



BCT
銀聯集團



BCT (MPF) Industry Choice

2019

Reports and Financial Statements
(From 1 January to 31 December 2019)

BCT (MPF) INDUSTRY CHOICE

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BCT (MPF) INDUSTRY CHOICE

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BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 The Deed was subsequently amended and superseded by a deed of substitution and adherence dated 1 June 2011, which was further amended by first supplemental deed dated 24 November 2011, second supplemental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, eighth supplemental deed dated 1 April 2019, ninth supplemental deed dated 15 October 2019 and tenth supplemental deed dated 10 January 2020.

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. The Plan has introduced Default Investment Strategy under the MPFSO. As at 31 December 2019, the Plan offered 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, 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 above.

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

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PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

2. Financial Highlights

During the year ended 31 December 2019, the total contributions received and receivable including transfers in from participating employers and members of the Plan amounted to HK\$574 million, while the total benefits paid and payable including transfers out and forfeitures amounted to HK\$406 million. As at 31 December 2019, the market values of the Plan's constituent funds were as follows:

	<u>Market Value</u> (HK\$)
BCT (Industry) MPF Conservative Fund	1,442,594,939
BCT (Industry) E30 Mixed Asset Fund	624,614,091
BCT (Industry) E50 Mixed Asset Fund	487,827,268
BCT (Industry) E70 Mixed Asset Fund	663,106,361
BCT (Industry) Global Bond Fund	132,944,585
BCT (Industry) Global Equity Fund	222,087,552
BCT (Industry) Hong Kong Equity Fund	714,127,863
BCT (Industry) Asian Equity Fund	356,230,484
BCT (Industry) Flexi Mixed Asset Fund	161,180,804
BCT (Industry) RMB Bond Fund	99,574,310
BCT (Industry) Core Accumulation Fund	329,140,373
BCT (Industry) Age 65 Plus Fund	315,125,256
	<hr/>
Total	5,548,553,886
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After taking into account the operating expenses of HK\$61.5 million, the net income of the Plan during the year ended 31 December 2019 was HK\$434.7 million.

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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 2019 in relation to:

- the enhancement of the investment policy of BCT (Industry) 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 stock exchange as defined in the Regulation, including without limitation shares of companies listed on the stock exchange(s) of the People's Republic of China ("PRC") via the Stock Connect;
- the enhancement of disclosures on risk factors for risks associated with investments via the Stock Connect and investment in the China A shares market;
- the clarifications and enhancement of disclosures on fees:
 - (i) clarification that the management fees payable out of BCT (Industry) Global Equity Fund (including the management fees of its underlying fund) is 1.59%–1.6% per annum of its net asset value;
 - (ii) clarification that the trustee, administration and custodian fee payable out of the underlying fund of BCT (Industry) Flexi Mixed Asset Fund is up to 0.07% per annum of its net asset value. Accordingly, the management fees payable out of BCT (Industry) Flexi Mixed Asset Fund (including the management fees of its underlying fund) is clarified to be up to 1.52% per annum of its net asset value;
 - (iii) clarification of the rebate arrangement in respect of BCT (Industry) Hong Kong Equity Fund, BCT (Industry) Asian Equity Fund, BCT (Industry) Global Equity Fund, BCT (Industry) E70 Mixed Asset Fund, BCT (Industry) E50 Mixed Asset Fund, BCT (Industry) E30 Mixed Asset Fund, BCT (Industry) RMB Bond Fund and BCT (Industry) Global Bond Fund. It is clarified that there are no more rebates in respect of the abovementioned constituent funds. To provide better clarity to members, the disclosures on the current levels of trustee, administration and sponsor fees payable out of these constituent funds have been updated to reflect the actual current levels after factoring in the rebates by the Trustee / Sponsor;
 - (iv) enhancement of disclosures on fees by including a breakdown of the fees, expenses and charges payable by the relevant constituent funds and their underlying funds;
 - (v) clarification that the term "trustee and administration fee" includes custodian fee;

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- (vi) clarification that the costs and expenses borne by each constituent fund that are related to the operation and continuation of such constituent fund include sub-custodians' fee (where applicable);
 - (vii) clarification that the management fees of the underlying funds include sponsor fee, investment management fee, trustee, administration and custodian fee and registrar fee; and
 - (viii) clarification that the administrative expenses in respect of BCT (Industry) MPF Conservative Fund include the trustee, administration and custodian fee, sponsor fee and investment management fee.
- the change of the Chinese newspapers for publication of net asset value per unit, the issue price and the redemption price for each constituent fund from Hong Kong Economic Times to Sing Tao Daily;
 - change of the name of "Citi MPF World Government Bond Index" in relation to BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund to "FTSE MPF World Government Bond Index"; and
 - the introduction of the tax deductible voluntary contributions; and the update of the method of payment of accrued benefits.

After the end of the financial year ended, there have also been certain key changes to the governing rules/principal brochure of the Plan with effect from 1 January 2020 for:

- the restructuring of the special voluntary contribution account;
- changes relating to partial withdrawal of special voluntary contributions and TVC; and
- the removal of the reference of "Easy Gold Plan".

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

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PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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.

- 4.2 The Customer Service Counter at the BCT office where employers and members can enjoy one-stop MPF services in relation to managing their MPF accounts, obtaining Plan information and other MPF related administrative information and support.

- 4.3 Direct Debit Authorization (DDA), Internet Banking Bill Payment Service and PPS where employers can make contribution payments.

- 4.4 Members can check the account balance by JETCO Automatic Teller Machines (“ATM”) terminals.

- 4.5 The BCT client relationship teams which are dedicated to providing quality services and assistance to employers in matters relating to MPF management as well as latest information about their participating plans and MPF regulation.

- 4.6 Employer Hotline 2298 9388 and Member Hotline 2298 9333 where employers and members can enquire about their accounts, obtain Plan information, performance of investment funds and other related information.

- 4.7 A 24-hour interactive voice response system which members can access their accounts with their PINs to obtain administrative forms and fund information via fax-on-demand facility.

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

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- 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.
- 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

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PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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
- ◆ 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, Admiralty, Hong Kong
- ◆ Allianz Global Investors Asia Pacific Limited
27/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

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

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PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

5.6 Sub-custodian

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

- ◆ The Bank of New York Mellon Corporation
240 Greenwich Street, New York, NY 10286, United States of America
(formerly 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
- ◆ 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
45 Des Voeux Road Central, Hong Kong

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

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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
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) (Ceased/Resigned on 31 January 2020)	Senior Executive Director & Head of Commercial Banking Division Dah Sing Bank, Limited 35/F, Everbright Centre 108 Gloucester Road, Wanchai Hong Kong

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Mr. KWOK Sek-chi, David	Deputy Chairman, 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	Director & Chief Executive Officer CMB Wing Lung Insurance Brokers Limited 1/F, CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong
Ms. LAU Ka Shi	Managing Director & CEO Bank Consortium Trust Company Limited 18/F, Cosco Tower 183 Queen's Road Central Hong Kong
Mr. LECKIE Stuart Hamilton, OBE, JP (Independent Director)	Chairman Stirling Finance Limited 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

BCT (MPF) INDUSTRY CHOICE

PLAN REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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)

(Ceased/Resigned on 31 January 2020)

Mr. KWOK Sek-chi, David

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

Mr. WANG Frank John

Mr. WOO Lap Hoi

Ms. LAU Ka Shi

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

Mr. TAM Po Chiu (Independent Director)

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

8. Board of Directors of OCBC Wing Hang Bank Limited

Dr FUNG Yuk Bun Patrick JP

Mr NA Wu Beng

Mr Frank John WANG

Ms KNG Hwee Tin

Mr SOON Tit Koon

Mr Samuel N 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 2019

1. Overview

Constituent Funds

The Plan has introduced Default Investment Strategy under the MPFSO. During the reporting year, the Plan offered 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”)
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

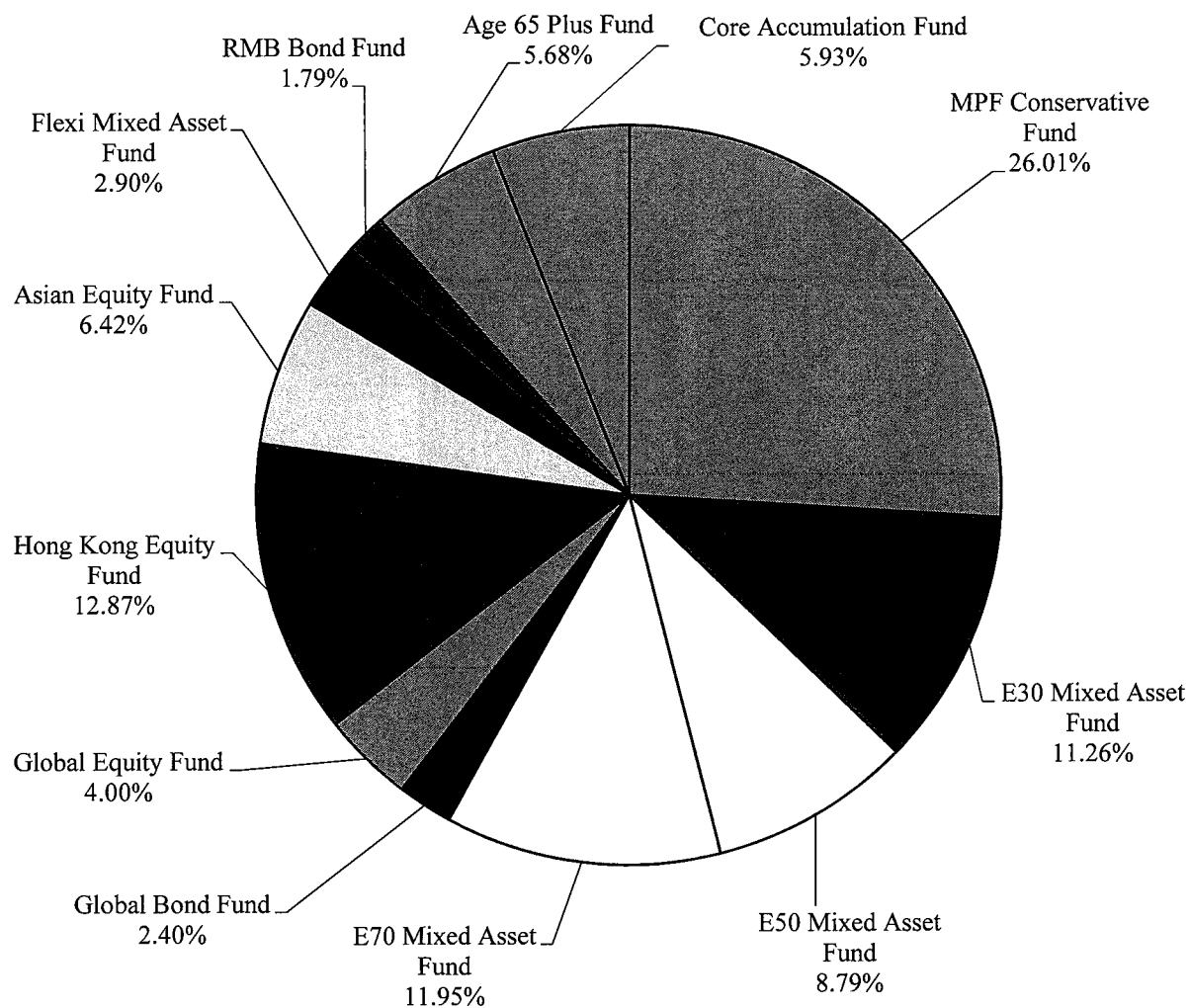
Invesco Hong Kong Limited has been appointed as the investment manager to carry out the investment management functions of the constituent funds (1) to (4) and (10) to (12). Franklin Templeton Investments (Asia) Limited has been appointed as the investment manager of the Global Bond Fund and Global Equity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

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Distribution of Constituent Funds

As at 31 December 2019, the proportion of each constituent fund in compared with the total constituent funds is as follows:



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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

2. Investment Income and Performance

	<u>MPF Conservative Fund</u>			<u>E30 Mixed Asset Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	22,520,823	17,091,649	9,922,872	389	156	42
Dividend income	-	-	-	-	-	-
Other income	-	-	5,040	5,597	126,628	156,850
Total income	<u>22,520,823</u>	<u>17,091,649</u>	<u>9,927,912</u>	<u>5,986</u>	<u>126,784</u>	<u>156,892</u>
Net income/(loss) – excluding capital appreciation and depreciation	7,798,506	3,198,490	(2,386,942)	(9,819,682)	(9,733,502)	(12,111,742)
Net investment appreciation/(depreciation) – realised and unrealised	7,029,032	5,769,394	2,643,930	59,921,488	(31,192,404)	106,275,453

	<u>E50 Mixed Asset Fund</u>			<u>E70 Mixed Asset Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	298	111	10	365	138	14
Dividend income	-	-	-	-	-	-
Other income	4,283	98,215	95,165	5,653	132,483	125,908
Total income	<u>4,581</u>	<u>98,326</u>	<u>95,175</u>	<u>6,018</u>	<u>132,621</u>	<u>125,922</u>
Net income/(loss) – excluding capital appreciation and depreciation	(7,599,587)	(7,552,689)	(7,336,193)	(10,156,844)	(10,182,158)	(9,698,591)
Net investment appreciation/(depreciation) – realised and unrealised	56,745,108	(34,741,394)	85,329,838	89,808,202	(60,088,707)	141,933,989

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Global Bond Fund</u>			<u>Global Equity Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	351	119	7	314	99	11
Dividend income	-	-	-	-	-	-
Other income	318,096	309,758	266,590	483,502	689,422	607,440
Total income	<u>318,447</u>	<u>309,877</u>	<u>266,597</u>	<u>483,816</u>	<u>689,521</u>	<u>607,451</u>
Net income/(loss) – excluding capital appreciation and depreciation	(895,348)	(769,068)	(680,716)	(1,352,663)	(1,207,044)	(1,110,732)
Net investment appreciation/(depreciation) – realised and unrealised	3,163,543	(983,270)	3,649,542	31,416,801	(29,071,251)	26,458,541
	<u>Hong Kong Equity Fund</u>			<u>Asian Equity Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	3,297	1,239	114	234	90	9
Dividend income	-	-	-	-	-	-
Other income	130,880	1,991,435	1,738,048	3,575	83,414	75,384
Total income	<u>134,177</u>	<u>1,992,674</u>	<u>1,738,162</u>	<u>3,809</u>	<u>83,504</u>	<u>75,393</u>
Net income/(loss) – excluding capital appreciation and depreciation	(5,607,323)	(5,265,717)	(4,597,928)	(3,439,482)	(3,290,647)	(2,980,310)
Net investment appreciation/(depreciation) – realised and unrealised	98,187,285	(84,307,106)	198,570,803	42,666,691	(48,381,537)	99,257,291

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Flexi Mixed Asset Fund</u>			<u>RMB Bond Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	113	47	5	142	124	6
Dividend income	-	-	-	-	-	-
Other income	-	-	-	14,773	290,836	193,779
Total income	<u>113</u>	<u>47</u>	<u>5</u>	<u>14,915</u>	<u>290,960</u>	<u>193,785</u>
Net income/(loss) – excluding capital appreciation and depreciation	(1,795,865)	(1,586,238)	(1,424,914)	(1,029,652)	(910,889)	(571,915)
Net investment appreciation/(depreciation) – realised and unrealised	13,830,097	(6,045,669)	9,005,100	2,222,644	345,684	3,630,293
	<u>Core Accumulation Fund</u>			<u>Age 65 Plus Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Interest income	889	234	10	1,042	362	9
Dividend income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	<u>889</u>	<u>234</u>	<u>10</u>	<u>1,042</u>	<u>362</u>	<u>9</u>
Net income/(loss) – excluding capital appreciation and depreciation	(1,965,242)	(1,242,119)	(443,855)	(2,159,675)	(1,928,358)	(442,519)
Net investment appreciation/(depreciation) – realised and unrealised	40,401,346	(13,296,755)	8,996,934	27,334,499	(3,131,357)	3,451,659

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

Economic growth slowed down in 2019 in the US, the Eurozone or China. However, it still remained positive. In addition to specific difficulties for the automotive sector, the uncertainties generated by the US-China trade tensions and the lack of visibility about the Brexit played important roles in the deceleration. At the end of the year, the stepping back of these risks brought a hopeful note. The central banks started new easing monetary policies, which were very positive on equity markets. Fixed income returns decreased as of the end of Q3 before a rebound in Q4.

United States

The US economy witnessed a progressive deceleration. At the start of the year, the US suffered amid political uncertainties due to the longest government shutdown in history and a further escalation in the US-China trade tensions. Despite constant talks between the US and China, they were followed by abrupt stops and increases in tariffs. The Federal Reserve (The Fed) turned to a dovish stance and carried out three rate cuts, due to concerns of the risks posed by the trade war and its implications on the US economy. The current monetary policy is deemed appropriate to the Fed's goals and a material deterioration to the economic assessment would be needed to further adjust the rates. The economy decelerated gradually from the peak in Q2 2018 to 2.1% year-over-year in Q3 2019, as the effects of the fiscal stimulus of the previous year waned, the uncertainty on the trade mounted and investments retrenched.

Europe

In the Eurozone, after a good start of the year (0.4% in Q1), the economic growth decelerated over the next two quarters (0.2%). The main reasons of this slowdown were the US-China trade conflicts, uncertainties about the Brexit and sectorial difficulties, especially in the automotive sector. The European Central Bank implemented new monetary policies in response to these rising risks. At the end of Q4, the financial environment improved after a positive progress of the Brexit, the trade agreement between the US and China and the stabilization / rebound of short-term economic indicators. Globally, the difficulties remained concentrated in the industrial sector. The job creation rhythm decelerated while the unemployment rate decreased (7.5% in October, as opposed to 8% last year). Politically, the main events were the Brexit, the political regime change in Italy (decreasing risks between Italy and the EU) and uncertainties brought by the election in Spain.

Japan

Tokyo's equity market rebounded as fears of global economic downturn ebbed. China's surprise cut in required reserve ratio and its launch of sizable economic stimulus package, coupled with the hopes of easing US-China trade disputes accentuated the rally. The rally continued when the Chairman of the Fed, Jerome Powell, delivered a temperate message, suggesting a pause of credit tightening. The strong corporates' capital spending plan shown in the BOJ Bank of Japan Tankan survey (BOJ Tankan) sent the market to a four-and-half-month high in April. Japanese market recorded the largest gain among the developed countries in September, taking a cue from the

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official withdrawal of a controversial extradition bill by the Chief Executive of Hong Kong and the approval of Brexit delay bill in the UK Parliament. On the other hand, optimism on the US-China trade negotiations and the open stance of the BOJ to further credit easing also engineered equity rally. The market maintained its buoyancy until the end of the year in hopes of the US-China trade deal and the government's sizable economic stimulus. Equities skyrocketed in the middle of December with the agreement of a phase 1 trade deal between the US and China, a landslide victory of the ruling conservative party in the UK, and resiliency in the service sector illustrated by the BOJ Tankan.

Asia ex Japan

Asian equities ended in a high note in 2019. Trade related news dominated market performance over the year. Towards the end of the year, China and the US made substantial progress on trade and reached an agreement on the phase 1 deal, which exceeded market expectation and led to a risk-on sentiment. In terms of country performance, Taiwan market finished the year as the best performing market in Asia ex Japan region. The strong return delivered by the Information Technology sector was a key driver to its outperformance thanks to the new iPhone cycle and 5G rollout. India was behind its regional peers due to its cyclical economic slowdown. The Indian government has been taking decisive steps to engage industry stakeholders and has formulated targeted measures to address sector-specific issues in the economy, hence growth is likely to be bottoming out. In terms of sectors, Information Technology was the best performing sector in the region over the quarter thanks to easing trade tensions and strong corporate earnings growth. Consumer sector did very well too, especially in the Greater China.

China and Hong Kong

Trade related news dominated market performance over the year. China and the US held high-level trade talks in October, and both agreed to work towards the phase 1 trade agreement which included suspension of certain tariffs by the US and the increase in purchases of the US agricultural products by China. A trade deal was later confirmed in December which included terms to roll back some earlier tariffs. This exceeded market expectation and led to a risk-on sentiment. On the domestic front, the government continued to lend support to the economy. The People's Bank of China cut key market rates and the government brought forward RMB 1 trillion of the 2020 special purpose bond quota to support infrastructure spending. Hong Kong market delivered positive returns over the year. The ongoing social situation continued to negatively affect retail sales and tourism inflows, leading to rising unemployment. Hong Kong economy contracted and entered into a technical recession in Q3. We remained cautious towards its growth outlook given the uncertainty over the social situation.

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Global Bond

Fixed income markets underwent two phases of development in 2019. At first, yields fell sharply to reach a low point at the end of August. The 10-year US Treasury bond yield was 2.7% at the start of the year and dropped to a low of 1.5%. The German 10-year bond yield fell from 0.2% to -0.7%, which was an all-time low record. The decline was due to the slowdown in the global economy and the change of central banks' policies. The Fed had three rate cuts this year, although the expectations were three rate hikes. Global economic growth for 2019 was revised to 3%. Two years ago, 75% of the economy accelerated. Then, long-term rates began to rebound on the back of a more positive expectation for global economic growth. The probability of a short-term recession dropped significantly. The US and German 10-year bond yields ended the year at levels close to 1.9% and -0.2% respectively.

COVID-19

The global spreading of COVID-19 in 2020 has heavily disrupted global economies and financial markets. The economic backdrop highlight a global recession with sequencing drawdown and diverging recovery path. The length of the weakness and the extent of permanent output loss and demand destruction will depend from lockdowns duration, only partially compensated by central banks and governments' actions. The recovery will lead to de-synchronized paths that identify 3 blocks: China/S-Asia, US/Europe and Developing countries leading to specific investment opportunities. Labour market will be the key assessing the final shock to internal demand. Unemployment is seen on the rise to levels not seen in the last 50 years, if policies and schemes to support reduced hours workers fail to produce their intended effects. Most vulnerable: Italy and Spain, where labour market is more exposed to temp workers, sectors at risk (tourism-related) and still has not fully recovered from 2012 crisis. Among emerging markets, the larger the informal sector, the more pronounced the shock. For China, policy has tilted towards further easing to cope with downside (exacerbated by weakening global demand). COVID-19 exacerbate emerging market fragilities on rising debts, increasing external vulnerability and oil dependency. The Investment Managers of the Constituent Funds will continue to closely monitor the market situation and will take further appropriate action where necessary.

Note: Index performance is expressed on a total return basis, in local currency terms for 2019 (from the closing price of the last trading day of December 2018 to the closing price of the last trading day of December 2019) unless otherwise stated.

[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.]

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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>	1.05	0.35	0.22	0.65
Performance Target <i>[MPF Prescribed Savings Rates]</i>	0.10	0.03	0.02	0.45
Deviation from the performance target	0.95	0.32	0.20	0.20
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the overweight positions in 3-6 months tenor of term deposits / certificate of deposits on the back of HIBOR curve steepening.				
	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>	8.50	2.35	2.75	3.72
Performance Target <i>[Willis Towers Watson MPF Benchmark (Equity 20% -40%) (FER adjusted*)]</i>	7.88	2.12	2.08	3.30
Deviation from the performance target	0.62	0.23	0.67	0.42
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the security selection under the equity sleeve of the fund, primarily from Europe and North America. As of 31 December 2019, the fund's equity exposure through investment in underlying APIF to these markets amounted to about 14.2%. Furthermore, asset allocation was a positive contributor despite it was partially offset by the overweight in cash.				

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	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>	10.92	3.24	3.58	4.10
Performance Target <i>[Willis Towers Watson MPF Benchmark (Equity 40% -60%) (FER adjusted^)]</i>	11.09	3.32	3.26	4.04
Deviation from the performance target	-0.17	-0.08	0.32	0.06
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the unfavourable security selection under the equity sleeve of the fund, primarily from Europe and North America. As of 31 December 2019, the fund's equity exposure through investment in underlying APIF to these markets amounted to about 22.9%.				
	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>	13.43	4.20	4.42	4.34
Performance Target <i>[Willis Towers Watson MPF Benchmark (Equity 60% -80%) (FER adjusted^)]</i>	14.00	4.35	4.26	4.48
Deviation from the performance target	-0.57	-0.15	0.16	-0.14
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the unfavourable security selection under the equity sleeve of the fund, primarily from Europe and North America. As of 31 December 2019, the fund's equity exposure through investment in underlying APIF to these markets amounted to about 31.6%.				

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	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>	1.81	-1.34	0.37	2.32
Performance Target <i>[FTSE World Government Bond Index TR USD 35% Hedged HKD (FER adjusted[^])]</i>	4.51	0.58	0.70	2.16
Deviation from the performance target	-2.70	-1.92	-0.33	0.16
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the underweight duration position in European bonds and U.S. bonds that detracted from the overall fund's return.				
	Annualized return (in terms of %)			
	1 year*	5 years	10 years	Since Launch
BCT (Industry) Global Equity Fund <i>Launch date: 01/10/2002</i>	16.93	3.41	5.57	6.16
Performance Target <i>[FTSE MPF All World Hedged TR (FER adjusted[^])]</i>	24.44	7.00	7.48	7.33
Deviation from the performance target	-7.51	-3.59	-1.91	-1.17
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the weak security selection in Asia and United States, while the underweight position in United States also undermined the fund's return.				

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	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>	15.20	6.13	4.47	9.05
Performance Target <i>[FTSE MPF Hong Kong TR (FER adjusted[^])]</i>	12.66	5.06	4.26	5.49
Deviation from the performance target	2.54	1.07	0.21	3.56
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to stock selection in the Consumer Goods and Healthcare sectors and sector allocation with, relative to the benchmark, an overweight in the Consumer Goods sector and an underweight in the Industrials sector.				
	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>	12.67	4.78	5.25	8.22
Performance Target <i>[FTSE MPF Asia Pacific excluding Japan, Australia and New Zealand TR (FER adjusted[^])]</i>	13.62	4.58	4.24	7.83
Deviation from the performance target	-0.95	0.20	1.01	0.39
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to overweight position in India and security selection in Thailand, which detracted from the overall fund's return.				

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	Annualized return (in terms of %)			
	1 year*	5 years	10 years	Since Launch
BCT (Industry) Flexi Mixed Asset Fund <i>Launch date: 01/08/2005</i>	8.27	1.61	2.51	3.01
Performance Target <i>[Year End 5-Year Average Composite Consumer Price Index Hong Kong (FER adjusted[^])]</i>	1.20	1.65	1.64	1.57
Deviation from the performance target	7.07	-0.04	0.87	1.44
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was due to outperformance of the global bonds, as well as the exposure in Japanese, European and North American equities which rallied significantly over the period. Besides, the increase of global equity exposure from 18.6% (December 2018) to 20.1% (December 2019) also contributed to the fund's outperformance.				
	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>	1.45	-0.20	n/a	-0.26
Performance Target <i>[Markit iBoxx ALBI China Offshore Non-Government Investment Grade 30% Hedged HKD (FER adjusted[^])]</i>	1.54	0.42	n/a	0.25
Deviation from the performance target	-0.09	-0.62	n/a	-0.51
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the fund's position on the shorter end of the yield curve. Shorter duration positioning was the primarily cause of the performance deviation relative to the performance target.				

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	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>	15.71	n/a	n/a	5.84
Performance Target <i>[FTSE MPF Default Investment Strategy Core Accumulation Fund Reference Portfolio (FER adjusted[^])]</i>	16.10	n/a	n/a	6.24
Deviation from the performance target	-0.39	n/a	n/a	-0.40
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the negative contribution from the overweight in fixed income. Weak security selection in the United States in terms of countries, and Healthcare, Industrials and Consumer Services in terms of sectors also negatively contributed to the overall fund's return.				
	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>	8.98	n/a	n/a	3.62
Performance Target <i>[FTSE MPF Default Investment Strategy Age 65 Plus Fund Reference Portfolio (FER adjusted[^])]</i>	8.68	n/a	n/a	3.23
Deviation from the performance target	0.30	n/a	n/a	0.39
Trustee's commentary According to the Investment Manager/Sponsor, the deviation of the 1-year performance in respect of the financial year ended 31 December 2019 was mainly due to the positive contribution from the overweight in cash. Security selection in Financials in terms of sectors, and the European duration and yield curve positioning also positively contributed to the overall fund's return.				

[^] FER adjustment was done by simple deduction of 2019 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.

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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.

During the year, BCT (Industry) Global Equity Fund remained under the Watchlist review due to underperformance. Additional and more frequent discussions/follow up actions with the Investment Manager were performed by the Trustee/Sponsor. For the BCT (Industry) RMB Bond Fund, the Trustee and Sponsor have been working closely with the relevant Investment Manager to explore the possibility of expanding the investment universe. Subject to changes in economic and market conditions as well as operating environment, both the Trustee and Sponsor will continue the efforts to enhance efficiency of the scheme (e.g. considering the use of passive funds and/or other measures that could have positive impact on fund performance and provide a wider range of funds for scheme members). Scheme participants will be kept informed as appropriate.

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>2019</u>	<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>
Net asset value (HK\$ million)	1,442.59	1,377.29	1,257.26	1,243.06	1,158.08	1,078.33	1,006.50	929.84	857.18	808.57
Net asset value per unit (HK\$)	1.1326	1.1208	1.1134	1.1131	1.1131	1.1129	1.1108	1.1108	1.1082	1.1082
Highest issue price (HK\$)	1.1326	1.1208	1.1135	1.1132	1.1131	1.1130	1.1110	1.1108	1.1085	1.1082
Lowest redemption price (HK\$)	1.1209	1.1134	1.1131	1.1129	1.1129	1.1109	1.1108	1.1082	1.1082	1.1081
Net annualised investment return	1.05%	0.66%	0.03%	0.00%	0.02%	0.19%	0.00%	0.23%	0.00%	0.01%

E30 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	624.61	595.98	656.41	792.80	715.20	668.75	603.23	538.39	460.03	446.34
Net asset value per unit (HK\$)	2.0095	1.8521	1.9780	1.7583	1.7459	1.7895	1.7545	1.7030	1.5602	1.5947
Highest issue price (HK\$)	2.0108	2.0366	1.9782	1.8566	1.8688	1.8290	1.7595	1.7056	1.6619	1.6364
Lowest redemption price (HK\$)	1.8485	1.8342	0.9170	1.6844	1.7238	1.7356	1.6514	1.5628	1.5186	1.4635
Net annualised investment return	8.50%	-6.37%	12.50%	0.71%	-2.44%	1.99%	3.02%	9.15%	-2.16%	4.09%

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E50 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	487.83	454.08	508.45	433.90	421.87	429.24	414.10	378.04	329.77	343.21
Net asset value per unit (HK\$)	2.1556	1.9434	2.1240	1.8007	1.7825	1.8381	1.8054	1.6858	1.5038	1.5950
Highest issue price (HK\$)	2.1576	2.2194	2.1242	1.8862	1.9682	1.8947	1.8054	1.6898	1.6668	1.6303
Lowest redemption price (HK\$)	1.9312	1.9167	1.4154	1.6730	1.7349	1.7601	1.6479	1.5087	1.4368	1.4155
Net annualised investment return	10.92%	-8.50%	17.95%	1.02%	-3.02%	1.81%	7.09%	12.10%	-5.72%	5.21%

E70 Mixed Asset Fund

(Date of launch: 1 December 2000)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	663.11	597.86	688.00	560.95	543.53	557.93	540.40	476.05	409.69	446.34
Net asset value per unit (HK\$)	2.2495	1.9831	2.2157	1.7930	1.7637	1.8314	1.8021	1.6196	1.4068	1.5511
Highest issue price (HK\$)	2.2527	2.3470	2.2159	1.8636	2.0080	1.9026	1.8021	1.6249	1.6315	1.5794
Lowest redemption price (HK\$)	1.9620	1.9477	1.7879	1.6002	1.6906	1.7312	1.5958	1.3973	1.3181	1.3287
Net annualised investment return	13.43%	-10.50%	23.58%	1.66%	-3.70%	1.63%	11.27%	15.13%	-9.30%	6.28%

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Global Bond Fund

(Date of launch: 1 October 2002)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	132.94	121.32	110.71	91.64	83.99	81.74	73.85	66.02	52.30	44.66
Net asset value per unit (HK\$)	1.4866	1.4602	1.4818	1.4364	1.4856	1.5905	1.6301	1.6563	1.5401	1.5459
Highest issue price (HK\$)	1.4866	1.5034	1.5068	1.5040	1.5923	1.6635	1.6761	1.6566	1.6264	1.5909
Lowest redemption price (HK\$)	1.4594	1.4321	1.4327	1.4343	1.4802	1.5891	1.5935	1.5434	1.5205	1.4210
Net annualised investment return	1.81%	-1.46%	3.16%	-3.31%	-6.60%	-2.43%	-1.58%	7.54%	-0.38%	7.87%

Global Equity Fund

(Date of launch: 1 October 2002)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	222.09	168.84	186.57	145.65	120.15	113.64	100.20	70.64	53.33	51.86
Net asset value per unit (HK\$)	2.8074	2.4009	2.8364	2.4348	2.2692	2.3738	2.3608	1.8896	1.6031	1.7369
Highest issue price (HK\$)	2.8180	3.0286	2.8401	2.4600	2.6125	2.5088	2.3608	1.9018	1.9009	1.7419
Lowest redemption price (HK\$)	2.3882	2.3406	1.8537	1.9245	2.1315	2.2220	1.9190	1.5367	1.4628	1.4330
Net annualised investment return	16.93%	-15.35%	16.49%	7.30%	-4.41%	0.55%	24.94%	17.87%	-7.70%	6.34%

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Hong Kong Equity Fund

(Date of launch: 1 October 2002)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	714.13	600.55	668.49	462.96	412.21	381.60	327.91	269.94	197.31	203.75
Net asset value per unit (HK\$)	4.4619	3.8733	4.4675	3.1605	3.1462	3.3134	3.2191	2.9953	2.4888	3.1311
Highest issue price (HK\$)	4.5740	4.9506	4.4735	3.4821	4.0501	3.4610	3.2845	2.9963	3.3062	3.3918
Lowest redemption price (HK\$)	3.7548	3.7107	2.5453	2.5947	2.9259	2.9460	2.7069	2.4198	2.2410	2.4750
Net annualised investment return	15.20%	-13.30%	41.35%	0.45%	-5.05%	2.93%	7.47%	20.35%	-20.51%	8.65%

Asian Equity Fund

(Date of launch: 1 May 2004)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	356.23	304.93	349.46	237.15	209.31	206.90	169.38	150.75	107.47	104.95
Net asset value per unit (HK\$)	3.4484	3.0607	3.5888	2.5749	2.4961	2.7302	2.4880	2.5126	2.0399	2.4010
Highest issue price (HK\$)	3.4854	3.8529	3.6154	2.8340	3.0113	2.8293	2.6132	2.5156	2.5348	2.4055
Lowest redemption price (HK\$)	2.9855	2.9356	1.8686	2.2218	2.3861	2.3529	2.2664	2.0600	1.8698	1.8307
Net annualised investment return	12.67%	-14.72%	39.38%	3.16%	-8.57%	9.73%	-0.98%	23.17%	-15.04%	16.09%

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Flexi Mixed Asset Fund

(Date of launch: 1 August 2005)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	161.18	142.07	136.09	114.99	98.59	85.09	67.79	51.30	36.44	26.40
Net asset value per unit (HK\$)	1.5343	1.4171	1.4948	1.4075	1.3982	1.4165	1.3793	1.3501	1.2539	1.2580
Highest issue price (HK\$)	1.5353	1.5184	1.4949	1.4343	1.4654	1.4189	1.3924	1.3503	1.2942	1.2646
Lowest redemption price (HK\$)	1.4137	1.4086	1.4099	1.3752	1.3650	1.3632	1.3269	1.2554	1.2240	1.1919
Net annualised investment return	8.27%	-5.20%	6.20%	0.67%	-1.29%	2.70%	2.16%	7.67%	-0.33%	5.01%

RMB Bond Fund

(Date of launch: 4 March 2013)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	99.57	83.36	64.10	41.33	29.07	16.34	6.85	-	-	-
Net asset value per unit (HK\$)	0.9825	0.9685	0.9722	0.9171	0.9443	0.9926	1.0038	-	-	-
Highest issue price (HK\$)	0.9981	1.0017	0.9747	0.9581	0.9999	1.0087	1.0066	-	-	-
Lowest redemption price (HK\$)	0.9633	0.9571	0.9155	0.9171	0.9442	0.9863	0.9847	-	-	-
Net annualised investment return	1.45%	-0.38%	6.01%	-2.88%	-4.87%	-1.12%	0.38%*	-	-	-

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Core Accumulation Fund

(Date of launch: 1 April 2017)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	329.14	215.43	156.00	-	-	-	-	-	-	-
Net asset value per unit (HK\$)	1.1691	1.0104	1.0823	-	-	-	-	-	-	-
Highest issue price (HK\$)	1.1725	1.1285	1.1133	-	-	-	-	-	-	-
Lowest redemption price (HK\$)	1.0025	0.9847	0.9989	-	-	-	-	-	-	-
Net annualised investment return	15.71%	-6.64%	8.23%*	-	-	-	-	-	-	-

Age 65 Plus Fund

(Date of launch: 1 April 2017)

Financial year	<u>2019</u>	<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>
Net asset value (HK\$ million)	315.13	278.85	258.04	-	-	-	-	-	-	-
Net asset value per unit (HK\$)	1.1029	1.0120	1.0298	-	-	-	-	-	-	-
Highest issue price (HK\$)	1.1063	1.0403	1.0318	-	-	-	-	-	-	-
Lowest redemption price (HK\$)	1.0127	1.0022	0.9999	-	-	-	-	-	-	-
Net annualised investment return	8.98%	-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 2019

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

Financial year	<u>FER</u> <u>2019</u>	<u>Transaction costs</u> <u>2019</u> (HK\$)
MPF Conservative Fund	1.04%	-
E30 Mixed Asset Fund	1.75%	-
E50 Mixed Asset Fund	1.76%	-
E70 Mixed Asset Fund	1.75%	-
Global Bond Fund	1.78%	-
Global Equity Fund	1.86%	-
Hong Kong Equity Fund	1.69%	-
Asian Equity Fund	1.89%	-
Flexi Mixed Asset Fund	1.70%	-
RMB Bond Fund	1.24%	-
Core Accumulation Fund	0.93%	-
Age 65 Plus Fund	0.95%	-

Note: Pursuant to letter dated 1 November 2019 ("Issue Date of the Circular Letter") from the Mandatory Provident Fund Schemes Authority (the "MPFA") in relation to the calculation of fund expense ratio, an amendment was made on the treatment of listed real estate investment trusts (REITs) for the purposes of Fund Expense Ratio calculation. Further to the consideration of the views of the Hong Kong Trustees' Association (the "HKTA") and the MPFA, the fees and charges of a listed REIT need not be regarded as "underlying fund costs" of a constituent fund. The amendment was effective for the financial periods ending on or after the Issue Date of the Circular Letter.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019

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 2019

Flexi Mixed Asset Fund

As stated in its constitutive documents, the objective of the Flexi Mixed Asset Fund is to provide members with long-term capital preservation not related to an index by investing solely in Allianz Choice Flexi Balanced 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 2019

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, 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, 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 2019

4. Investments Held

The net assets of the constituent funds as at 31 December 2019, 2018 and 2017 are summarised below:

	<u>MPF Conservative Fund</u>			<u>E30 Mixed Asset Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	1,425,975,790	1,357,180,599	1,240,226,192	625,895,189	597,103,786	657,578,754
Other net assets/(liabilities)	16,619,149	20,107,767	17,038,269	(1,281,098)	(1,122,502)	(1,165,808)
Total	<u>1,442,594,939</u>	<u>1,377,288,366</u>	<u>1,257,264,461</u>	<u>624,614,091</u>	<u>595,981,284</u>	<u>656,412,946</u>
Investments, at cost	<u>1,422,852,231</u>	<u>1,353,689,222</u>	<u>1,239,756,770</u>	<u>457,178,037</u>	<u>471,881,612</u>	<u>483,172,150</u>

	<u>E50 Mixed Asset Fund</u>			<u>E70 Mixed Asset Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	489,036,779	454,845,995	509,573,634	664,292,636	598,832,480	689,145,241
Other net assets/(liabilities)	(1,209,511)	(766,784)	(1,126,475)	(1,186,275)	(973,839)	(1,146,470)
Total	<u>487,827,268</u>	<u>454,079,211</u>	<u>508,447,159</u>	<u>663,106,361</u>	<u>597,858,641</u>	<u>687,998,771</u>
Investments, at cost	<u>298,774,868</u>	<u>301,861,751</u>	<u>300,619,483</u>	<u>375,995,620</u>	<u>374,024,021</u>	<u>370,700,950</u>

	<u>Global Bond Fund</u>			<u>Global Equity Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	132,984,667	121,265,177	110,843,004	221,074,412	168,643,487	186,293,681
Other net assets/(liabilities)	(40,082)	54,524	(129,419)	1,013,140	191,878	279,340
Total	<u>132,944,585</u>	<u>121,319,701</u>	<u>110,713,585</u>	<u>222,087,552</u>	<u>168,835,365</u>	<u>186,573,021</u>
Investments, at cost	<u>130,483,383</u>	<u>121,756,545</u>	<u>110,379,181</u>	<u>180,138,141</u>	<u>155,810,872</u>	<u>138,861,925</u>

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Hong Kong Equity Fund</u>			<u>Asian Equity Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	714,874,170	598,851,098	667,477,875	356,413,761	305,203,582	349,497,340
Other net assets/(liabilities)	(746,307)	1,696,128	1,016,028	(183,277)	(274,865)	(33,144)
Total	<u>714,127,863</u>	<u>600,547,226</u>	<u>668,493,903</u>	<u>356,230,484</u>	<u>304,928,717</u>	<u>349,464,196</u>
Investments, at cost	<u>577,988,504</u>	<u>537,333,577</u>	<u>478,593,409</u>	<u>266,340,929</u>	<u>249,705,904</u>	<u>231,498,643</u>

	<u>Flexi Mixed Asset Fund</u>			<u>RMB Bond Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	161,414,843	142,159,325	136,202,366	99,812,518	82,639,773	64,392,129
Other net assets/(liabilities)	(234,039)	(87,197)	(110,848)	(238,208)	716,285	(294,568)
Total	<u>161,180,804</u>	<u>142,072,128</u>	<u>136,091,518</u>	<u>99,574,310</u>	<u>83,356,058</u>	<u>64,097,561</u>
Investments, at cost	<u>141,518,048</u>	<u>134,414,633</u>	<u>120,473,715</u>	<u>97,061,782</u>	<u>81,171,069</u>	<u>60,590,624</u>

	<u>Core Accumulation Fund</u>			<u>Age 65 Plus Fund</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Investments, at fair value	326,192,507	213,807,037	154,403,195	313,803,440	278,064,713	257,115,375
Other net assets/(liabilities)	2,947,866	1,620,679	1,595,639	1,321,816	786,181	924,880
Total	<u>329,140,373</u>	<u>215,427,716</u>	<u>155,998,834</u>	<u>315,125,256</u>	<u>278,850,894</u>	<u>258,040,255</u>
Investments, at cost	<u>295,626,851</u>	<u>220,290,930</u>	<u>145,927,727</u>	<u>291,457,232</u>	<u>278,298,075</u>	<u>253,845,494</u>

The investment portfolio for these constituent funds as at 31 December 2019 is included in Schedule 2 of this report.

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Schedule 1

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Debt Securities		
Hong Kong Dollar	0.69	-
Total Debt Securities	0.69	-
Certificates of Deposit		
Hong Kong Dollar	24.60	22.32
Total Certificates of Deposit	24.60	22.32
Fixed Deposits		
Hong Kong Dollar	73.56	76.22
Total Fixed Deposits	73.56	76.22
Total Investments	98.85	98.54

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Global Stable Fund (Class B)	100.21	100.19
Total Investments	100.21	100.19

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Global Stable Growth Fund (Class B)	100.25	100.17
Total Investments	100.25	100.17

BCT (MPF) INDUSTRY CHOICE**INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019****Schedule 1****Statement of Movements in Portfolio Holdings - BCT (Industry) E70 Mixed Asset Fund**

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Global Balanced Fund (Class B)	100.18	100.16
Total Investments	100.18	100.16

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Templeton MPF Global Bond Fund (Class A)	100.03	99.96
Total Investments	100.03	99.96

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Templeton MPF Global Equity Fund (Class A)	99.54	99.89
Total Investments	99.54	99.89

BCT (MPF) INDUSTRY CHOICE**INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019****Schedule 1****Statement of Movements in Portfolio Holdings – BCT (Industry) Hong Kong Equity Fund**

	% of Net Assets	
	Closing Balance	Opening Balance
	31/12/2019	1/1/2019
Approved Pooled Investment Fund		
Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	100.10	99.72
Total Investments	100.10	99.72

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

	% of Net Assets	
	Closing Balance	Opening Balance
	31/12/2019	1/1/2019
Approved Pooled Investment Fund		
Schroder MPF Asian Fund (Class A)	100.05	100.09
Total Investments	100.05	100.09

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

	% of Net Assets	
	Closing Balance	Opening Balance
	31/12/2019	1/1/2019
Approved Pooled Investment Fund		
Allianz Choice Flexi Balanced Fund (Class A)	100.15	100.06
Total Investments	100.15	100.06

BCT (MPF) INDUSTRY CHOICE**INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019****Schedule 1****Statement of Movements in Portfolio Holdings - BCT (Industry) RMB Bond Fund**

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
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)	100.24	99.14
Total Investments	100.24	99.14

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Core Accumulation Fund (Class A)	99.10	99.25
Total Investments	99.10	99.25

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

	% of Net Assets	
	Closing Balance 31/12/2019	Opening Balance 1/1/2019
Approved Pooled Investment Fund		
Invesco Pooled Investment Fund – Age 65 Plus Fund (Class A)	99.58	99.72
Total Investments	99.58	99.72

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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>
Debt Securities			
Hong Kong Dollar			
HONG KONG T-BILLS 0% FEB 19 2020	10,000,000	9,975,050	0.69
Total Debt Securities		9,975,050	0.69
Certificates of Deposit			
Hong Kong Dollar			
AGRICULTURAL BK CHINA/HK 0% APR 24 2020	16,000,000	15,878,640	1.10
AGRICULTURAL BK CHINA/HK 1.75% MAR 26 2020	13,000,000	13,147,675	0.91
AGRICULTURAL BK CHINA/HK 2.14% MAY 13 2020	15,000,000	15,180,053	1.05
AGRICULTURAL BK CHINA/HK 2.22% MAY 26 2020	20,000,000	20,242,300	1.40
AGRICULTURAL BK CHINA/HK 2.35% DEC 18 2020	23,000,000	23,023,161	1.60
BANK OF CHINA/HONG KONG 0% JAN 15 2020	25,000,000	24,984,000	1.73
BANK OF CHINA/HONG KONG 2% APR 08 2020	15,000,000	15,189,549	1.05
BANK OF CHINA/HONG KONG 2.15% MAY 21 2020	22,000,000	22,258,269	1.54
BANK OF CHINA/HONG KONG 2.19% AUG 21 2020	18,000,000	18,102,960	1.25
BANK OF CHINA/HONG KONG 2.24% JUN 12 2020	10,000,000	10,110,617	0.70
BANK OF CHINA/HONG KONG 2.4% FEB 25 2020	27,000,000	27,052,188	1.88
BANK OF CHINA/HONG KONG 2.4% JAN 23 2020	13,000,000	13,290,789	0.92
CHINA DEVELOPMENT BK/HK 2.1% JAN 29 2020	13,000,000	13,112,423	0.91
CHINA DEVELOPMENT BK/HK 2.1% NOV 03 2020	15,000,000	15,011,280	1.04
CHINA DEVELOPMENT BK/HK 2.2% JAN 31 2020	14,000,000	14,123,021	0.98
DAH SING BANK LTD 2.18% MAY 18 2020	14,000,000	14,173,142	0.98
DAH SING BANK LTD 2.23% SEP 24 2020	21,000,000	21,101,083	1.46
DBS BANK HONG KONG LTD 0% MAY 18 2020	20,000,000	19,816,600	1.37
DBS BANK HONG KONG LTD 2.24% FEB 28 2020	18,000,000	18,125,777	1.26
HONGKONG & SHANGHAI BK 1.95% APR 09 2020	16,000,000	16,194,503	1.12
KDB ASIA LTD 2% MAY 12 2020	5,000,000	5,054,137	0.35
Total Certificates of Deposit		355,172,167	24.60
Fixed Deposits			
Hong Kong Dollar			
BANK OF EAST ASIA LTD DEPOSIT 2.25% JAN 21 2020	31,082,135	31,082,135	2.15
BANK OF EAST ASIA LTD DEPOSIT 2.5% FEB 06 2020	15,164,404	15,164,404	1.05
BANK OF EAST ASIA LTD DEPOSIT 2.5% JAN 09 2020	2,000,000	2,000,000	0.14
BANK OF EAST ASIA LTD DEPOSIT 2.5% JAN 17 2020	15,416,311	15,416,311	1.07
BANK OF EAST ASIA LTD DEPOSIT 2.53% JAN 08 2020	20,528,550	20,528,550	1.42
BANK OF EAST ASIA LTD DEPOSIT 2.53% JAN 14 2020	10,000,000	10,000,000	0.69
BANK OF EAST ASIA LTD DEPOSIT 2.65% FEB 18 2020	25,842,901	25,842,901	1.79
BANK OF EAST ASIA LTD DEPOSIT 2.85% FEB 21 2020	15,495,168	15,495,168	1.07
CHINA CONSTRUCTION BANK ASIA DEPOSIT 2.35% JAN 02 2020	31,990,583	31,990,583	2.22
CHINA CONSTRUCTION BANK ASIA DEPOSIT 2.48% FEB 27 2020	44,389,164	44,389,164	3.08
CHINA CONSTRUCTION BANK ASIA DEPOSIT 2.48% MAR 30 2020	28,347,699	28,347,699	1.97
CMB WING LUNG BANK DEPOSIT 2.65% FEB 26 2020	20,000,000	20,000,000	1.39
DAH SING BANK DEPOSIT 2.55% FEB 21 2020	20,000,000	20,000,000	1.39
FUBON BANK DEPOSIT 2.3% JAN 02 2020	77,742,437	77,742,437	5.39
FUBON BANK DEPOSIT 2.45% JAN 07 2020	49,359,729	49,359,729	3.42
ICBC (ASIA) DEPOSIT 2.25% JAN 24 2020	20,206,117	20,206,117	1.40
ICBC (ASIA) DEPOSIT 2.25% JAN 30 2020	20,216,142	20,216,142	1.40
ICBC (ASIA) DEPOSIT 2.35% JAN 13 2020	36,780,008	36,780,008	2.55
ICBC (ASIA) DEPOSIT 2.5% MAR 27 2020	34,859,740	34,859,740	2.42
ICBC (ASIA) DEPOSIT 2.75% MAR 04 2020	22,000,000	22,000,000	1.53
OCBC WING HANG BANK DEPOSIT 2.3% FEB 06 2020	22,081,876	22,081,876	1.53
OCBC WING HANG BANK DEPOSIT 2.35% JAN 03 2020	31,113,268	31,113,268	2.16

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

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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)			
OCBC WING HANG BANK DEPOSIT 2.37% JAN 08 2020	24,693,837	24,693,837	1.71
OCBC WING HANG BANK DEPOSIT 2.4% JAN 10 2020	10,119,628	10,119,628	0.70
OCBC WING HANG BANK DEPOSIT 2.5% FEB 21 2020	20,283,520	20,283,520	1.41
PUBLIC BANK DEPOSIT 2.4% JAN 06 2020	14,000,000	14,000,000	0.97
PUBLIC BANK DEPOSIT 2.6% MAR 09 2020	42,929,029	42,929,029	2.98
PUBLIC BANK DEPOSIT 2.6% MAR 18 2020	19,327,297	19,327,297	1.34
SHANGHAI COMMERCIAL BANK DEPOSIT 2.15% JAN 23 2020	41,670,648	41,670,648	2.89
SHANGHAI COMMERCIAL BANK DEPOSIT 2.35% JAN 29 2020	14,000,000	14,000,000	0.97
SHANGHAI COMMERCIAL BANK DEPOSIT 2.6% MAR 13 2020	15,000,000	15,000,000	1.04
SUMITOMO MITSUI DEPOSIT 2.25% JAN 22 2020	31,239,346	31,239,346	2.17
SUMITOMO MITSUI DEPOSIT 2.39% FEB 06 2020	36,645,584	36,645,584	2.54
SUMITOMO MITSUI DEPOSIT 2.44% MAR 16 2020	10,121,294	10,121,294	0.70
SUMITOMO MITSUI DEPOSIT 2.47% JUN 19 2020	20,845,696	20,845,696	1.45
SUMITOMO MITSUI DEPOSIT 2.5% FEB 28 2020	20,868,434	20,868,434	1.45
SUMITOMO MITSUI DEPOSIT 2.65% JAN 15 2020	15,251,792	15,251,792	1.06
UNITED OVERSEAS BANK DEPOSIT 2.12% JAN 15 2020	20,440,036	20,440,036	1.42
UNITED OVERSEAS BANK DEPOSIT 2.27% JAN 24 2020	36,986,277	36,986,277	2.56
UNITED OVERSEAS BANK DEPOSIT 2.31% JAN 30 2020	36,818,779	36,818,779	2.55
UNITED OVERSEAS BANK DEPOSIT 2.39% JAN 13 2020	20,971,144	20,971,144	1.45
UNITED OVERSEAS BANK DEPOSIT 2.42% JAN 15 2020	14,000,000	14,000,000	0.97
Total Fixed Deposits		1,060,828,573	73.56
Total Investments		1,425,975,790	98.85
Total Investments, at cost		1,422,852,231	

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

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Schedule 2

Investment Portfolio - BCT (Industry) E30 Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Global Stable Fund (Class B)	23,393,403	625,895,189	100.21
Total Investments		625,895,189	100.21
Total Investments, at cost		457,178,037	

Investment Portfolio - BCT (Industry) E50 Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Global Stable Growth Fund (Class B)	15,192,668	489,036,779	100.25
Total Investments		489,036,779	100.25
Total Investments, at cost		298,774,868	

Investment Portfolio - BCT (Industry) E70 Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Global Balanced Fund (Class B)	22,239,384	664,292,636	100.18
Total Investments		664,292,636	100.18
Total Investments, at cost		375,995,620	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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)	6,299,605	132,984,667	100.03
Total Investments		132,984,667	100.03
Total Investments, at cost		130,483,383	

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)	8,957,634	221,074,412	99.54
Total Investments		221,074,412	99.54
Total Investments, at cost		180,138,141	

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)	2,223,421	714,874,170	100.10
Total Investments		714,874,170	100.10
Total Investments, at cost		577,988,504	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Schedule 2

Investment Portfolio - BCT (Industry) Asian Equity Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Schroder MPF Asian Fund (Class A)	6,719,716	356,413,761	100.05
Total Investments		356,413,761	100.05
Total Investments, at cost		266,340,929	

Investment Portfolio - BCT (Industry) Flexi Mixed Asset Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Allianz Choice Flexi Balanced Fund (Class A)	8,468,775	161,414,843	100.15
Total Investments		161,414,843	100.15
Total Investments, at cost		141,518,048	

Investment Portfolio - BCT (Industry) RMB Bond Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – RMB Bond Fund (Class B) (This investment fund is denominated in HKD only and not in RMB)	8,783,530	99,812,518	100.24
Total Investments		99,812,518	100.24
Total Investments, at cost		97,061,782	

BCT (MPF) INDUSTRY CHOICE

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Schedule 2

Investment Portfolio - BCT (Industry) Core Accumulation Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Core Accumulation Fund (Class A)	27,025,958	326,192,507	99.10
Total Investments		<u>326,192,507</u>	<u>99.10</u>
Total Investments, at cost		<u>295,626,851</u>	

Investment Portfolio - BCT (Industry) Age 65 Plus Fund

<u>Description</u>	<u>Holdings</u>	<u>Fair Value (HK\$)</u>	<u>% of Net Assets</u>
Approved Pooled Investment Fund			
Invesco Pooled Investment Fund – Age 65 Plus Fund (Class A)	27,775,624	313,803,440	99.58
Total Investments		<u>313,803,440</u>	<u>99.58</u>
Total Investments, at cost		<u>291,457,232</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 2019;
- the statement of comprehensive income of each of the constituent funds for the year then ended;
- 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 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 2019, 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.



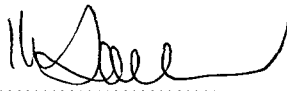
PricewaterhouseCoopers
Certified Public Accountants

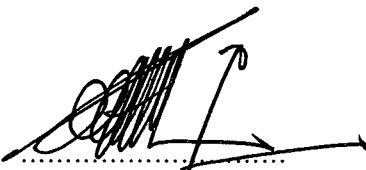
Hong Kong, 19 June 2020

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
– PLAN AND CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Assets			
Current assets			
Financial assets at fair value through profit or loss	8, 11	5,531,770,712	4,918,597,052
Derivative financial instruments	12	-	757,075
Amounts receivable on sale of financial assets at fair value through profit or loss		10,766,418	6,801,886
Interest receivable	11	4,156,875	2,319,557
Contributions receivable			
From employers		20,012,078	20,466,308
From members		19,799,079	20,124,930
Other receivables		316	237,157
Bank balances	11	27,517,489	33,750,790
Total assets		<u>5,614,022,967</u>	<u>5,003,054,755</u>
Liabilities			
Current liabilities			
Derivative financial instruments	12	(203,035)	-
Benefits and forfeitures payable	6	(23,518,552)	(17,213,773)
Accruals and other payables		(13,833,163)	(12,115,896)
Total liabilities		<u>(37,554,750)</u>	<u>(29,329,669)</u>
Net assets available for benefits attributable to members		<u>5,576,468,217</u>	<u>4,973,725,086</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 2019

	<u>Note</u>	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Investment income			
Bank interest	11	22,558,582	17,104,488
Other income	11	966,359	3,722,191
Net realised gain on financial assets at fair value through profit or loss and derivative financial instruments		115,690,602	143,768,859
Change in unrealised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		357,036,134	(448,893,231)
Total investment income/(loss)		496,251,677	(284,297,693)
Expenses			
Investment management fees	4(a)	(11,065,427)	(11,208,976)
Trustee, administration and custodian fees	4(b)	(37,766,234)	(44,532,081)
Sponsor fees	4(b)	(4,514,159)	-
Safe custody and bank charges		(133,841)	(146,229)
Legal and other professional fees		(164,894)	(75,813)
Auditor's remuneration		(688,495)	(685,612)
Professional indemnity insurance		(39,107)	(40,753)
Miscellaneous expenses		(7,149,644)	(4,599,409)
Total operating expenses		(61,521,801)	(61,288,873)
Net income/(loss)		434,729,876	(345,586,566)
Contributions received and receivable	5		
From employers			
Mandatory		265,141,555	271,915,509
Additional voluntary		717,948	733,194
From members			
Mandatory		263,621,633	269,397,167
Additional voluntary		636,484	763,427
Tax deductible voluntary		307,406	-
		530,425,026	542,809,297
Transfers in			
Group transfers in from other schemes		1,037,567	1,300,423
Individual transfers in from other schemes		41,489,617	72,895,436
		42,527,184	74,195,859
Contribution surcharge received and receivable		904,567	882,759
		573,856,777	617,887,915

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 2019

	<u>Note</u>	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Benefits paid and payable	6		
Retirement		(118,559,185)	(95,693,027)
Early retirement		(33,970,534)	(29,610,890)
Death		(7,543,487)	(7,146,562)
Permanent departure		(18,097,394)	(24,187,838)
Total incapacity		(4,890,612)	(1,822,717)
Small balance		(13,979)	(6,565)
Refund of additional voluntary contributions		(1,578,121)	(463,497)
Terminal illness		(2,329,326)	(1,363,375)
Long service payment		(22,667,619)	(15,677,761)
		<u>(209,650,257)</u>	<u>(175,972,232)</u>
Transfers out			
Group transfers out to other schemes		(10,290,841)	(11,748,030)
Individual transfers out to other schemes		(185,902,424)	(186,608,528)
		<u>(196,193,265)</u>	<u>(198,356,558)</u>
Forfeitures		-	-
		<u>(405,843,522)</u>	<u>(374,328,790)</u>
Movement during the year		168,013,255	243,559,125
Net income for the year		434,729,876	(345,586,566)
Change in net assets available for benefits attributable to members		602,743,131	(102,027,441)
Net assets available for benefits attributable to members at the beginning of the year – members' accounts		<u>4,973,725,086</u>	<u>5,075,752,527</u>
Net assets available for benefits attributable to members at the end of the year – members' accounts		<u><u>5,576,468,217</u></u>	<u><u>4,973,725,086</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 2019


	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Cash flows from operating activities		
Net income/(loss)	434,729,876	(345,586,566)
Adjustment for		
-Bank interest	(22,558,582)	(17,104,488)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	412,171,294	(362,691,054)
Net (increase)/decrease in financial assets at fair value through profit or loss – with original maturity of more than 3 months	(923,461,777)	168,942,296
(Increase)/decrease in amounts receivable on sale of financial assets at fair value through profit or loss	(3,964,532)	683,373
Net change in derivative financial instruments	960,110	(1,076,643)
Decrease in other receivables	236,841	9,258
Increase/(decrease) in accruals and other payables	1,717,267	(128,044)
	<hr/>	<hr/>
Cash used in operating activities	(512,340,797)	(194,260,814)
Interest received	20,721,264	16,275,156
	<hr/>	<hr/>
Net cash used in operating activities	(491,619,533)	(177,985,658)
	<hr/>	<hr/>
Cash flows from financing activities		
Contributions received and transfers in	574,636,858	620,454,043
Benefits paid, transfers out and forfeitures	(399,538,743)	(376,408,287)
	<hr/>	<hr/>
Net cash generated from financing activities	175,098,115	244,045,756
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(316,521,418)	66,060,098
Cash and cash equivalents at the beginning of the year	553,876,782	487,816,684
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	237,355,364	553,876,782
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents:		
Financial assets at fair value through profit or loss	5,531,770,712	4,918,597,052
Less: Financial assets at fair value through profit or loss – with original maturity of more than 3 months	(5,321,932,837)	(4,398,471,060)
	<hr/>	<hr/>
Financial assets at fair value through profit or loss – with original maturity of less than or equal to 3 months	209,837,875	520,125,992
Bank balances	27,517,489	33,750,790
	<hr/>	<hr/>
	237,355,364	553,876,782
	<hr/> <hr/>	<hr/> <hr/>


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 2019

		BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	1,425,975,790	1,357,180,599	625,895,189	597,103,786
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		-	-	417,485	944,750
Interest receivable	11	4,156,875	2,319,557	-	-
Amounts receivable on subscription		138,991	304,193	17,906	51,376
Amounts receivable on funds switching		2,911,608	1,645,299	65,879	5,132
Other receivables		-	-	-	10,121
Bank balances	11	16,479,470	22,128,923	186,348	141,354
Total assets		<u>1,449,662,734</u>	<u>1,383,578,571</u>	<u>626,582,807</u>	<u>598,256,519</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(3,527,736)	(2,503,845)	(484,267)	(996,629)
Amounts payable on funds switching		(1,056,542)	(1,790,015)	(48,513)	(46,631)
Accruals and other payables		(2,483,517)	(1,996,345)	(1,435,936)	(1,231,975)
Total liabilities		<u>(7,067,795)</u>	<u>(6,290,205)</u>	<u>(1,968,716)</u>	<u>(2,275,235)</u>
Net assets attributable to members		<u>1,442,594,939</u>	<u>1,377,288,366</u>	<u>624,614,091</u>	<u>595,981,284</u>
Units in issue		<u>1,273,678,316</u>	<u>1,228,829,541</u>	<u>310,837,477</u>	<u>321,791,434</u>
Net asset value per unit		<u>1.1326</u>	<u>1.1208</u>	<u>2.0095</u>	<u>1.8521</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited


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Director



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Director

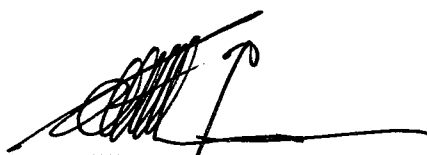
The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

		BCT (Industry) E50 Mixed Asset Fund		BCT (Industry) E70 Mixed Asset Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	489,036,779	454,845,995	664,292,636	598,832,480
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		1,219,659	322,012	509,812	465,230
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		12,393	54,865	21,824	94,681
Amounts receivable on funds switching		22,431	62,992	236,569	132,970
Other receivables		-	7,735	-	10,234
Bank balances	11	120,744	80,947	128,306	130,379
Total assets		<u>490,412,006</u>	<u>455,374,546</u>	<u>665,189,147</u>	<u>599,665,974</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(1,380,158)	(338,900)	(567,247)	(440,881)
Amounts payable on funds switching		(92,486)	(16,724)	(13,634)	(117,255)
Accruals and other payables		(1,112,094)	(939,711)	(1,501,905)	(1,249,197)
Total liabilities		<u>(2,584,738)</u>	<u>(1,295,335)</u>	<u>(2,082,786)</u>	<u>(1,807,333)</u>
Net assets attributable to members		<u>487,827,268</u>	<u>454,079,211</u>	<u>663,106,361</u>	<u>597,858,641</u>
Units in issue		<u>226,304,683</u>	<u>233,653,116</u>	<u>294,777,364</u>	<u>301,479,409</u>
Net asset value per unit		<u>2.1556</u>	<u>1.9434</u>	<u>2.2495</u>	<u>1.9831</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 NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	132,984,667	121,265,177	221,074,412	168,643,487
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		466,836	179,326	340,590	261,883
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		12,929	37,067	25,799	53,947
Amounts receivable on funds switching		59,842	16,217	1,118,646	287,877
Other receivables		-	1,843	-	17,604
Bank balances	11	135,343	151,741	185,822	114,669
Total assets		133,659,617	121,651,371	222,745,269	169,379,467
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(86,578)	(94,795)	(158,001)	(155,286)
Amounts payable on funds switching		(424,918)	(81,241)	(178,768)	(152,849)
Accruals and other payables		(203,536)	(155,634)	(320,948)	(235,967)
Total liabilities		(715,032)	(331,670)	(657,717)	(544,102)
Net assets attributable to members		132,944,585	121,319,701	222,087,552	168,835,365
Units in issue		89,429,957	83,084,605	79,107,805	70,320,784
Net asset value per unit		1.4866	1.4602	2.8074	2.4009

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.

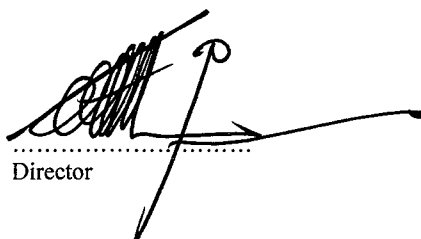
BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

		BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	714,874,170	598,851,098	356,413,761	305,203,582
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		2,478,294	1,652,980	505,265	232,201
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		67,321	133,234	22,770	47,687
Amounts receivable on funds switching		323,305	1,566,774	246,616	51,435
Other receivables		-	156,446	-	6,515
Bank balances	11	1,225,454	854,494	86,243	72,053
Total assets		718,968,544	603,215,026	357,274,655	305,613,473
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(836,238)	(330,395)	(379,383)	(236,181)
Amounts payable on funds switching		(3,036,768)	(1,485,419)	(122,283)	(38,279)
Accruals and other payables		(967,675)	(851,986)	(542,505)	(410,296)
Total liabilities		(4,840,681)	(2,667,800)	(1,044,171)	(684,756)
Net assets attributable to members		714,127,863	600,547,226	356,230,484	304,928,717
Units in issue		160,048,708	155,049,021	103,303,582	99,626,932
Net asset value per unit		4.4619	3.8733	3.4484	3.0607

On behalf of the Trustee
Bank Consortium Trust Company Limited



Director




Director

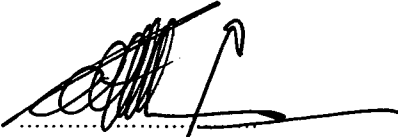
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BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

		BCT (Industry) Flexi Mixed Asset Fund		BCT (Industry) RMB Bond Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	161,414,843	142,159,325	99,812,518	82,639,773
Derivative financial instruments	12	-	-	-	757,075
Amounts receivable on sale of financial assets at fair value through profit or loss		136,350	166,010	220,756	41,294
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		21,760	73,039	14,002	61,108
Amounts receivable on funds switching		174	6,271	-	172,875
Other receivables		-	-	-	26,294
Bank balances	11	38,560	32,835	60,471	125,789
Total assets		161,611,687	142,437,480	100,107,747	83,824,208
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	(203,035)	-
Amounts payable on redemption		(148,742)	(161,819)	(53,648)	(34,703)
Amounts payable on funds switching		(17,988)	(10,118)	(170,286)	(273,660)
Accruals and other payables		(264,153)	(193,415)	(106,468)	(159,787)
Total liabilities		(430,883)	(365,352)	(533,437)	(468,150)
Net assets attributable to members		161,180,804	142,072,128	99,574,310	83,356,058
Units in issue		105,053,661	100,258,310	101,345,702	86,062,808
Net asset value per unit		1.5343	1.4171	0.9825	0.9685

On behalf of the Trustee
Bank Consortium Trust Company Limited


Director



Director

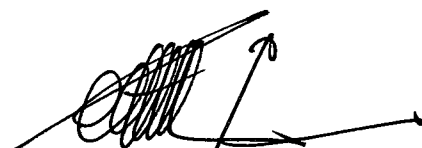
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BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

		BCT (Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	<u>Note</u>	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Assets					
Current assets					
Financial assets at fair value through profit or loss	8, 11	326,192,507	213,807,037	313,803,440	278,064,713
Derivative financial instruments	12	-	-	-	-
Amounts receivable on sale of financial assets at fair value through profit or loss		1,879,816	1,062,454	2,591,555	1,473,746
Interest receivable	11	-	-	-	-
Amounts receivable on subscription		73,358	71,166	30,130	101,456
Amounts receivable on funds switching		2,904,105	1,745,648	1,618,517	1,094,427
Other receivables		-	-	-	-
Bank balances	11	419,083	266,372	407,859	348,591
Total assets		<u>331,468,869</u>	<u>216,952,677</u>	<u>318,451,501</u>	<u>281,082,933</u>
Liabilities					
Current liabilities					
Derivative financial instruments	12	-	-	-	-
Amounts payable on redemption		(287,209)	(280,814)	(210,552)	(103,358)
Amounts payable on funds switching		(1,667,421)	(1,002,390)	(2,678,085)	(1,773,336)
Accruals and other payables		(373,866)	(241,757)	(437,608)	(355,345)
Total liabilities		<u>(2,328,496)</u>	<u>(1,524,961)</u>	<u>(3,326,245)</u>	<u>(2,232,039)</u>
Net assets attributable to members		<u>329,140,373</u>	<u>215,427,716</u>	<u>315,125,256</u>	<u>278,850,894</u>
Units in issue		<u>281,538,298</u>	<u>213,214,564</u>	<u>285,711,410</u>	<u>275,539,816</u>
Net asset value per unit		<u>1.1691</u>	<u>1.0104</u>	<u>1.1029</u>	<u>1.0120</u>

On behalf of the Trustee
Bank Consortium Trust Company Limited


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Director

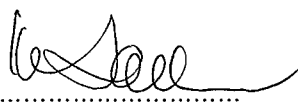

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Director

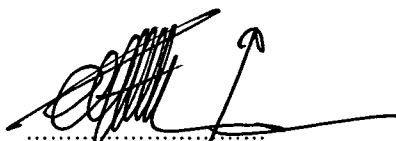
The notes on pages 75 to 136 are an integral part of the financial statements.

BCT (MPF) INDUSTRY CHOICE
STATEMENT OF NET ASSETS - CONSTITUENT FUNDS
AS AT 31 DECEMBER 2019

	<u>Note</u>	Total <u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Assets			
Current assets			
Financial assets at fair value through profit or loss	8, 11	5,531,770,712	4,918,597,052
Derivative financial instruments	12	-	757,075
Amounts receivable on sale of financial assets at fair value through profit or loss		10,766,418	6,801,886
Interest receivable	11	4,156,875	2,319,557
Amounts receivable on subscription		459,183	1,083,819
Amounts receivable on funds switching		9,507,692	6,787,917
Other receivables		-	236,792
Bank balances	11	19,473,703	24,448,147
Total assets		<u>5,576,134,583</u>	<u>4,961,032,245</u>
Liabilities			
Current liabilities			
Derivative financial instruments	12	(203,035)	-
Amounts payable on redemption		(8,119,759)	(5,677,606)
Amounts payable on funds switching		(9,507,692)	(6,787,917)
Accruals and other payables		(9,750,211)	(8,021,415)
Total liabilities		<u>(27,580,697)</u>	<u>(20,486,938)</u>
Net assets attributable to members		<u>5,548,553,886</u>	<u>4,940,545,307</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 2019

		BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund		BCT (Industry) E50 Mixed Asset Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Investment income							
Bank interest	11	22,520,823	17,091,649	389	156	298	111
Other income	11	-	-	5,597	126,628	4,283	98,215
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		7,396,851	2,747,439	16,426,510	17,992,026	19,467,441	21,228,513
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		(367,819)	3,021,955	43,494,978	(49,184,430)	37,277,667	(55,969,907)
Total investment income/(loss)		29,549,855	22,861,043	59,927,474	(31,065,620)	56,749,689	(34,643,068)
Expenses							
Investment management fees	4(a)	(2,829,285)	(2,820,133)	(2,784,278)	(2,849,128)	(2,153,932)	(2,209,843)
Trustee, administration and custodian fees	4(b)	(8,269,202)	(9,588,453)	(5,478,394)	(6,331,395)	(4,237,827)	(4,910,763)
Sponsor fees	4(b)	(1,350,367)	-	(590,741)	-	(457,240)	-
Safe custody and bank charges		(63,076)	(76,007)	(5,831)	(5,834)	(5,375)	(5,411)
Legal and other professional fees		(44,323)	(20,601)	(19,500)	(9,231)	(15,064)	(7,139)
Auditor's remuneration		(193,863)	(178,338)	(84,708)	(85,969)	(65,545)	(66,756)
Professional indemnity insurance		(10,448)	(10,627)	(4,569)	(5,070)	(3,534)	(3,933)
Miscellaneous expenses		(1,961,753)	(1,199,000)	(857,647)	(573,659)	(665,651)	(447,170)
Total operating expenses		(14,722,317)	(13,893,159)	(9,825,668)	(9,860,286)	(7,604,168)	(7,651,015)
Total comprehensive income		14,827,538	8,967,884	50,101,806	(40,925,906)	49,145,521	(42,294,083)

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 2019

		BCT (Industry) E70 Mixed Asset Fund		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Investment income							
Bank interest	11	365	138	351	119	314	99
Other income	11	5,653	132,483	318,096	309,758	483,502	689,422
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		26,319,645	33,547,125	170,891	(28,079)	3,313,145	5,527,890
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		63,488,557	(93,635,832)	2,992,652	(955,191)	28,103,656	(34,599,141)
Total investment income/(loss)		89,814,220	(59,956,086)	3,481,990	(673,393)	31,900,617	(28,381,730)
Expenses							
Investment management fees	4(a)	(2,879,659)	(2,980,879)	-	-	-	-
Trustee, administration and custodian fees	4(b)	(5,665,249)	(6,624,176)	(877,433)	(938,644)	(1,332,870)	(1,683,420)
Sponsor fees	4(b)	(611,660)	-	(122,325)	-	(185,211)	-
Safe custody and bank charges		(5,890)	(5,926)	(5,882)	(5,929)	(6,082)	(6,141)
Legal and other professional fees		(20,134)	(9,541)	(3,959)	(1,800)	(5,912)	(2,840)
Auditor's remuneration		(87,659)	(90,188)	(17,545)	(15,780)	(26,591)	(25,441)
Professional indemnity insurance		(4,724)	(5,305)	(945)	(940)	(1,427)	(1,499)
Miscellaneous expenses		(887,887)	(598,764)	(185,706)	(115,852)	(278,386)	(177,224)
Total operating expenses		(10,162,862)	(10,314,779)	(1,213,795)	(1,078,945)	(1,836,479)	(1,896,565)
Total comprehensive income		79,651,358	(70,270,865)	2,268,195	(1,752,338)	30,064,138	(30,278,295)

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 2019

		BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund		BCT (Industry) Flexi Mixed Asset Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Investment income							
Bank interest	11	3,297	1,239	234	90	113	47
Other income	11	130,880	1,991,435	3,575	83,414	-	-
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		22,819,140	43,059,839	8,091,537	14,119,482	1,677,994	1,938,290
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		75,368,145	(127,366,945)	34,575,154	(62,501,019)	12,152,103	(7,983,959)
Total investment income/(loss)		98,321,462	(82,314,432)	42,670,500	(48,298,033)	13,830,210	(6,045,622)
Expenses							
Investment management fees	4(a)	-	-	-	-	-	-
Trustee, administration and custodian fees	4(b)	(4,042,118)	(6,544,273)	(2,591,865)	(3,002,895)	(1,389,532)	(1,417,916)
Sponsor fees	4(b)	(642,781)	-	(317,827)	-	(146,997)	-
Safe custody and bank charges		(10,076)	(9,997)	(8,996)	(9,046)	(8,424)	(8,463)
Legal and other professional fees		(20,920)	(9,201)	(10,476)	(4,679)	(4,731)	(2,155)
Auditor's remuneration		(91,783)	(88,938)	(45,559)	(45,408)	(21,057)	(19,121)
Professional indemnity insurance		(4,943)	(5,242)	(2,452)	(2,673)	(1,134)	(1,136)
Miscellaneous expenses		(928,879)	(600,740)	(466,116)	(309,450)	(224,103)	(137,494)
Total operating expenses		(5,741,500)	(7,258,391)	(3,443,291)	(3,374,151)	(1,795,978)	(1,586,285)
Total comprehensive income		92,579,962	(89,572,823)	39,227,209	(51,672,184)	12,034,232	(7,631,907)

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 2019

		BCT (Industry) RMB Bond Fund		BCT(Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	Note	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Investment income							
Bank interest	11	142	124	889	234	1,042	362
Other income	11	14,773	290,836	-	-	-	-
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		1,900,722	1,601,842	3,351,797	1,662,606	4,754,929	371,886
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		321,922	(1,256,158)	37,049,549	(14,959,361)	22,579,570	(3,503,243)
Total investment income/(loss)		2,237,559	636,644	40,402,235	(13,296,521)	27,335,541	(3,130,995)
Expenses							
Investment management fees	4(a)	(418,273)	(348,993)	-	-	-	-
Trustee, administration and custodian fees	4(b)	(506,698)	(775,539)	(1,621,811)	(1,090,306)	(1,753,235)	(1,624,301)
Sponsor fees	4(b)	(89,010)	-	-	-	-	-
Safe custody and bank charges		(4,734)	(4,546)	(4,689)	(4,349)	(4,786)	(4,580)
Legal and other professional fees		(2,818)	(1,215)	(7,878)	(3,108)	(9,179)	(4,303)
Auditor's remuneration		(12,749)	(10,345)	(447)	(23,703)	(40,989)	(35,625)
Professional indemnity insurance		(686)	(621)	(2,038)	(1,488)	(2,207)	(2,219)
Miscellaneous expenses		(9,599)	(60,590)	(329,268)	(119,399)	(350,321)	(257,692)
Total operating expenses		(1,044,567)	(1,201,849)	(1,966,131)	(1,242,353)	(2,160,717)	(1,928,720)
Total comprehensive income		1,192,992	(565,205)	38,436,104	(14,538,874)	25,174,824	(5,059,715)

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 2019

	<u>Note</u>	Total 2019 (HK\$)	2018 (HK\$)
Investment income			
Bank interest	11	22,528,257	17,094,368
Other income	11	966,359	3,722,191
Net realised gain/(loss) on financial assets at fair value through profit or loss and derivative financial instruments		115,690,602	143,768,859
Change in unrealised gain/loss on financial assets at fair value through profit or loss and derivative financial instruments		357,036,134	(448,893,231)
Total investment income/(loss)		496,221,352	(284,307,813)
Expenses			
Investment management fees	4(a)	(11,065,427)	(11,208,976)
Trustee, administration and custodian fees	4(b)	(37,766,234)	(44,532,081)
Sponsor fees	4(b)	(4,514,159)	-
Safe custody and bank charges		(133,841)	(146,229)
Legal and other professional fees		(164,894)	(75,813)
Auditor's remuneration		(688,495)	(685,612)
Professional indemnity insurance		(39,107)	(40,753)
Miscellaneous expenses		(7,145,316)	(4,597,034)
Total operating expenses		(61,517,473)	(61,286,498)
Total comprehensive income		434,703,879	(345,594,311)

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 2019

	BCT (Industry) MPF Conservative Fund		BCT (Industry) E30 Mixed Asset Fund		BCT (Industry) E50 Mixed Asset Fund	
	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)	<u>2019</u> (HK\$)	<u>2018</u> (HK\$)
Balance at the beginning of the year	1,377,288,366	1,257,264,461	595,981,284	656,412,946	454,079,211	508,447,159
Proceeds on units issued	264,480,686	328,220,613	34,803,592	43,404,635	29,771,139	34,292,847
Payments on units redeemed	(214,001,651)	(217,164,592)	(56,272,591)	(62,910,391)	(45,168,603)	(46,366,712)
	50,479,035	111,056,021	(21,468,999)	(19,505,756)	(15,397,464)	(12,073,865)
Total comprehensive income	14,827,538	8,967,884	50,101,806	(40,925,906)	49,145,521	(42,294,083)
Balance at the end of the year	<u>1,442,594,939</u>	<u>1,377,288,366</u>	<u>624,614,091</u>	<u>595,981,284</u>	<u>487,827,268</u>	<u>454,079,211</u>
Units outstanding at the beginning of the year	1,228,829,541	1,129,248,281	321,791,434	331,857,777	233,653,116	239,377,566
Units issued	234,789,267	294,237,263	17,860,355	22,364,140	14,404,594	16,448,854
Units redeemed	(189,940,492)	(194,656,003)	(28,814,312)	(32,430,483)	(21,753,027)	(22,173,304)
Units outstanding at the end of the year	<u>1,273,678,316</u>	<u>1,228,829,541</u>	<u>310,837,477</u>	<u>321,791,434</u>	<u>226,304,683</u>	<u>233,653,116</u>

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 2019

	BCT (Industry) E70 Mixed Asset Fund		BCT (Industry) Global Bond Fund		BCT (Industry) Global Equity Fund	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Balance at the beginning of the year	597,858,641	687,998,771	121,319,701	110,713,585	168,835,365	186,573,021
Proceeds on units issued	39,423,515	45,625,476	27,055,692	34,802,132	45,583,620	36,669,853
Payments on units redeemed	(53,827,153)	(65,494,741)	(17,699,003)	(22,443,678)	(22,395,571)	(24,129,214)
	(14,403,638)	(19,869,265)	9,356,689	12,358,454	23,188,049	12,540,639
Total comprehensive income	79,651,358	(70,270,865)	2,268,195	(1,752,338)	30,064,138	(30,278,295)
Balance at the end of the year	<u>663,106,361</u>	<u>597,858,641</u>	<u>132,944,585</u>	<u>121,319,701</u>	<u>222,087,552</u>	<u>168,835,365</u>
Units outstanding at the beginning of the year	301,479,409	310,513,715	83,084,605	74,716,124	70,320,784	65,777,292
Units issued	18,434,637	20,959,880	18,339,149	23,624,876	17,351,468	13,232,152
Units redeemed	(25,136,682)	(29,994,186)	(11,993,797)	(15,256,395)	(8,564,447)	(8,688,660)
Units outstanding at the end of the year	<u>294,777,364</u>	<u>301,479,409</u>	<u>89,429,957</u>	<u>83,084,605</u>	<u>79,107,805</u>	<u>70,320,784</u>

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 2019

	BCT (Industry) Hong Kong Equity Fund		BCT (Industry) Asian Equity Fund		BCT (Industry) Flexi Mixed Asset Fund	
	2019	2018	2019	2018	2019	2018
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Balance at the beginning of the year	600,547,226	668,493,903	304,928,717	349,464,196	142,072,128	136,091,518
Proceeds on units issued	157,876,419	193,373,027	45,338,184	51,780,297	22,327,356	33,597,134
Payments on units redeemed	(136,875,744)	(171,746,881)	(33,263,626)	(44,643,592)	(15,252,912)	(19,984,617)
	21,000,675	21,626,146	12,074,558	7,136,705	7,074,444	13,612,517
Total comprehensive income	92,579,962	(89,572,823)	39,227,209	(51,672,184)	12,034,232	(7,631,907)
Balance at the end of the year	714,127,863	600,547,226	356,230,484	304,928,717	161,180,804	142,072,128
Units outstanding at the beginning of the year	155,049,021	149,636,122	99,626,932	97,375,323	100,258,310	91,043,031
Units issued	37,399,720	44,403,214	13,871,161	15,124,502	(10,238,358)	22,829,645
Units redeemed	(32,400,033)	(38,990,315)	(10,194,511)	(12,872,893)	15,033,709	(13,614,366)
Units outstanding at the end of the year	160,048,708	155,049,021	103,303,582	99,626,932	105,053,661	100,258,310

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 2019

	BCT (Industry) RMB Bond Fund		BCT (Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)	2019 (HK\$)	2018 (HK\$)
Balance at the beginning of the year	83,356,058	64,097,561	215,427,716	155,998,834	278,850,894	258,040,255
Proceeds on units issued	28,479,833	41,347,869	133,535,172	117,393,585	100,727,545	107,791,423
Payments on units redeemed	(13,454,573)	(21,524,167)	(58,258,619)	(43,425,829)	(89,628,007)	(81,921,069)
	15,025,260	19,823,702	75,276,553	73,967,756	11,099,538	25,870,354
Total comprehensive income	1,192,992	(565,205)	38,436,104	(14,538,874)	25,174,824	(5,059,715)
Balance at the end of the year	99,574,310	83,356,058	329,140,373	215,427,716	315,125,256	278,850,894
Units outstanding at the beginning of the year	86,062,808	65,931,730	213,214,564	144,138,901	275,539,816	250,576,202
Units issued	29,004,112	42,118,061	120,869,234	109,454,424	93,903,636	105,304,541
Units redeemed	(13,721,218)	(21,986,983)	(52,545,500)	(40,378,761)	(83,732,042)	(80,340,927)
Units outstanding at the end of the year	101,345,702	86,062,808	281,538,298	213,214,564	285,711,410	275,539,816

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 2019

	Total 2019 (HK\$)	2018 (HK\$)
Balance at the beginning of the year	4,940,545,307	5,039,596,210
Proceeds on units issued	929,402,753	1,068,298,891
Payments on units redeemed	(756,098,053)	(821,755,483)
	173,304,700	246,543,408
Total comprehensive income	434,703,879	(345,594,311)
Balance at the end of the year	5,548,553,886	4,940,545,307

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, eighth supplemental deed dated 1 April 2019, ninth supplemental deed dated 15 October 2019 and tenth supplemental deed dated 10 January 2020. 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 2019, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 31 December 2019 of the Plan on a standalone basis; and (ii) the statement of net assets as at 31 December 2019, and the statement of comprehensive income and statement of changes in net assets attributable to members for the year ended 31 December 2019 of each of its constituent funds.

The Plan has introduced Default Investment Strategy under the MPFSO. As at 31 December 2019, the Plan offered twelve constituent funds (2018 : 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, BCT (Industry) RMB Bond Fund, BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund.

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.

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 2019

There are no standards, amendments to standards or interpretations that are effective for the financial period beginning on 1 January 2019 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 2019 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 2019, 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.

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

(ii) Transactions and balances

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

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

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

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

(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.

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

(i) Classification (continued)

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.

(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 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.

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, 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

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(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.

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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 2019 and 2018. 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, Core Accumulation Fund and Age 65 Plus Fund (collectively, the “other constituent funds”) at an annual rate between 0.2% and 0.45% (2018: 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:

	2019 HK\$	2018 HK\$
BCT (Industry) MPF Conservative Fund	244,839	233,789
BCT (Industry) E30 Mixed Asset Fund	237,848	227,723
BCT (Industry) E50 Mixed Asset Fund	185,504	174,042
BCT (Industry) E70 Mixed Asset Fund	250,782	230,256
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	-	-
BCT (Industry) RMB Bond Fund	37,991	31,553
BCT (Industry) Core Accumulation Fund	-	-
BCT (Industry) Age 65 Plus Fund	-	-

BCT (MPF) INDUSTRY CHOICE
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(b) Trustee, administration, custodian and sponsor fees

The Trustee, Administrator and Sponsor, Bank Consortium Trust Company Limited/BCT Financial Limited, is entitled to receive a total fee calculated between 0.59% to 1% per annum (2018: 0.59% to 1% per annum) of the daily net asset value of the respective constituent funds.

With effect from 18 January 2019, a new breakdown of the trustee and administration fees has been introduced as follows:

- (i) The Trustee, Administrator and Custodian, Bank Consortium Trust Company Limited, is entitled to receive a fee calculated between 0.525% to 0.90% per annum of the daily net asset value of the respective constituent funds.
- (ii) The Sponsor, BCT Financial Limited, is entitled to receive a fee calculated between 0% to 0.10% per annum of the daily net asset value of the respective constituent funds.

Prior to 18 January 2019, the trustee and administration fees which were charged by the Trustee, Administrator and Custodian had included fees relating to the services of the Sponsor and Custodian. With effective from 18 January 2019, for enhancing the fees disclosures, the sponsor fees were separately presented from the trustee, administration and custodian fees on the constituent funds.

The fees rates for the relevant period in the year were as follows:

	From 18 January 2019		Prior to 18 January 2019	
	Trustee, Administration and Custodian fees	Sponsor fees	Total fees	Trustee, Administration and Sponsor fees
BCT (Industry) MPF Conservative Fund	0.58%	0.10%	0.68%	0.68%
BCT (Industry) E30 Mixed Asset Fund	0.88%	0.10%	0.98%	1.00%*
BCT (Industry) E50 Mixed Asset Fund	0.88%	0.10%	0.98%	1.00%*

BCT (MPF) INDUSTRY CHOICE
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	From 18 January 2019		Prior to 18 January 2019	
	Trustee, Administration and Custodian fees	Sponsor fees	Total fees	Trustee, Administration and Sponsor fees
BCT (Industry) E70 Mixed Asset Fund	<u>0.88%</u>	<u>0.10%</u>	<u>0.98%</u>	<u>1.00%*</u>
BCT (Industry) Global Bond Fund	<u>0.68%</u>	<u>0.10%</u>	<u>0.78%</u>	<u>0.80%*</u>
BCT (Industry) Global Equity Fund	<u>0.68%</u>	<u>0.10%</u>	<u>0.78%</u>	<u>0.90%*</u>
BCT (Industry) Hong Kong Equity Fund	<u>0.585%</u>	<u>0.10%</u>	<u>0.685%</u>	<u>1.00%*</u>
BCT (Industry) Asian Equity Fund	<u>0.775%</u>	<u>0.10%</u>	<u>0.875%</u>	<u>0.90%*</u>
BCT (Industry) Flexi Mixed Asset Fund	<u>0.90%</u>	<u>0.10%</u>	<u>1.00%</u>	<u>1.00%</u>
BCT (Industry) RMB Bond Fund	<u>0.525%</u>	<u>0.10%</u>	<u>0.625%</u>	<u>1.00%*</u>
BCT (Industry) Core Accumulation Fund	<u>0.59%</u>	<u>-</u>	<u>0.59%</u>	<u>0.59%</u>
BCT (Industry) Age 65 Plus Fund	<u>0.59%</u>	<u>-</u>	<u>0.59%</u>	<u>0.59%</u>

BCT (MPF) INDUSTRY CHOICE
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* The Trustee/ Sponsor may, by way of certain rebates credited to these constituent funds, maintain the current level of management fees in respect of 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 and BCT (Industry) RMB Bond Fund. As a result of these rebates, the actual trustee, administration and sponsor fees payable out of these constituent funds are lower than the levels of such fees as disclosed above for the relevant period.

The new fees breakdown clarified that there are no more rebates in respect of the abovementioned constituent funds with effect from 18 January 2019 for maintaining the current level of management fee in respect of these constituent funds.

The fees payable as at year end were as follows:

	2019 HK\$	2019 HK\$ Trustee, Administration and Custodian fees payable	2019 HK\$ Total fees payable	2018 HK\$ Trustee, Administration and Sponsor fees payable
BCT (Industry) MPF Conservative Fund	<u>122,419</u>	<u>710,033</u>	<u>832,452</u>	<u>794,883</u>
BCT (Industry) E30 Mixed Asset Fund	<u>52,855</u>	<u>465,124</u>	<u>517,979</u>	<u>506,051</u>
BCT (Industry) E50 Mixed Asset Fund	<u>41,223</u>	<u>362,763</u>	<u>403,986</u>	<u>386,760</u>
BCT (Industry) E70 Mixed Asset Fund	<u>55,729</u>	<u>490,417</u>	<u>546,146</u>	<u>511,680</u>
BCT (Industry) Global Bond Fund	<u>11,255</u>	<u>76,537</u>	<u>87,792</u>	<u>81,806</u>
BCT (Industry) Global Equity Fund	<u>18,445</u>	<u>125,421</u>	<u>143,866</u>	<u>131,840</u>

BCT (MPF) INDUSTRY CHOICE

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	2019 HK\$	2019 HK\$ Trustee, Administration and Custodian fees payable	2019 HK\$ Total fees payable	2018 HK\$ Trustee, Administration and Sponsor fees payable
BCT (Industry) Hong Kong Equity Fund	58,992	345,100	404,092	512,938
BCT (Industry) Asian Equity Fund	29,546	228,982	258,528	234,538
BCT (Industry) Flexi Mixed Asset Fund	13,618	122,567	136,185	120,362
BCT (Industry) RMB Bond Fund	8,442	44,322	52,764	70,117
BCT (Industry) Core Accumulation Fund	-	161,487	161,487	106,881
BCT (Industry) Age 65 Plus Fund	-	156,809	156,809	138,520

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 (2018: HK\$30,000 per month) but in respect of non-casual employees earning less than HK\$7,100 per month (2018: 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 (2018: HK\$1,500 per month) to the Plan unless their relevant income is less than HK\$7,100 per month (2018: HK\$7,100 per month).

Any contributions made to the Plan by the employers or members in excess of their mandatory contributions are additional voluntary contributions (including tax deductible voluntary contributions effective from 1 April 2019). The maximum tax deductible limit per year of assessment for tax deductible voluntary contributions in the year of assessment 2019 / 2020 is HK\$60,000.

BCT (MPF) INDUSTRY CHOICE
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6. Benefits paid and payable

Members will become entitled to benefits in respect of mandatory contributions and tax deductible voluntary contribution (effective from 1 April 2019) 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.

Employers are permitted to offset the long service payment with the accrued benefits derived from the employer's contributions. However, the amount offset from the member's account in the Plan cannot exceed the amount of the long service payment payable to the member.

Members will become entitled to benefits in respect of additional 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 2019 and 2018:

	2019	2018
	HK\$	HK\$
Beginning balance as at 1 January	17,213,773	19,293,270
Charged to statement of changes in net asset available for benefits	405,843,522	374,328,790
Cash outflow	(399,538,743)	(376,408,287)
Ending balance as at 31 December	<u>23,518,552</u>	<u>17,213,773</u>

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 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)
<u>As at 31 December 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Global Stable Fund (Class B)	625,895	100.21	Towers Watson MPF Benchmark Composition - Equity content 20% - 40%	5%	31,938
Total investments	<u>625,895</u>	<u>100.21</u>			<u>31,938</u>
<u>As at 31 December 2018</u> (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>

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:

	<u>% of net assets of underlying APIF</u>	
	<u>2019</u>	<u>2018</u>
Listed equities	33%	30%
Bonds	63%	63%
Cash and other net assets	4%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

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

	<u>% of net assets of underlying APIF</u>	
	<u>2019</u>	<u>2018</u>
Hong Kong	24%	24%
Japan	12%	13%
Asia Pacific ex Japan ex Hong Kong	7%	6%
North America	30%	27%
Europe	22%	23%
Other	1%	-
Total investments	<u>96%</u>	<u>93%</u>
Cash and other net assets	4%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$1,294 million (2018: HK\$1,261 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E50 Mixed Asset Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Global Stable Growth Fund (Class B)	489,037	100.25	Towers Watson MPF Benchmark Composition - Equity content 40% - 60%	5%	25,668
Total investments	<u>489,037</u>	<u>100.25</u>			<u>25,668</u>

<u>As at 31 December 2018</u> (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>

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:

	<u>% of net assets of underlying APIF</u>	
	<u>2019</u>	<u>2018</u>
Listed equities	53%	50%
Bonds	44%	43%
Cash and other net assets	3%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

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

	<u>% of net assets of underlying APIF</u>	
	<u>2019</u>	<u>2018</u>
Hong Kong	28%	27%
Japan	11%	13%
Asia Pacific ex Japan ex Hong Kong	9%	7%
North America	27%	25%
Europe	21%	21%
Other	1%	-
Total investments	<u>97%</u>	<u>93%</u>
Cash and other net assets	3%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$606 million (2018: HK\$558 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E70 Mixed Asset Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Global Balanced Fund (Class B)	664,293	100.18	Towers Watson MPF Benchmark Composition - Equity content 60% - 80%	5%	34,894
Total investments	<u>664,293</u>	<u>100.18</u>			<u>34,894</u>

As at 31 December 2018
(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>

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>2019</u>	<u>2018</u>
Listed equities	73%	70%
Bonds	24%	24%
Cash and other net assets	3%	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>2019</u>	<u>2018</u>
Hong Kong	30%	28%
Japan	11%	13%
Asia Pacific ex Japan ex Hong Kong	10%	9%
North America	25%	24%
Europe	21%	20%
Total investments	<u>97%</u>	<u>94%</u>
Cash and other net assets	3%	6%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$664 million (2018: HK\$652 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

	Fair value	% of net assets	Relevant index for the investments (Note 1)	% of reasonable possible change of the relevant index (Note 2)	Change in net asset value (Note 3)
<u>As at 31 December 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Templeton MPF Global Bond Fund (Class A)	132,985	100.03	Custom 65% FTSE World Government Bond Index + 35% HSBC HK Govt Bond Index	5%	2,728
Total investments	<u>132,985</u>	<u>100.03</u>			<u>2,728</u>

As at 31 December 2018
(HK\$'000)

Approved Pooled Investment Funds

Templeton MPF Global Bond Fund (Class A)	121,265	99.96	Custom 65% FTSE World Government Bond Index + 35% HSBC HK Govt Bond Index	5%	3,149
Total investments	<u>121,265</u>	<u>99.96</u>			<u>3,149</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>2019</u>	<u>2018</u>
Bonds	92%	87%
Cash and other net assets	8%	13%
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>2019</u>	<u>2018</u>
Hong Kong	27%	29%
Japan	8%	-
Asia Pacific ex Japan ex Hong Kong	14%	20%
North America	21%	16%
Europe	18%	-
Other	4%	22%
Total investments	<u>92%</u>	<u>87%</u>
Cash and other net assets	<u>8%</u>	<u>13%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$401 million (2018: HK\$1,358 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 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Templeton MPF Global Equity Fund (Class A)	221,074	99.54	FTSE MPF All World Hedged TR	5%	12,232
Total investments	<u>221,074</u>	<u>99.54</u>			<u>12,232</u>

As at 31 December 2018
(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>

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>2019</u>	<u>2018</u>
Listed equities	95%	96%
Cash and other net assets	5%	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>2019</u>	<u>2018</u>
Hong Kong	2%	1%
Japan	10%	9%
Asia Pacific ex Japan ex Hong Kong	10%	12%
North America	29%	30%
Europe	44%	43%
Other	-	1%
Total investments	<u>95%</u>	<u>96%</u>
Cash and other net assets	5%	4%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$678 million (2018: HK\$535 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 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	714,874	100.10	FTSE MPF Hong Kong TR	5%	35,749
Total investments	<u>714,874</u>	<u>100.10</u>			<u>35,749</u>

As at 31 December 2018
(HK\$'000)

Approved Pooled Investment Funds

Fidelity Global Investment Fund – Hong Kong Equity Fund (Class A)	598,851	99.72	FTSE MPF Hong Kong TR	5%	29,979
Total investments	<u>598,851</u>	<u>99.72</u>			<u>29,979</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>2019</u>	<u>2018</u>
Listed equities	95%	94%
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>2019</u>	<u>2018</u>
Hong Kong	87%	94%
China	4%	-
Other	4%	-
Total investments	<u>95%</u>	<u>94%</u>
Cash and other net assets	5%	6%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$30,747 million (2018: HK\$25,924 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 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Schroder MPF Asian Fund (Class A)	356,414	100.05	FTSE MPF Asia Pacific excluding Japan, Australia and New Zealand TR	5%	17,068
Total investments	<u>356,414</u>	<u>100.05</u>			<u>17,068</u>

As at 31 December 2018
(HK\$'000)

Approved Pooled Investment Funds

Schroder MPF Asian Fund (Class A)	305,204	100.09	FTSE MPF Asia Pacific excluding Japan, Australia and New Zealand TR	5%	13,868
Total investments	<u>305,204</u>	<u>100.09</u>			<u>13,868</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	
	2019	2018
Listed equities	97%	97%
Cash and other net assets	3%	3%
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	
	2019	2018
Hong Kong	45%	45%
Asia Pacific ex Japan ex Hong Kong	52%	52%
Total investments	97%	97%
Cash and other net assets	3%	3%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$1,971 million (2018: HK\$1,631 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 2019</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)	99,813	100.24	Markit iBoxx ALBI China Offshore Non-Gov't	5%	4,356
Total investments	<u>99,813</u>	<u>100.24</u>			<u>4,356</u>

As at 31 December 2018
(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	Markit iBoxx ALBI China Offshore Non-Gov't	5%	3,276
Total investments	<u>82,640</u>	<u>99.14</u>			<u>3,276</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>2019</u>	<u>2018</u>
Bonds	99%	93%
Cash and other net assets	1%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

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

	<u>% of net assets of underlying APIF</u>	
	<u>2019</u>	<u>2018</u>
China	99%	93%
Total investments	99%	93%
Cash and other net assets	1%	7%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$1,015 million (2018: HK\$903 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 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Core Accumulation Fund (Class A)	326,193	99.10	60% FTSE MPF All-World Index (Unhedged Total Return) + 37% FTSE MPF World Government Bond Index (HKD Hedged Total Return) + 3% MPFA Prescribed Savings Rate	5%	16,310
Total investments	<u>326,193</u>	<u>99.10</u>			<u>16,310</u>

As at 31 December 2018
(HK\$'000)

Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Core Accumulation Fund (Class A)	213,807	99.25	60% FTSE MPF All-World Index (Unhedged Total Return) + 37% FTSE MPF World Government Bond Index (HKD Hedged Total Return) + 3% MPFA Prescribed Savings Rate	5%	10,375
Total investments	<u>213,807</u>	<u>99.25</u>			<u>10,375</u>

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>2019</u>	<u>2018</u>
Listed equities	62%	58%
Bonds	36%	39%
Cash and other net assets	2%	3%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

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

	<u>% of net assets of underlying APIF</u>	
	<u>2019</u>	<u>2018</u>
Hong Kong	2%	2%
Japan	7%	9%
Asia Pacific ex Japan ex Hong Kong	8%	8%
North America	51%	45%
Europe	27%	30%
Other	3%	3%
Total investments	<u>98%</u>	<u>97%</u>
Cash and other net assets	2%	3%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$2,170 million (2018: HK\$1,282 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 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Invesco Pooled Investment Fund - Age 65 Plus Fund (Class A)	313,803	99.58	20% FTSE MPF All-World Index (Unhedged Total Return) + 77% FTSE MPF World Government Bond Index (HKD Hedged Total Return) + 3% MPFA Prescribed Savings Rate	5%	15,281
Total investments	<u>313,803</u>	<u>99.58</u>			<u>15,281</u>

As at 31 December 2018
(HK\$'000)

Approved Pooled Investment Funds

Invesco Pooled Investment Fund - Age 65 Plus Fund (Class A)	278,065	99.72	20% FTSE MPF All-World Index (Unhedged Total Return) + 77% FTSE MPF World Government Bond Index (HKD Hedged Total Return) + 3% MPFA Prescribed Savings Rate	5%	13,096
Total investments	<u>278,065</u>	<u>99.72</u>			<u>13,096</u>

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

	% of net assets of underlying APIF	
	2019	2018
Listed equities	19%	19%
Bonds	78%	76%
Cash and other net assets	3%	5%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

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

	% of net assets of underlying APIF	
	2019	2018
Hong Kong	1%	1%
Japan	5%	9%
Asia Pacific ex Japan ex Hong Kong	8%	10%
North America	41%	32%
Europe	37%	39%
Other	5%	4%
Total investments	<u>97%</u>	<u>95%</u>
Cash and other net assets	3%	5%
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$1,039 million (2018: HK\$663 million).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Flexi 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 2019</u> (HK\$'000)					
Approved Pooled Investment Funds					
Allianz Global Investors Choice Fund – Allianz Choice Flexi Balanced Fund (Class A)	161,415	100.15	FTSE All World	5%	8,071
Total investments	<u>161,415</u>	<u>100.15</u>			<u>8,071</u>
<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)	142,159	100.06	FTSE All World	5%	7,463
Total investments	<u>142,159</u>	<u>100.06</u>			<u>7,463</u>

The objective of the Flexi Mixed Asset Fund is to provide members with long-term capital preservation not related to an index by investing solely in Allianz Choice Flexi Balanced 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
NOTES TO THE FINANCIAL STATEMENTS

Flexi Mixed Asset Fund (Continued)

Flexi Mixed Asset Fund invests in Allianz Choice Flexi Balanced 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>2019</u>	<u>2018</u>
Listed equities	20%	19%
Bonds	75%	78%
Cash and other net assets	5%	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>2019</u>	<u>2018</u>
Hong Kong	8%	14%
Japan	2%	1%
Asia Pacific ex Japan ex Hong Kong	2%	2%
North America	76%	79%
Europe	6%	1%
Other	1%	-
Total investments	<u>95%</u>	<u>97%</u>
Cash and other net assets	<u>5%</u>	<u>3%</u>
Net assets attributable to unitholders	<u>100%</u>	<u>100%</u>

The net asset value of the underlying APIF as at 31 December 2019 is HK\$2,291 million (2018: HK\$2,074 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% (2018: 5%), with all other variables held constant and that the fair value of the constituent funds’ investments moved according to the historical correlation with the index. The investment managers have used their view of what would be a “reasonable shift” in each key market to estimate the change for use in the market sensitivity analysis. Changes in market index % are revised annually depending on investment managers’ current view of market volatility and other relevant factors.
- ³ Change in net asset value of the constituent funds is calculated based on the fair value of investments multiplied by the estimated % of reasonable possible change of the relevant index and the historical correlation of the constituent funds’ investments with the index. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative.

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

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

The constituent funds' investment strategies entail trading on other funds on a regular basis. As at 31 December 2019 and 2018 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 2019 and 2018 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, 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, RMB Bond Fund, Core Accumulation Fund and Age 65 Plus Fund as at 31 December 2019 and 2018:

BCT (MPF) INDUSTRY CHOICE

NOTES TO THE FINANCIAL STATEMENTS

	As at 31 December 2019		As at 31 December 2018	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
E30 Mixed Asset Fund				
- Bank balances	<u>186,348</u>	<u>0.03</u>	<u>141,354</u>	<u>0.02</u>
E50 Mixed Asset Fund				
- Bank balances	<u>120,744</u>	<u>0.02</u>	<u>80,947</u>	<u>0.02</u>
E70 Mixed Asset Fund				
- Bank balances	<u>128,306</u>	<u>0.02</u>	<u>130,379</u>	<u>0.02</u>
Global Bond Fund				
- Bank balances	<u>135,343</u>	<u>0.10</u>	<u>151,741</u>	<u>0.13</u>
Global Equity Fund				
- Bank balances	<u>185,822</u>	<u>0.08</u>	<u>114,669</u>	<u>0.07</u>
Hong Kong Equity Fund				
- Bank balances	<u>1,225,454</u>	<u>0.17</u>	<u>854,494</u>	<u>0.14</u>
Asian Equity Fund				
- Bank balances	<u>86,243</u>	<u>0.02</u>	<u>72,053</u>	<u>0.02</u>
Flexi Mixed Asset Fund				
- Bank balances	<u>38,560</u>	<u>0.02</u>	<u>32,835</u>	<u>0.02</u>
RMB Bond Fund				
- Bank balances	<u>60,471</u>	<u>0.06</u>	<u>125,789</u>	<u>0.15</u>
Core Accumulation Fund				
- Bank balances	<u>419,083</u>	<u>0.13</u>	<u>266,372</u>	<u>0.12</u>
Age 65 Plus Fund				
- Bank balances	<u>407,859</u>	<u>0.13</u>	<u>348,591</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 2019
(HK\$'000)

	Up to 3 months	3-12 months	Over 12 months	Non-interest bearing	Total
Bank balances	16,479	-	-	-	16,479
Financial assets at fair value through profit or loss	1,173,794	252,182	-	-	1,425,976
Other assets	-	-	-	7,208	7,208
Total assets	1,190,273	252,182	-	7,208	1,449,663
Total liabilities	-	-	-	7,068	7,068
Total interest sensitivity gap	1,190,273	252,182	-		

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	-		

As at 31 December 2019, if interest rates have increased/decreased by 1% (2018: 1%), the net assets attributable to members of the MPF Conservative Fund would have been increased/decreased by HK\$14,425,000 (2018: HK\$13,793,000).

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

(iii) Currency risk

As at 31 December 2019 and 2018, 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 debt securities, 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 2019, 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 2019, the sub-custodian had a credit rating of Aa1 (2018: Aa1).

As at 31 December 2019 and 2018, 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 (Moody's, Standard & Poor's and Fitch)	2019	2018
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	97%	98%
P-2/A-2/F2	3%	2%
	<u>100%</u>	<u>100%</u>

	<u>MPF Conservative Fund</u>	
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)	2019	2018
Rating		
<u>Debt Securities and Certificates of Deposit</u>		
P-1/A-1+/F1+	100%	100%
	<u>100%</u>	<u>100%</u>
<u>Bank Balances and Fixed Deposits</u>		
P-1/A-1+/F1+	67%	70%
P-2/A-2/F2	33%	30%
	<u>100%</u>	<u>100%</u>

	<u>E30 Mixed Asset Fund</u>	
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)	2019	2018
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>E50 Mixed Asset Fund</u>	
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)	2019	2018
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

BCT (MPF) INDUSTRY CHOICE
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	<u>E70 Mixed Asset Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>Global Bond Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>Global Equity Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>Hong Kong Equity Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>Asian Equity Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

	<u>Flexi Mixed Asset Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>RMB Bond Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>Core Accumulation Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

	<u>Age 65 Plus Fund</u>	
	2019	2018
Portfolio by rating category (Moody's, Standard & Poor's and Fitch)		
Rating		
<u>Bank Balances</u>		
P-1/A-1+/F1+	100%	100%

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

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019 and 31 December 2018, 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 2019			
Liabilities:			
Derivative financial instruments	-	203,035	-
Benefits and forfeitures payable	23,518,552	-	-
Accruals and other payables	8,745,494	2,078,209	3,009,460
	<u>32,264,046</u>	<u>2,281,244</u>	<u>3,009,460</u>
Total financial liabilities	<u>32,264,046</u>	<u>2,281,244</u>	<u>3,009,460</u>

	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
	<u>25,805,299</u>	<u>416,470</u>	<u>3,107,900</u>
Total financial liabilities	<u>25,805,299</u>	<u>416,470</u>	<u>3,107,900</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 2019			
Liabilities:			
Accruals and other payables	1,078,208	595,624	809,685
Amounts payable on redemption	3,527,736	-	-
Amounts payable on funds switching	1,056,542	-	-
Total financial liabilities	5,662,486	595,624	809,685

	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

E30 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	756,223	275,904	403,809
Amounts payable on redemption	484,267	-	-
Amounts payable on funds switching	48,513	-	-
Total financial liabilities	1,289,003	275,904	403,809

	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

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 2019			
Liabilities:			
Accruals and other payables	589,798	192,792	329,504
Amounts payable on redemption	1,380,158	-	-
Amounts payable on funds switching	92,486	-	-
Total financial liabilities	2,062,442	192,792	329,504

	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

E70 Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	797,345	255,253	449,307
Amounts payable on redemption	567,247	-	-
Amounts payable on funds switching	13,634	-	-
Total financial liabilities	1,378,226	255,253	449,307

	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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	87,876	53,735	61,925
Amounts payable on redemption	86,578	-	-
Amounts payable on funds switching	424,918	-	-
Total financial liabilities	599,372	53,735	61,925

	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	257,922	11,238	62,510

Global Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	144,004	82,509	94,435
Amounts payable on redemption	158,001	-	-
Amounts payable on funds switching	178,768	-	-
Total financial liabilities	480,773	82,509	94,435

	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	440,090	12,437	91,575

BCT (MPF) INDUSTRY CHOICE
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 2019			
Liabilities:			
Accruals and other payables	404,532	248,591	314,552
Amounts payable on redemption	836,238	-	-
Amounts payable on funds switching	3,036,768	-	-
Total financial liabilities	4,277,538	248,591	314,552

	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	2,329,155	31,890	306,755

Asian Equity Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	258,749	127,407	156,349
Amounts payable on redemption	379,383	-	-
Amounts payable on funds switching	122,283	-	-
Total financial liabilities	760,415	127,407	156,349

	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	509,203	18,116	157,437

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Flexi Mixed Asset Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	136,287	63,246	64,620
Amounts payable on redemption	148,742	-	-
Amounts payable on funds switching	17,988	-	-
Total financial liabilities	303,017	63,246	64,620

	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	292,394	11,636	61,322

RMB Bond Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Derivative financial instruments	-	203,035	-
Accruals and other payables	90,818	3,074	12,576
Amounts payable on redemption	53,648	-	-
Amounts payable on funds switching	170,286	-	-
Total financial liabilities	314,752	206,109	12,576

	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	410,088	3,564	54,498

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 2019			
Liabilities:			
Accruals and other payables	161,693	92,754	119,419
Amounts payable on redemption	287,209	-	-
Amounts payable on funds switching	1,667,421	-	-
Total financial liabilities	<u>2,116,323</u>	<u>92,754</u>	<u>119,419</u>

	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	<u>1,390,228</u>	<u>3,564</u>	<u>131,169</u>

Age 65 Plus Fund

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2019			
Liabilities:			
Accruals and other payables	157,009	87,320	193,279
Amounts payable on redemption	210,552	-	-
Amounts payable on funds switching	2,678,085	-	-
Total financial liabilities	<u>3,045,646</u>	<u>87,320</u>	<u>193,279</u>

	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	<u>2,015,400</u>	<u>23,028</u>	<u>193,611</u>

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 2019			
MPF Conservative Fund	1,448,750,697	912,037	-
E30 Mixed Asset Fund	626,582,807	-	-
E50 Mixed Asset Fund	490,412,006	-	-
E70 Mixed Asset Fund	665,189,147	-	-
Global Bond Fund	133,659,617	-	-
Global Equity Fund	222,745,269	-	-
Hong Kong Equity Fund	718,968,544	-	-
Asian Equity Fund	357,274,655	-	-
Flexi Mixed Asset Fund	161,611,687	-	-
RMB Bond Fund	100,107,747	-	-
Core Accumulation Fund	331,468,869	-	-
Age 65 Plus Fund	318,451,501	-	-
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	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 2019 and 2018, 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 2019 and 2018:

MPF Conservative Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Debt securities and certificates of deposit	-	365,147,217	365,147,217
- Fixed deposits	1,060,828,573	-	1,060,828,573
	<u>1,060,828,573</u>	<u>365,147,217</u>	<u>1,425,975,790</u>

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>

E30 Mixed Asset Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	625,895,189	-	625,895,189
	<u>625,895,189</u>	<u>-</u>	<u>625,895,189</u>

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>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

E50 Mixed Asset Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	489,036,779	-	489,036,779
	<u>489,036,779</u>	<u>-</u>	<u>489,036,779</u>

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>

E70 Mixed Asset Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	664,292,636	-	664,292,636
	<u>664,292,636</u>	<u>-</u>	<u>664,292,636</u>

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>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Global Bond Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	132,984,667	-	132,984,667

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

Global Equity Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	221,074,412	-	221,074,412

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Hong Kong Equity Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	714,874,170	-	714,874,170

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

Asian Equity Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	356,413,761	-	356,413,761

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Flexi Mixed Asset Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	161,414,843	-	161,414,843

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

RMB Bond Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	99,812,518	-	99,812,518
Liabilities			
Financial liabilities held for trading			
- Derivative financial instruments	-	(203,035)	(203,035)

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

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

Core Accumulation Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	326,192,507	-	326,192,507

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

Age 65 Plus Fund

As at 31 December 2019

	Level 1 HK\$	Level 2 HK\$	Total balance HK\$
Assets			
Financial assets held for trading			
- Approved pooled investment fund	313,803,440	-	313,803,440

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

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 2019 and 2018, 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 2019 and 2018.

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 2019 and 2018 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>2019</u> HK\$	<u>2018</u> HK\$
BCT (Industry) MPF Conservative Fund		
Debt securities	9,975,050	-
Certificates of deposit	355,172,167	307,420,019
Fixed deposits	1,060,828,573	1,049,760,580
	<hr/>	<hr/>
Investments, at fair value (at cost: 2019: HK\$1,422,852,231; 2018: HK\$1,353,689,222)	1,425,975,790	1,357,180,599
	<hr/>	<hr/>
BCT (Industry) E30 Mixed Asset Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$457,178,037 HK\$; 2018: HK\$471,881,612)	625,895,189	597,103,786
	<hr/>	<hr/>
BCT (Industry) E50 Mixed Asset Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$298,774,868; 2018: HK\$301,861,751)	489,036,779	454,845,995
	<hr/>	<hr/>
BCT (Industry) E70 Mixed Asset Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$375,995,620; 2018: HK\$374,024,021)	664,292,636	598,832,480
	<hr/>	<hr/>
BCT (Industry) Global Bond Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$130,483,383; 2018: HK\$121,756,545)	132,984,667	121,265,177
	<hr/>	<hr/>
BCT (Industry) Global Equity Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$180,138,141; 2018: HK\$155,810,872)	221,074,412	168,643,487
	<hr/>	<hr/>
BCT (Industry) Hong Kong Equity Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$577,988,504; 2018: HK\$537,333,577)	714,874,170	598,851,098
	<hr/>	<hr/>
BCT (Industry) Asian Equity Fund		
Approved pooled investment fund, at fair value (at cost: 2019: HK\$266,340,929; 2018: HK\$249,705,904)	356,413,761	305,203,582
	<hr/>	<hr/>

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

	<u>2019</u> HK\$	<u>2018</u> HK\$
BCT (Industry) Flexi Mixed Asset Fund Approved pooled investment fund, at fair value (at cost: 2019: HK\$141,518,048; 2018: HK\$134,414,633)	161,414,843	142,159,325
	-----	-----
BCT (Industry) RMB Bond Fund Approved pooled investment fund, at fair value (at cost: 2019: HK\$97,061,782; 2018: HK\$81,171,069) (Refer to Note 12 for the investment in derivative financial instruments)	99,812,518	82,639,773
	-----	-----
BCT (Industry) Core Accumulation Fund Approved pooled investment fund, at fair value (at cost: 2019: HK\$295,626,851; 2018: HK\$220,290,930)	326,192,507	213,807,037
	-----	-----
BCT (Industry) Age 65 Plus Fund Approved pooled investment fund, at fair value (at cost: 2019: HK\$291,457,232; 2018: HK\$278,298,075)	313,803,440	278,064,713
	-----	-----
Total investments, at fair value	5,531,770,712	4,918,597,052
	=====	=====
Total investments, at cost	4,535,415,626	4,280,238,211
	=====	=====

9. Accrued benefits

The total accrued benefits vested in the members' accounts amounted to HK\$5,533,123,154 as at 31 December 2019 (2018: HK\$4,929,010,183).

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 Sponsor, Trustee, the investment managers and their associates or delegates of the investment managers during the years ended 31 December 2019 and 2018. 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>2019</u> HK\$	<u>2018</u> HK\$
Bank balances	27,134,600	33,743,271
Certificates of deposit and fixed deposits	515,082,677	500,134,722

Income earned by the Plan and its constituent funds from the shareholders of the Trustee for the year ended 31 December 2019 and 2018 was as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Interest income	10,760,400	7,072,183

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

	<u>2019</u> HK\$	<u>2018</u> HK\$
Interest receivable	1,973,246	1,072,637

For the years ended 31 December 2019 and 2018, the Plan and its constituent funds received rebate of fee expenses from the Trustee amounted to HK\$120,072 and HK\$2,901,254 respectively.

During the year, certain expenses of Core Accumulation Fund, Age 65 Plus Fund and RMB Bond Fund, three constituent funds of the Plan of which BCT Financial Limited acts as the sponsor, were borne by BCT Financial Limited amounted to HK\$240,141 (2018: HK\$401,540).

During the year, there was no expense reimbursed to Core Accumulation Fund, Age 65 Plus Fund and RMB Bond Fund from BCT Financial Limited, which acts as the sponsor of the constituent funds (2018: HK\$1,549).

BCT (MPF) INDUSTRY CHOICE
NOTES TO THE FINANCIAL STATEMENTS

12. Derivative financial instruments

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

RMB Bond Fund

Contract to deliver	In exchange for	Settlement date	Unrealised loss HK\$
<u>2019</u>			
Open contracts: CNY29,000,000	HK\$32,101,840	27 March 2020	(203,035)
		Total unrealised loss	(203,035)
			=====
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
			=====

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 2019 and 2018

	BCT (Industry) Core Accumulation Fund		BCT (Industry) Age 65 Plus Fund	
	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$
Payment for services				
- Trustee, administration and custodian fees	1,621,811	1,090,306	1,753,235	1,624,301
Total payment for services of each DIS Fund	<u>1,621,811</u>	<u>1,090,306</u>	<u>1,753,235</u>	<u>1,624,301</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	4,689	4,349	4,786	4,580
- Auditors' remuneration	447	23,703	40,989	35,625
- Professional indemnity insurance	2,038	1,488	2,207	2,219
- Miscellaneous expenses	329,268	119,399	350,321	257,692
Total payment for out-of-pocket expenses	<u>336,442</u>	<u>148,939</u>	<u>398,303</u>	<u>300,116</u>
Other payments				
- Legal and other professional fees (non-recurring)	7,878	3,108	9,179	4,303
Total payments on each DIS Fund	<u>1,966,131</u>	<u>1,242,353</u>	<u>2,160,717</u>	<u>1,928,720</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>0.12%</u>	<u>0.08%</u>	<u>0.13%</u>	<u>0.11%</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 of 2019 and 2018, 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 2019, 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" (2018: 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" (2018: "financial assets at amortised cost").

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" (2018: "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 2019 (2018: Nil).

17. Bank loans and other borrowings

As at 31 December 2019, The Plan and its constituent funds had no bank loans or other borrowings (2018: Nil).

18. Negotiability of assets

As at 31 December 2019, there were no statutory or contractual requirements restricting the negotiability of the assets of the Plan and its constituent funds (2018: Nil).

19. Commitments

The Plan and its constituent funds had no commitments as at 31 December 2019 (2018: Nil).

20. Contingent liabilities

The Plan and its constituent funds had no contingent liabilities as at 31 December 2019 (2018: 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 2019 (2018: Nil).

22. Approval of financial statements

The financial statements were approved for issue by the Trustee on 19 June 2020.

BCT (MPF) INDUSTRY CHOICE

INDEPENDENT AUDITOR'S ASSURANCE REPORT

FOR THE YEAR ENDED

31 DECEMBER 2019

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 2019 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 19 June 2020.

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 2019 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 2019, 30 August 2019 and 30 April 2019; 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 2019, 30 August 2019 and 30 April 2019; 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 2019.
- (b) as at 31 December 2019, 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 2019 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.

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 June 2020