u>	<u>100.09</u>			<u>13,868</u>

As at 31 December 2017
(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>

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:

	% of net assets of underlying APIF	
	<u>2018</u>	<u>2017</u>
Listed equities	97%	98%
Cash and other net assets	3%	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	
	<u>2018</u>	<u>2017</u>
Hong Kong	45%	48%
Asia Pacific ex Japan ex Hong Kong	52%	50%
Total investments	97%	98%
Cash and other net assets	3%	2%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$1,631 million (2017: HK\$7,050 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	82,640	99.14	HSBC Offshore Renminbi Government Bond (Base HKD)	5%	3,276
Total investments	<u>82,640</u>	<u>99.14</u>			<u>3,276</u>

As at 31 December 2017
(HK\$'000)

Approved Pooled Investment Funds

Invesco Pooled Investment Fund – 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>

RMB Bond Fund invests in Invesco Pooled Investment Fund – 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:

	<u>% of net assets of underlying APIF</u>	
	<u>2018</u>	<u>2017</u>
Bonds	93%	92%
Cash and other net assets	7%	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>2018</u>	<u>2017</u>
Asia Pacific ex Japan ex Hong Kong	93%	92%
Total investments	93%	92%
Cash and other net assets	7%	8%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$903 million (2017: HK\$689 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Core Accumulation Fund (Class A)	213,807	99.25	FTSE MPF All-World Index (Unhedged Total Return), FTSE MPF World Government Bond Index (formerly known as Citi MPF World Government Bond Index) (HKD Hedged Total Return), MPFA Prescribed Savings Rate	5%	10,375
Total investments	<u>213,807</u>	<u>99.25</u>			<u>10,375</u>
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Core Accumulation Fund (Class A)	154,403	98.97	FTSE MPF All-World Index (Unhedged Total Return), FTSE MPF World Government Bond Index (formerly known as 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>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

Core Accumulation Fund (Continued)

Core Accumulation Fund invests in Invesco Pooled Investment Fund – 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>2018</u>	<u>2017</u>
Listed equities	58%	62%
Bonds	39%	34%
Cash and other net assets	3%	4%
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>2018</u>	<u>2017</u>
Hong Kong	2%	2%
Japan	9%	9%
Asia Pacific ex Japan ex Hong Kong	8%	9%
North America	45%	46%
Europe	30%	28%
Other	3%	2%
Total investments	<u>97%</u>	<u>96%</u>
Cash and other net assets	<u>3%</u>	<u>4%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$1,282 million (2017: 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Age 65 Plus Fund (Class A)	278,065	99.72	FTSE MPF All-World Index (Unhedged Total Return), FTSE MPF World Government Bond Index (formerly known as Citi MPF World Government Bond Index) (HKD Hedged Total Return), MPFA Prescribed Savings Rate	5%	13,096
Total investments	<u>278,065</u>	<u>99.72</u>			<u>13,096</u>

As at 31 December 2017
(HK\$'000)

Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Age 65 Plus Fund (Class A)	257,115	99.64	FTSE MPF All-World Index (Unhedged Total Return), FTSE MPF World Government Bond Index (formerly known as 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>

BCT (MPF) INDUSTRY CHOICE
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Age 65 Plus Fund (Continued)

Age 65 Plus Fund invests in Invesco Pooled Investment Fund – Age 65 Plus Fund (Class A) (the “underlying APIF”) which in turn 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>2018</u>	<u>2017</u>
Listed equities	19%	21%
Bonds	76%	73%
Cash and other net assets	5%	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>2018</u>	<u>2017</u>
Hong Kong	1%	1%
Japan	9%	9%
Asia Pacific ex Japan ex Hong Kong	10%	9%
North America	32%	37%
Europe	39%	35%
Other	4%	3%
Total investments	<u>95%</u>	<u>94%</u>
Cash and other net assets	<u>5%</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 2018 is HK\$663 million (2017: HK\$421 million).

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Flexi Mixed Asset Fund (formerly known as 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 2018</u> (HK\$'000)					
Approved Pooled Investment Funds					
Allianz Global Investors Choice Fund – Allianz Choice Flexi Balanced Fund (Class A) (formerly known as Allianz Choice Absolute Return Fund (Class A))	142,159	100.06	FTSE All World	5%	7,463
Total investments	<u>142,159</u>	<u>100.06</u>			<u>7,463</u>
<u>As at 31 December 2017</u> (HK\$'000)					
Approved Pooled Investment Funds					
Allianz Global Investors Choice Fund – Allianz Choice Flexi Balanced Fund (Class A) (formerly known as 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>

The objective of the Flexi Mixed Asset Fund (formerly known as Absolute Return Fund) is to provide members with long-term capital preservation not related to an index by investing solely in Allianz Choice Flexi Balanced Fund (formerly known as 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.

In order to align the name of the underlying APIF with its investment objective, the name of the underlying APIF was changed from “Allianz Choice Absolute Return Fund” to “Allianz Choice Flexi Balanced Fund” with effect from 30 November 2018. The investment policy of the underlying APIF was also revised to clarify that up to 100% of the assets may be held in deposits, cash and/or invested directly in money market instruments and/or (up to 10% of the assets) in money market funds on a temporary basis for liquidity management and/or defensive purpose and/or any other exceptional circumstances, and if the manager considers it in the best interest of the underlying APIF.

BCT (MPF) INDUSTRY CHOICE
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Flexi Mixed Asset Fund (formerly known as Absolute Return Fund) (Continued)

Flexi Mixed Asset Fund (formerly known as Absolute Return Fund) invests in Allianz Choice Flexi Balanced Fund (Class A) (formerly known as Allianz Choice Absolute Return 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>2018</u>	<u>2017</u>
Listed equities	19%	27%
Bonds	78%	69%
Cash and other net assets	3%	4%
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>2018</u>	<u>2017</u>
Hong Kong	14%	14%
Japan	1%	3%
Asia Pacific ex Japan ex Hong Kong	2%	6%
North America	79%	71%
Europe	1%	2%
Total investments	<u>97%</u>	<u>96%</u>
Cash and other net assets	<u>3%</u>	<u>4%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2018 is HK\$2,074 million (2017: HK\$2,199 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% (2017: 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.

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The constituent funds' investment strategies entail trading on other funds on a regular basis. As at 31 December 2018 and 2017 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 2018 and 2017 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, Flexi Mixed Asset Fund (formerly known as 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, Flexi Mixed Asset Fund (formerly known as Absolute Return Fund), RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund as at 31 December 2018 and 2017:

BCT (MPF) INDUSTRY CHOICE

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	As at 31 December 2018		As at 31 December 2017	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
E30 Mixed Asset Fund				
- Bank balances	<u>141,354</u>	<u>0.02</u>	<u>87,998</u>	<u>0.01</u>
E50 Mixed Asset Fund				
- Bank balances	<u>80,947</u>	<u>0.02</u>	<u>75,670</u>	<u>0.01</u>
E70 Mixed Asset Fund				
- Bank balances	<u>130,379</u>	<u>0.02</u>	<u>149,760</u>	<u>0.02</u>
Global Bond Fund				
- Bank balances	<u>151,741</u>	<u>0.13</u>	<u>88,081</u>	<u>0.08</u>
Global Equity Fund				
- Bank balances	<u>114,669</u>	<u>0.07</u>	<u>168,476</u>	<u>0.09</u>
Hong Kong Equity Fund				
- Bank balances	<u>854,494</u>	<u>0.14</u>	<u>1,205,147</u>	<u>0.18</u>
Asian Equity Fund				
- Bank balances	<u>72,053</u>	<u>0.02</u>	<u>55,788</u>	<u>0.02</u>
Flexi Mixed Asset Fund (formerly known as Absolute Return Fund)				
- Bank balances	<u>32,835</u>	<u>0.02</u>	<u>83,850</u>	<u>0.06</u>
RMB Bond Fund				
- Bank balances	<u>125,789</u>	<u>0.15</u>	<u>57,965</u>	<u>0.09</u>
Core Accumulation Fund				
- Bank balances	<u>266,372</u>	<u>0.12</u>	<u>200,241</u>	<u>0.13</u>
Age 65 Plus Fund				
- Bank balances	<u>348,591</u>	<u>0.13</u>	<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 2018
(HK\$'000)

	Up to 3 months	3-12 months	Over 12 months	Non-interest bearing	Total
Bank balances	22,129	-	-	-	22,129
Financial assets at fair value through profit or loss	1,105,373	251,808	-	-	1,357,181
Other assets	-	-	-	4,269	4,269
Total assets	1,127,502	251,808	-	4,269	1,383,579
Total liabilities	-	-	-	6,290	6,290
Total interest sensitivity gap	1,127,502	251,808	-		

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	-		

As at 31 December 2018, if interest rates have increased/decreased by 1% (2017: 1%), the net assets attributable to members of the MPF Conservative Fund would have been increased/decreased by HK\$13,793,000 (2017: HK\$12,597,000).

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

BCT (MPF) INDUSTRY CHOICE
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(iii) Currency risk

As at 31 December 2018 and 2017, 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

The Plan and its constituent funds are exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Plan and its constituent funds are exposed arises from the investments in debt securities. The Plan and its constituent funds are also exposed to counterparty credit risk on trading derivative products, bank balances, amounts receivable on sale of financial assets at fair value through profit or loss, interest receivable and other receivables.

The MPF Conservative Fund also invests in certificates of deposit and fixed deposits and it 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 the 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 from 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 2018, MPF Conservative Fund's financial assets which were potentially subject to concentrations of credit risk consisted of investments held with the sub-custodian. As at 31 December 2018, the sub-custodian had a credit rating of Aa1 (2017: Aa1).

As at 31 December 2018 and 2017, the Plan and its 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.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

	<u>The Plan</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances</u>		
A-1+/A-1/P-1	98%	98%
A-2/P-2	2%	2%
	<u>100%</u>	<u>100%</u>

	<u>MPF Conservative Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
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	70%	49%
A-2/P-2	30%	51%
	<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)	2018	2017
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)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%
	<u>100%</u>	<u>100%</u>

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	<u>E70 Mixed Asset Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%

	<u>Global Bond Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%

	<u>Global Equity Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%

	<u>Hong Kong Equity Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%

	<u>Asian Equity Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	100%	100%

BCT (MPF) INDUSTRY CHOICE
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	<u>Flexi Mixed Asset Fund*</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	<u>100%</u>	<u>100%</u>
(*formerly known as Absolute Return Fund)		
	<u>RMB Bond Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	<u>100%</u>	<u>100%</u>
	<u>Core Accumulation Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	<u>100%</u>	<u>100%</u>
	<u>Age 65 Plus Fund</u>	
Portfolio by rating category (Source of credit rating: Moody's or Standard & Poor's)	2018	2017
Rating		
<u>Bank Balances and Fixed Deposits</u>		
A-1+/A-1/P-1	<u>100%</u>	<u>100%</u>

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.

The Plan and its constituent funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Trustee considers both historical analysis and forward looking information in determining any expected credit loss.

BCT (MPF) INDUSTRY CHOICE

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At 31 December 2018 and 31 December 2017, bank balances were held with counterparties with credit rating of A-2/P-2 or higher and the remaining balance of receivables mainly comprised amounts receivable on sale of financial assets at fair value through profit or loss, interest receivable, amounts receivable on subscription, contributions receivable, amounts receivable on funds switching and other receivables which were due to be settled within 3 months. The Trustee considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Plan and its constituent funds.

(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.

The Plan

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Benefits and forfeitures payable	17,213,773	-	-
Accruals and other payables	8,591,526	416,470	3,107,900
Total financial liabilities	<u>25,805,299</u>	<u>416,470</u>	<u>3,107,900</u>

	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	<u>29,057,162</u>	<u>305,302</u>	<u>2,494,314</u>

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

MPF Conservative Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	1,029,591	131,842	834,912
Amounts payable on redemption	2,503,845	-	-
Amounts payable on funds switching	1,790,015	-	-
Total financial liabilities	5,323,451	131,842	834,912

	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

E30 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	734,172	79,487	418,316
Amounts payable on redemption	996,629	-	-
Amounts payable on funds switching	46,631	-	-
Total financial liabilities	1,777,432	79,487	418,316

	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	2,361,447	69,642	418,794

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E50 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	561,106	40,626	337,979
Amounts payable on redemption	338,900	-	-
Amounts payable on funds switching	16,724	-	-
Total financial liabilities	916,730	40,626	337,979

	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	1,410,395	32,647	320,974

E70 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	742,339	49,042	457,816
Amounts payable on redemption	440,881	-	-
Amounts payable on funds switching	117,255	-	-
Total financial liabilities	1,300,475	49,042	457,816

	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	1,532,552	38,373	435,122

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NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	81,886	11,238	62,510
Amounts payable on redemption	94,795	-	-
Amounts payable on funds switching	81,241	-	-
Total financial liabilities	<u>257,922</u>	<u>11,238</u>	<u>62,510</u>

	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>

Global Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	131,955	12,437	91,575
Amounts payable on redemption	155,286	-	-
Amounts payable on funds switching	152,849	-	-
Total financial liabilities	<u>440,090</u>	<u>12,437</u>	<u>91,575</u>

	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>

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NOTES TO THE FINANCIAL STATEMENTS

Hong Kong Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	513,341	31,890	306,755
Amounts payable on redemption	330,395	-	-
Amounts payable on funds switching	1,485,419	-	-
Total financial liabilities	<u>2,329,155</u>	<u>31,890</u>	<u>306,755</u>

	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>

Asian Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	234,743	18,116	157,437
Amounts payable on redemption	236,181	-	-
Amounts payable on funds switching	38,279	-	-
Total financial liabilities	<u>509,203</u>	<u>18,116</u>	<u>157,437</u>

	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>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Flexi Mixed Asset Fund (formerly known as Absolute Return Fund)

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	120,457	11,636	61,322
Amounts payable on redemption	161,819	-	-
Amounts payable on funds switching	10,118	-	-
Total financial liabilities	<u>292,394</u>	<u>11,636</u>	<u>61,322</u>

	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>

RMB Bond Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	101,725	3,564	54,498
Amounts payable on redemption	34,703	-	-
Amounts payable on funds switching	273,660	-	-
Total financial liabilities	<u>410,088</u>	<u>3,564</u>	<u>54,498</u>

	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	<u>1,013,973</u>	<u>-</u>	<u>6,983</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Core Accumulation Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Liabilities:			
Accruals and other payables	107,024	3,564	131,169
Amounts payable on redemption	280,814	-	-
Amounts payable on funds switching	1,002,390	-	-
Total financial liabilities	1,390,228	3,564	131,169

	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 2018			
Liabilities:			
Accruals and other payables	138,706	23,028	193,611
Amounts payable on redemption	103,358	-	-
Amounts payable on funds switching	1,773,336	-	-
Total financial liabilities	2,015,400	23,028	193,611

	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 2018			
MPF Conservative Fund	1,382,735,496	843,075	-
E30 Mixed Asset Fund	598,256,519	-	-
E50 Mixed Asset Fund	455,374,546	-	-
E70 Mixed Asset Fund	599,665,974	-	-
Global Bond Fund	121,651,371	-	-
Global Equity Fund	169,379,467	-	-
Hong Kong Equity Fund	603,215,026	-	-
Asian Equity Fund	305,613,473	-	-
Flexi Mixed Asset Fund (formerly known as Absolute Return Fund)	142,437,480	-	-
RMB Bond Fund	83,824,208	-	-
Core Accumulation Fund	216,952,677	-	-
Age 65 Plus Fund	281,082,933	-	-
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	-	-
Flexi Mixed Asset Fund (formerly known as 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 2018 and 2017, 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 last traded price (on or before 25 April 2018 current bid price); the 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 2018 and 2017:

MPF Conservative Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Debt securities and certificates of deposit	-	307,420,019	307,420,019
- Fixed deposits	1,049,760,580	-	1,049,760,580
	<u>1,049,760,580</u>	<u>307,420,019</u>	<u>1,357,180,599</u>

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>

E30 Mixed Asset Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	597,103,786	-	597,103,786
	<u>597,103,786</u>	<u>-</u>	<u>597,103,786</u>

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>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E50 Mixed Asset Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	454,845,995	-	454,845,995
	<u>454,845,995</u>	<u>-</u>	<u>454,845,995</u>

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
	<u>509,573,634</u>	<u>-</u>	<u>509,573,634</u>

E70 Mixed Asset Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	598,832,480	-	598,832,480
	<u>598,832,480</u>	<u>-</u>	<u>598,832,480</u>

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
	<u>689,145,241</u>	<u>-</u>	<u>689,145,241</u>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	121,265,177	-	121,265,177

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

Global Equity Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	168,643,487	-	168,643,487

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Hong Kong Equity Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	598,851,098	-	598,851,098

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

Asian Equity Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	305,203,582	-	305,203,582

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Flexi Mixed Asset Fund (formerly known as Absolute Return Fund)

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	142,159,325	-	142,159,325

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

RMB Bond Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	82,639,773	-	82,639,773
- Derivative financial instruments	-	757,075	757,075
	82,639,773	757,075	83,396,848

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)

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Core Accumulation Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	213,807,037	-	213,807,037

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

Age 65 Plus Fund

As at 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	278,064,713	-	278,064,713

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

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 2018 and 2017, 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 2018 and 2017.

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 2018 and 2017 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>2018</u> HK\$	<u>2017</u> HK\$
BCT (Industry) MPF Conservative Fund		
Certificates of deposit	307,420,019	236,164,626
Fixed deposits	1,049,760,580	1,004,061,566
	<hr/>	<hr/>
Investments, at fair value		
(at cost: 2018: HK\$1,353,689,222; 2017: HK\$1,239,756,770)	1,357,180,599	1,240,226,192
	<hr/>	<hr/>
BCT (Industry) E30 Mixed Asset Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$471,881,612 HK\$; 2017: HK\$483,172,150)	597,103,786	657,578,754
	<hr/>	<hr/>
BCT (Industry) E50 Mixed Asset Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$301,861,751; 2017: HK\$300,619,483)	454,845,995	509,573,634
	<hr/>	<hr/>
BCT (Industry) E70 Mixed Asset Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$374,024,021; 2017: HK\$370,700,950)	598,832,480	689,145,241
	<hr/>	<hr/>
BCT (Industry) Global Bond Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$121,756,545; 2017: HK\$110,379,181)	121,265,177	110,843,004
	<hr/>	<hr/>
BCT (Industry) Global Equity Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$155,810,872; 2017: HK\$138,861,925)	168,643,487	186,293,681
	<hr/>	<hr/>
BCT (Industry) Hong Kong Equity Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$537,333,577; 2017: HK\$478,593,409)	598,851,098	667,477,875
	<hr/>	<hr/>
BCT (Industry) Asian Equity Fund		
Approved pooled investment fund, at fair value		
(at cost: 2018: HK\$249,705,904; 2017: HK\$231,498,643)	305,203,582	349,497,340
	<hr/>	<hr/>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

	<u>2018</u> HK\$	<u>2017</u> HK\$
BCT (Industry) Flexi Mixed Asset Fund (formerly known as BCT (Industry) Absolute Return Fund) Approved pooled investment fund, at fair value (at cost: 2018: HK\$134,414,633; 2017: HK\$120,473,715)	142,159,325 -----	136,202,366 -----
BCT (Industry) RMB Bond Fund Approved pooled investment fund, at fair value (at cost: 2018: HK\$81,171,069; 2017: HK\$60,590,624) (Refer to Note 12 for the investment in derivative financial instruments)	82,639,773 -----	64,392,129 -----
BCT (Industry) Core Accumulation Fund Approved pooled investment fund, at fair value (at cost: 2018: HK\$220,290,930; 2017: HK\$145,927,727)	213,807,037 -----	154,403,195 -----
BCT (Industry) Age 65 Plus Fund Approved pooled investment fund, at fair value (at cost: 2018: HK\$278,298,075; 2017: HK\$253,845,494)	278,064,713 -----	257,115,375 -----
Total investments, at fair value	4,918,597,052 =====	5,022,748,786 =====
Total investments, at cost	4,280,238,211 =====	3,934,420,071 =====

9. Accrued benefits

The total accrued benefits vested in the members' accounts amounted to HK\$4,929,010,183 as at 31 December 2018 (2017: HK\$5,027,806,694).

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 2018 and 2017. 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>2018</u> HK\$	<u>2017</u> HK\$
Bank balances	33,743,271	32,470,124
Certificates of deposit and fixed deposits	500,134,722	360,036,019

Income earned by the Plan and its constituent funds from the shareholders of the Trustee for the year ended 31 December 2018 and 2017 was as follows:

	<u>2018</u> HK\$	<u>2017</u> HK\$
Interest income	7,072,183	4,571,562

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

	<u>2018</u> HK\$	<u>2017</u> HK\$
Interest receivable	1,072,637	405,195

For the years ended 31 December 2018 and 2017, the Plan and its constituent funds received rebate of fee expenses from the Trustee amounted to HK\$2,901,254 and HK\$2,543,868 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\$401,540 (2017: HK\$168,817).

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\$1,549 (2017: HK\$8,293).

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 gain HK\$
<u>2018</u>			
Open contracts:			
CNY23,000,000	HK\$26,765,100	17 January 2019	622,157
HK\$560,385	CNY500,000	17 January 2019	7,940
HK\$18,157,920	CNY16,000,000	17 January 2019	28,475
CNY10,000,000	HK\$11,465,000	17 January 2019	98,503
		Total unrealised gain	757,075

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	(319,568)

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 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 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 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 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.

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.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

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 year ended 31 December 2018 and period from 1 April 2017 to 31 December 2017

	BCT (Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	Period from 1 April 2017 to 31 December		Period from 1 April 2017 to 31 December	
	2018 HK\$	2017 HK\$	2018 HK\$	2017 HK\$
Payment for services				
- Trustee and administration fees	1,090,306	443,865	1,624,301	442,528
Total payment for services of each DIS Fund	<u>1,090,306</u>	<u>443,865</u>	<u>1,624,301</u>	<u>442,528</u>
Total payment for services of each DIS Fund*	0.59%	0.59%	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>	<u>0.16%</u>	<u>0.16%</u>
Total Payment for Services expressed as a percentage of net asset value of the DIS Fund	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>
	HK\$	HK\$	HK\$	HK\$
Out-of-pocket expenses				
- Safe custody and bank charges	4,349	-	4,580	-
- Auditors' remuneration	23,703	-	35,625	-
- Professional indemnity insurance	1,488	-	2,219	-
- Miscellaneous expenses	119,399	-	257,692	-
Total payment for out-of-pocket expenses	<u>148,939</u>	<u>-</u>	<u>300,116</u>	<u>-</u>
Other payments				
- Legal and other professional fees (non-recurring)	3,108	-	4,303	-
Total payments on each DIS Fund	<u>1,242,353</u>	<u>443,865</u>	<u>1,928,720</u>	<u>442,528</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 DIS Fund	<u>0.08%</u>	<u>-</u>	<u>0.11%</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/period of 2018 and 2017, 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. Financial instruments by category

For the year ended 31 December 2018, apart from financial assets at fair value through profit or loss and derivative financial instruments 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" (2017: 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 "financial assets at amortised cost" (2017: "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" (2017: "other financial liabilities").

15. 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

16. Security lending arrangements

The Plan and its constituent funds had no security lending arrangements as at 31 December 2018 (2017: Nil).

17. Bank loans and other borrowings

As at 31 December 2018, The Plan and its constituent funds had no bank loans or other borrowings (2017: Nil).

18. Negotiability of assets

As at 31 December 2018, there were no statutory or contractual requirements restricting the negotiability of the assets of the Plan and its constituent funds (2017: Nil).

19. Commitments

The Plan and its constituent funds had no commitments as at 31 December 2018 (2017: Nil).

20. Contingent liabilities

The Plan and its constituent funds had no contingent liabilities as at 31 December 2018 (2017: Nil).

21. 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 2018 (2017: Nil).

22. Approval of financial statements

The financial statements were approved for issue by the Trustee on 24 June 2019.

BCT (MPF) INDUSTRY CHOICE

INDEPENDENT AUDITOR'S ASSURANCE REPORT

FOR THE YEAR ENDED

31 DECEMBER 2018

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 2018 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 24 June 2019.

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) 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 2018 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 2018, 28 September 2018 and 28 February 2018; 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 2018, 28 September 2018 and 28 February 2018; and
 - (iv) 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 2018.
- (b) as at 31 December 2018, the Plan assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

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

Other Matter

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 sections 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 are not applicable to the Trustee for the year ended 31 December 2018 as the Trustee has completed the relevant transitional provisions during the year ended 31 December 2017. Accordingly, there is no reporting on these sections.

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.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 June 2019