

## Restructuring and Changes of Investment Policies of “BCT (MPF) Pro Choice” Frequently Asked Questions

### I. Background and Details of Changes

#### 1. Q: What are the main points of the Restructuring?

A: To sum up, the main points of the Restructuring of *the BCT (MPF) Pro Choice* (the “**Plan**”) are as follows:

- 1) To simplify the choice of the Constituent Funds of the Plan by terminating 2 Constituent Funds (each, a “**Terminating Constituent Fund**”) of the current 25 constituent funds before the Restructuring;
- 2) To appoint Amundi Hong Kong Limited (“**Amundi HK**”) as single independent investment manager of 9 restructured Constituent Funds (the “**Relevant Constituent Funds**”);
- 3) To restructure the Relevant Constituent Funds into portfolio management funds;
- 4) To reduce the management fee of the Relevant Constituent Funds;
- 5) Certain changes will be made to the investment policies of the Relevant Constituent Funds for the purpose of the Restructuring.

#### 2. Q: Are there any changes in the structure of the Plan after the Restructuring?

A: The Restructuring involves the following:

- 1) The Restructuring involves 11 among the 25 Constituent Funds under the Plan before the Restructuring, namely (a) *BCT (Pro) Global Bond Fund*; (b) *BCT (Pro) China and Hong Kong Equity Fund*; (c) *BCT (Pro) Hong Kong Equity Fund*; (d) *BCT (Pro) Asian Equity Fund*; (e) *BCT (Pro) European Equity Fund*; (f) *BCT (Pro) Global Equity Fund*; (g) *BCT (Pro) International Equity Fund*; (h) *BCT (Pro) E90 Mixed Asset Fund*; (i) *BCT (Pro) E70 Mixed Asset Fund*; (j) *BCT (Pro) E50 Mixed Asset Fund*; and (k) *BCT (Pro) E30 Mixed Asset Fund*.

- 2) Among which *BCT (Pro) International Equity Fund* and *BCT (Pro) Hong Kong Equity Fund* (the “**Terminating Constituent Funds**”) will be terminated, and will be integrated into *BCT (Pro) Global Equity Fund* and *BCT (Pro) China and Hong Kong Equity Fund* respectively.
- 3) The remaining 9 constituent funds (the “**Relevant Constituent Funds**”) will be managed by Amundi HK, while the assets of the Relevant Constituent Funds will be transferred to Approved Pooled Investment Funds (“**APIFs**”) under the BCT Approved Pooled Investment Fund Series (*the* “**BCT APIF Series**”), an APIF series established by BCT, instead of solely invested in APIFs of other investment managers before Restructuring.
- 4) *The BCT APIF Series* comprises 11 APIFs, of which 5 APIFs (the “**Dynamic APIFs**”) will be managed by Amundi HK, while the remaining 6 APIFs (the “**Smart APIFs**”) will be managed by Schroder Investment Management (Hong Kong) Limited (“**Schroders**”). Amundi HK will appoint various investment delegates with different investment expertise to assist in managing the assets of the Dynamic APIFs, including Fidelity, Invesco, JPMorgan, Schroder and Templeton to implement the specialist management model.
- 5) Furthermore, Amundi HK will carry out the asset allocation and rebalancing for the Relevant Constituent Funds, and will supervise the investment delegates appointed to manage the Dynamic APIFs.
- 6) After the Restructuring, the structure of the Relevant Constituent Funds will be changed from feeder funds (i.e. investing in a single APIF)/ direct investment funds to portfolio management funds (being fund of funds).
- 7) The basic investment objectives of the Relevant Constituent Funds will remain unchanged, however, there will be certain changes in their investment policies in order to align with the restructuring from feeder funds /direct investment funds into portfolio management funds, and the investment in APIFs under *the BCT APIF Series*.
- 8) The management fees of the Relevant Constituent Funds will be reduced due to the Restructuring.

For details regarding the Restructuring (before and after), please refer to the diagram in the Appendix.

**3. Q: Which funds will be terminated? Why should the funds be terminated? And what are the benefits in doing so?**

A: As a result of the Restructuring, *BCT (Pro) International Equity Fund* and *BCT (Pro) Hong Kong Equity Fund* (the “**Terminating Constituent Funds**”) will be terminated, and will be integrated into *BCT (Pro) Global Equity Fund* and *BCT (Pro) China and Hong Kong Equity Fund* respectively.

As there are already constituent funds with similar investment objectives and policies with *BCT (Pro) International Equity Fund* and *BCT (Pro) Hong Kong Equity Fund* (namely *BCT (Pro) Global Equity Fund* and *BCT (Pro) China and Hong Kong Equity Fund*) on the platform of the Plan for investors’ choice, terminating the 2 above-mentioned constituent funds can avoid duplication. Moreover, in the long run, this can help increase the economics of scales and avoid high fund expense ratio, which are in the interests of the members.

**4. Q: When will the changes come into effect?**

A: The relevant changes will come into effect on 23 April 2018.

**5. Q: How many constituent funds will there be in the Plan after the Restructuring?**

A: There will be 23 constituent funds in the Plan after the Restructuring.

**6. Q: Who will be the investment manager of the Plan?**

A: After the Restructuring, the number of investment managers in the Plan will be changed from 7 to 6. The investment manager of the 9 Relevant Constituent Funds involved in the Restructuring will be changed to Amundi HK. Amundi HK and Schrodgers will be the investment managers of the APIFs in which the Relevant Constituent Funds invest under *the BCT APIF Series*, and Amundi HK will appoint

various investment delegates with different investment expertise to assist in managing the APIFs (being the Dynamic APIFs mentioned in the answer for Q2), including Fidelity, Invesco, JPMorgan, Schroder and Templeton.

Investment managers of other constituent funds not involved in the Restructuring will remain unchanged.

For details, please refer to the diagram in the Appendix.

**7. Q: Why did you appoint Amundi Hong Kong Limited as investment manager of the 9 Relevant Constituent Funds?**

A: Amundi HK was appointed mainly because of its experience in MPF operation and its established team in asset allocation strategy with proven investment process and track records.

**8. Q: What are your criteria for selecting investment managers? How can the investment managers after the Restructuring be better than the previous ones?**

A: The reasons for selecting Amundi HK as the manager of the Relevant Constituent Funds are already explained in the answer for Q7. As for the other managers/delegates, (i) the Dynamic APIFs (which is managed by Amundi HK) adopt a specialist approach in the selection of investment delegates (for appointment by Amundi HK) namely, selection by reference to the delegates' respective areas of specialization in terms of asset class and geographical region, and (ii) the Smart APIFs which are managed by Schroders is itself a specialist in the "Rule-based" investment strategy adopted by each of the Smart APIFs and Schroders is selected for that reason.

By selecting the managers/delegates in the said manner, the Restructuring will allow the Relevant Constituent Funds, particularly the Relevant Internal Portfolio Constituent Funds, which currently do not benefit from such specialization, to benefit from the specialists' respective strengths and experiences in the relevant asset class, geographical region and/or investment strategy adopted. For the other benefits of the Restructuring, please refer to the answer for Q9.

## **II. Implications of the change**

### **9. Q: What are the benefits of the Restructuring of the Plan and the Investment Policy Change?**

A: The benefits of the Restructuring and the Investment Policy Change are as follows:

#### 1) Extending the adoption of the multi-manager approach

The multi-manager approach has been adopted for the Relevant Internal Portfolio Constituent Funds (*namely the BCT (Pro) E30 Mixed Asset Fund, the BCT (Pro) E50 Mixed Asset Fund and the BCT (Pro) E70 Mixed Asset Fund*) since the Plan was first launched, whereby each of such Relevant Internal Portfolio Constituent Funds are currently managed by more than one manager. As different managers have different strengths and investment style, the use of more than one manager diversifies risks and helps reduce the risk of a single manager not performing well. By way of contrast, the Relevant Feeder Constituent Funds, each of which invests in a single APIF managed by one manager, do not adopt the multi-manager approach.

By restructuring all of the Relevant Constituent Funds (i.e. the Relevant Internal Portfolio Constituent Funds as well as the Relevant Feeder Constituent Funds) into portfolio management funds whereby each of the Relevant Constituent Funds will invest in at least two APIFs selected from the BCT APIF Series and with each of the selected APIF being managed by (i) either one or more investment delegate(s) of Amundi HK (in the case of the selected APIF being a Dynamic APIF) or (ii) Schrodgers (in the case of the selected APIF being a Smart APIF), the Restructuring will effectively extend the adoption of the multi-manager approach (at the underlying APIF level and despite there being a single manager (i.e. Amundi HK) at the Relevant Constituent Fund level) to all of the Relevant Constituent Funds, thereby allowing all of them to benefit from such an approach.

#### 2) Benefits of asset allocation

The appointment of an investment manager charged with the responsibilities of performing asset allocation for each of the Relevant Constituent Fund may help reduce fund price volatility and enhance investment return. The reasons for

selecting Amundi HK as the manager of the new constituent funds have been explained in the answer for Q7 in details.

Through allocating assets between the Dynamic APIFs which adopt an “active” investment approach on the one hand and the Smart APIFs which adopt a “Rule-based” investment strategy on the other, diversification between the two different types of investment approach/strategy can be achieved in such a way that return may be enhanced and/or volatility may be reduced. Also, for some of the Relevant Constituents Funds which invest in multiple-asset classes and/or multiple regions (namely, *BCT (Pro) Global Equity Fund*, *BCT (Pro) E30 Mixed Asset Fund*, *BCT (Pro) E50 Mixed Asset Fund*, *BCT (Pro) E70 Mixed Asset Mixed Fund* and *BCT (Pro) E90 Mixed Asset Fund*), allocation of assets by Amundi HK between the different APIFs of the BCT APIF Series by reference to asset classes and geographical locations can help enhance investment return.

For the purposes of allocation between the Dynamic APIFs and the Smart APIFs, target allocation percentages for respectively the Dynamic APIFs and the Smart APIFs (“Target Dynamic/Smart Allocation Percentages”) are fixed for each Relevant Constituent Fund (and reviewed annually at least) by Amundi HK in consultation with the Sponsor. Amundi HK will seek to adhere to such Target Dynamic/Smart Allocation Percentages when allocating between Dynamic APIFs and Smart APIFs on the basis that whilst deviations from such target percentages may occur, such deviations are not expected to exceed plus/minus 10%.

3) Benefits of the specialization of investment delegates

Each of the Relevant Constituent Funds will invest in a portfolio of APIFs selected from the BCT APIF Series including (i) the Dynamic APIFs which adopt a specialist approach in the selection of investment delegates namely, selection by reference to the delegates’ respective areas of specialization in terms of asset class and geographical region, and (ii) the Smart APIFs which are managed by Schroders, a specialist in the “Rule-based” investment strategy adopted by each of the Smart APIFs. As such, the Restructuring will allow the Relevant Constituent Funds, particularly the Relevant Internal Portfolio CFs, which currently do not benefit from such specialization, to benefit from the specialists’ respective strengths and experiences in the relevant asset class, geographical region and/or investment strategy adopted.

4) Ease with which delegates can be replaced

With the Dynamic APIFs being managed by delegates of Amundi HK, the delegates which are managing the Dynamic APIFs well and those which are managing poorly can be identified and, as investment delegates of the Dynamic APIFs can (subject to relevant regulatory approvals) be replaced with relative ease in circumstances considered appropriate by Amundi HK and BCT Financial Limited (as sponsor of the BCT APIF Series), the Restructuring can allow the Relevant Constituent Funds to benefit from such ease of delegate replacement. It is easier to replace a non-performing investment delegate of an APIF of the BCT APIF Series (which share the same investment manager, trustee and sponsor as the Relevant Constituent Funds) under the new structure than to replace an investment manager of any Relevant Constituent Fund under the existing structure because the former (as opposed to the latter) will not require any transfer of assets and, as such, can be undertaken speedily and much more cost effectively.

5) Better economies of scale

Besides the better economies of scale which can be achieved by the termination consolidation as mentioned in question 3 above, the Restructuring will also bring about better economies of scale through channeling the existing investments into the APIFs of the *BCT APIF Series*. There is currently, in respect of an asset class, a degree of overlap among the underlying investments of the Relevant Constituent Funds. As the Restructuring will be implemented by channeling and consolidating investments of the same asset class in such a way that the said overlap will be reduced, economies of scale will be enhanced. The fees charged in respect of all of the Relevant Constituent Funds will, therefore, be reduced.

**10. Q: How will allocation between Dynamic APIFs and Smart APIFs be carried out?**

A: Target allocation percentages for respectively the Dynamic APIFs and the Smart APIFs (“Target Dynamic/Smart Allocation Percentages”) are fixed for each Relevant Constituent Fund (and reviewed annually at least) by Amundi HK in consultation with the Sponsor. Allocation between the Dynamic APIFs and the Smart APIFs will be done in accordance with such Target Dynamic/Smart Allocation Percentages on the basis that whilst deviations from such target percentages may occur, such deviations

are not expected to exceed plus/minus 10%.

**11. Q: What does “Rule-based” investment strategy involve?**

A: “Rule-based” investment strategy does not invest by replicating a designated index (i.e. not a passive investment strategy). Its use will involve the utilization of a proprietary rule-based quantitative screening of securities in the selection of constituents from the designated index. The weighting of the constituent stocks / bonds of the portfolio may be different from those of the reference index. The portfolio will also seek to maintain a relatively low performance variation between it and the reference index with a view to delivering a risk-and-return profile which is similar to that of the reference index. While the said rule-based investment strategy will be adhered to without discretion in the said selection process, those rules will be subject to reviews and may be changed from time to time.

**12. Q: Will the management fees be increased? What are the details of new management fees?**

A: No, the management fees will not be increased. Instead, the management fees of the Constituent Funds involved in the Restructuring will be reduced. Please refer to the following table for details:

Management Fees of the Relevant Constituent Funds				Change after Restructuring
Rates Before Restructuring <sup>^</sup>		Rates After Restructuring		
Name of constituent fund	Rate (% per annum of net asset value)	Name of constituent fund	Rate (% per annum of net asset value)	
BCT (Pro) China and Hong Kong Equity Fund	1.550%*	BCT (Pro) China and Hong Kong Equity Fund	1.43%	Reduced
BCT (Pro) Hong Kong Equity Fund	Up to 1.435%			
BCT (Pro) Asian Equity Fund	1.625%	BCT (Pro) Asian Equity Fund	1.50%	Reduced
BCT (Pro) European Equity Fund	1.550%*	BCT (Pro) European Equity Fund	1.50%	Reduced
BCT (Pro) Global Equity Fund	1.605%	BCT (Pro) Global Equity Fund	1.44%	Reduced



BCT (Pro) International Equity Fund	1.45%			
BCT (Pro) E90 Mixed Assets Fund	1.45%	BCT (Pro) E90 Mixed Assets Fund	1.44%	Reduced
BCT (Pro) E70 Mixed Assets Fund	1.55%	BCT (Pro) E70 Mixed Assets Fund	1.44%	Reduced
BCT (Pro) E50 Mixed Assets Fund	1.55%	BCT (Pro) E50 Mixed Assets Fund	1.44%	Reduced
BCT (Pro) E30 Mixed Assets Fund	1.55%	BCT (Pro) E30 Mixed Assets Fund	1.44%	Reduced
BCT (Pro) Global Bond Fund	1.42% to 1.43%	BCT(Pro) Global Bond Fund	1.40%	Reduced

^ Rates as at 1 April 2017

\* Such rate takes into account the reduction (of 0.02%) of the trustee fee payable out of the assets of the underlying APIF invested into by the Relevant Constituent Fund; which reduction came into effect on 1 April 2017.

**13. Q: Will the trading be suspended due to the Restructuring?**

A: Yes. For the Relevant Constituent Funds involved in the Restructuring, the trading will be suspended for 3 dealing days from 23 to 25 April 2018 (“Suspension Period”), and will resume on 26 April 2018. Other constituent funds which are not involved in the Restructuring will be traded as usual.

Regarding the cut-off deadlines for submitting various kinds of orders in respect of this dealing suspension, please refer to the Notice of Restructuring.

**14. Q: Why will the trading be suspended for 3 days for the Constituent Funds involved in the Restructuring?**

A: To protect the interests of the members, the fund integration and Restructuring will occur at the same time, and the trading will be suspended for 3 dealing days (being 23 to 25 April 2018). Those 3 dealing days are fixed based on the 3 working days’ (being “T+3”, dealing day plus 3 working days) for the settlement procedures of asset transfer.

The above arrangement for in-specie redemption aims at minimizing the potential exit risks in redeeming fund investment. About the details of in-specie redemption, please refer to the answer to Q15.

**15. Q: Will my accrued benefits and account value be affected by the Restructuring?**

A: This Restructuring will involve suspension of trading. The Restructuring will not involve any change in the net asset value of the account of any affected relevant member (effectively the total value of its holdings) immediately before and immediately after the Suspension Period.

However, members should note that, as all subscription and redemption orders for one or more constituent funds will be suspended during the period of suspension, members concerned may be exposed to market volatility risks due to economic recession, political instability, change of interest rate, terrorist attack and other factors.

Moreover, this Restructuring will involve transfers of assets belonging to the Relevant Constituent Funds. During this process, we shall try our best to carry out the transfers by way of “in-specie” transfers, with a view to reducing the potential loss of accrued interests which might be caused by actual realization of the underlying investments for cash (as such cash proceeds will not be invested until the end of the Suspension Period, the Relevant Constituent Funds may be exposed to out-of-market risks (i.e. the risks pertaining to holding cash as opposed to having such cash invested in the market)).

“In-specie” transfer means that during the Restructuring, in order to reduce the above-mentioned out-of-market risks, we will try our best to redeem units from third party APIF (or direct investment) by way of “in-specie” transfer instead of redeeming investments in cash, then the proceeds of in-specie redemption will be used to subscribe for new APIFs in *the BCT APIF Series*. In case the relevant redemption cannot be conducted in specie, it must be redeemed in cash, then the Relevant Constituent Funds may be exposed to out-of-market risks.

There are many reasons why “in-specie” transfer cannot be conducted: “in-specie” transfer is not allowed at all in some markets; while prior exemption is required in some other markets for “in-specie” transfer, which may involve some procedures (or for longer time and/or at higher cost) to prove that the relevant transfer will not cause

ultimate change to the ownership of beneficiaries. Therefore, many factors have to be taken into consideration about whether to conduct “in-specie” transfer.

If you have investments in the Terminating Constituent Funds and do not take any action in respect of the Restructuring, you will be deemed to have requested to redeem units in the Terminating Constituent Funds on the Effective Date and invest in the redemption proceeds in the Transferee Constituent Funds (namely, the BCT (Pro) Global Equity Fund and the BCT (Pro) China and Hong Kong Fund) (Please also refer to Q27 below in this regard). In this case, whilst the value of the holdings in the Terminating Constituent Funds before the Restructuring will be the same as the value of the holdings in the Transferee Constituent Funds after the Restructuring, the number of units held in the Transferee Constituent Funds after the Restructuring may be different from the number of units held in the Terminating Constituent Funds before the Restructuring. Other than the above, the Restructuring will not give rise to any change of the total value of holdings of members as neither “in-specie” transfer nor redeeming investments in cash will give rise to any change of the total value of holdings of members.

**16. Q: How does the fund structure change from feeder funds into portfolio management funds?**

A: We will arrange the transfer of assets of each Relevant Constituent Fund from the single-manager APIF it invested (being feeder fund) to investing in two or more APIFs under *the BCT APIF Series*, in order to complete the transfer into portfolio management funds.

**17. Q: During the period of constituent funds integration, will my investment units be traded?**

A: For the process of consolidating Terminating Constituent Funds with the corresponding Transferee Constituent Funds, the Trustee will redeem all the units in the Terminating Constituent Funds and apply the redemption value to subscribe for units in the corresponding Transferee Constituent Funds on the Effective Day. The number of units held in the Transferee Constituent Funds after the consolidation may be different from the number of units held in the Terminating Constituent Funds before the consolidation. However, the value of the holdings in the Terminating Constituent

Funds before the consolidation will be the same as the value of the holdings in the Transferee Constituent Funds after the Restructuring,

There will not be trading of members' investment units during the Suspension Period for the rest of the Relevant Constituent Funds. However, due to the transition from feeder funds (being investment in single manager APIF) to portfolio management funds (being fund of funds), underlying assets of the Relevant Constituent Funds will be transferred from the single manager APIF to two or more APIFs under the range of *the BCT APIF Series*. Such Transfer of underlying assets will not, however, involve trading of members' units.

**18. Q: Do I need to pay additional charges for the Restructuring and the Investment Policy Change? Who will bear the cost?**

A: Employers and members of the Plan will not have to bear any cost. All costs for the Restructuring and the Investment Policy Change will be borne by BCT.

**19. Q: Will there be any change to the services to which members are now entitled after the Restructuring? Say the number of switches in a year, number of benefit statements, online services? What about the service pledges?**

A: The imposition of the cut-off deadlines and the Suspension Period (see Part III below for details) will give rise to suspension of the application of our service pledges as stated in our website in relation to certain services (including those relating to the processing of contribution payment, transfer-in benefits, withdrawal of benefits, switching instructions and change of investment mandate during the period from those cut-off times to the end of the Suspension Period) during the period from, in respect of a relevant service, the cut-off deadline applicable to that service to the end of the Suspension Period. The application of the service pledges will generally resume after the end of the Suspension Period. For details on special administrative arrangements, please refer to Part III below.

Save for the above, all the existing services such as the number of switches in a year, number of benefit statements, online services will remain unchanged after the Restructuring.

**20. Q: Will these changes about fund termination and restructuring affect my bonus unit rebate?**

A: The discount on the management fees would be rebated as “bonus units” by way of fund units allocation to relevant members’ accounts. The exact number of “bonus units” to be rebated is generally arrived at by reference to the difference between the standard management fees (which generally apply) and the effective management fees (which only specifically apply to certain participating plan).

After the fund termination and restructuring, the effective management fees as agreed specifically for a participating plan beforehand will remain unchanged, but there will be a reduction of the standard management fees of the Relevant Constituent Funds. Accordingly, the number of “bonus units” applicable to a relevant participating plan will, generally, be reduced correspondingly.

**III. Operation and Administration Arrangement**

**21. Q: Do I need to pay attention to any special administration arrangement? Will the changes about fund termination and restructuring affect administration arrangement (for example, completing administration forms) in any way?**

A: Instructions involving the Terminating Constituent Funds and the Relevant Constituent Funds will be affected by the Restructuring. The following table lists the cut-off deadlines for submitting the relevant instructions according to the relevant category.

For any relevant transaction to be completed by the effective date of the Restructuring, (being 23 April 2018), employers or members must submit their valid instructions (including receipt of cleared funds, if applicable) so that they are received by BCT before the corresponding cut-off deadlines stated in the table for processing:

Types of instructions that involve units in the 2 Terminating Constituent Fund(s) / 9 Relevant Constituent Fund(s) (received through paper, fax, website or mobile app)	Cut-off Deadlines
Contribution payment / transfer-in benefits to be processed and allocated to any Terminating Constituent Fund(s)/Relevant Constituent Fund according to the latest investment mandate	12:00 midnight (end of day), 13 April 2018
Accrued benefit being transferred from other MPF scheme to be processed and allocated to any Terminating Constituent Fund(s)/Relevant Constituent Fund according to the latest investment mandate	
Member enrolment which requires acquisition of units of the Terminating Constituent Fund(s)/Relevant Constituent Fund(s)	
Claim, withdrawal and transfer-out of the benefits instructions which involves redemption of units in the Terminating Constituent Fund(s)/Relevant Constituent Fund(s)*	
Switching instructions requiring acquisition or redemption of units of the Terminating Constituent Fund(s)/Relevant Constituent Fund(s)	4:00pm, 17 April 2018
Change of investment mandate which includes an instruction requiring acquisition of units in the Terminating Constituent Fund(s)/Relevant Constituent Fund(s)	
* No fees or penalty will be charged or imposed on claim, withdrawal and transfer-out of benefits instructions.	

The process of instructions involving the transfer of accrued benefits from another MPF scheme, the contribution payment/transfer-in benefits, the member enrolment, and the claim, withdrawal and transfer-out of the benefits will require more handling including the review of the relevant documents and the manual input and checking of data. Accordingly, an earlier cut-off deadline of 13 April 2018 will apply to them, as compared with the later deadline of 17 April 2018 which applies to the switching instructions and the change of investment mandate.

- 22. Q: How will the instructions listed in the above table be processed if they are received by BCT at or after the corresponding deadlines? And how about the contributions?**

A: For instructions of benefit claims, withdrawals and transfer-out received at or after the relevant cut-off deadline (being 12:00 midnight (end of day), 13 April 2018) and instructions about changing investment mandate of future contributions and / or switching existing assets at or after 4:00 pm, 17 April 2018, they will be processed after 25 April 2018. In any event, we shall complete the processing within the timeframe specified in applicable regulatory requirements.

Regarding the arrangement about contributions, since the trading is suspended during the period from 23 to 25 April 2018, in case the contributions received / accrued benefits transferred are to be invested in the affected Constituent Funds (being the 2 Terminating Constituent Funds and 9 Relevant Constituent Funds), these contributions will be processed after 25 April 2018. Contributions investing in other constituent funds will not be affected.

**23. Q: What will happen if I make requests for benefit claims, withdrawals and transfer-out and my requests are received by BCT at or after the cut-off deadlines?**

A: Should a member make requests for benefit claims, withdrawals and transfer-out and the requests are received by BCT at or after the cut-off deadlines, due to the Restructuring of the Relevant Constituent Funds, the processing of these requests will resume on 26 April 2018.

**24. Q: Do I need to respond to the Restructuring and the Investment Policy Change? What action should I take?**

A:

(1) If you have not invested in the 2 Terminating Constituent Funds and 9 Relevant Constituent Funds, you don't have to take any action in respect of the Restructuring and the Investment Policy Change.

(2) If you are investing in the 2 Terminating Constituent Funds and do not wish to switch to the Relevant Constituent Funds which will absorb the Terminating Constituent Funds (namely, the BCT (Pro) Global Equity Fund and the BCT (Pro) China and Hong Kong Equity Fund, the "**Transferee Constituent Funds**") and/or do not wish to invest the future contributions in the Transferee Constituent Funds

after Restructuring, please submit new investment instructions for future contributions to us so that we receive them (valid and complete) before 4:00 pm 17 April 2018 so that we can take appropriate actions. Furthermore, if you are holding units in the Terminating Constituent Funds but do not wish to continue to hold units in the Transferee Constituent Funds after Restructuring, please also submit fund switching for existing balance instructions to us so that we receive them (valid and complete) before 4:00 pm 17 April 2018 to us to switch the units held in the Terminating Constituent Funds and transfer the redeemed assets into other constituent funds. Otherwise you do not have to take any action in respect of the Restructuring and the Investment Policy Change.

- (3) If you are investing in the 9 Relevant Constituent Funds and do not wish to switch the future contributions and MPF assets to the 9 Relevant Constituent Funds after Restructuring, please submit new investment instructions for future contributions to us so that we receive them (valid and complete) before 4:00 pm 17 April 2018 so that we can take appropriate actions. Furthermore, if you do not wish to continue to hold the 9 Relevant Constituent Funds after Restructuring, please also submit fund switching for existing balance instructions to us so that we receive them (valid and complete) before 4:00 pm 17 April 2018 to us to switch the units held in the Relevant Constituent Funds and transfer the redeemed assets into other constituent funds. Otherwise you do not have to take any action in respect of the Restructuring and the change in investment policies.

**25. Q: If I am investing in the Terminating Constituent Funds / Relevant Constituent Funds and I choose to redeem these Terminating Constituent Funds / Relevant Constituent Funds and to invest the redeemed assets into other constituent funds, when should I take action?**

A:

- (1) Should you choose to redeem the Terminating Constituent Funds and to invest the redeemed assets into other constituent funds, please submit, by post, fax, internet or mobile phone apps, instructions about changing investment mandate for future contributions and / or fund switching for existing assets so that we receive them (valid and complete) before 4:00 pm, 17 April 2018 in order to transfer existing accrued benefits and / or future contributions or MPF assets from the Terminating Constituent Funds to other constituent funds. Should the relevant instructions (valid and complete) be received by BCT at or after the



relevant cut-off deadline (being 4:00 pm, 17 April 2018), the fund redemption will be processed by the Transferee Constituent Funds after 25 April 2018.

- (2) Should you choose to redeem the Relevant Constituent Funds and to invest the redemption proceeds in other constituent funds, please submit, by post, fax, internet or mobile phone apps, instructions about changing investment mandate for future contributions and/or fund switching for existing assets so that we receive them (valid and complete) before 4:00 pm, 17 April 2018 in order to transfer existing accrued benefits and/or future contributions or transfer-in benefits from the Relevant Constituent Funds to other constituent funds. Should the relevant instructions (valid and complete) be received by BCT at or after the relevant cut-off deadline (being 4:00 pm, 17 April 2018), the fund redemption will be processed by the Relevant Constituent Funds after 25 April 2018.

- 26. Q: I'm holding units of the Terminating Constituent Funds in my account, but I don't wish to choose *BCT (Pro) Global Equity Fund* and/or *BCT (Pro) China and Hong Kong Equity Fund*, what should I do?**

A: The Plan provides various types of constituent funds covering different risk levels for members' choice. You may choose among the remaining 21 funds and the Default Investment Strategy of the Plan. Please submit new instructions to change the investment mandate of future contributions / switch existing assets to us so that we receive them (valid and complete) before 4:00 pm, 17 April 2018 so that we can take appropriate actions.

- 27. Q: If I have investments in the Terminating Constituent Funds/the Relevant Constituent Funds and I do not take any action in respect of the Restructuring, what will happen?**

A:

- (1) If you have investments in the Terminating Constituent Funds and do not take any action in respect of the Restructuring, you will be deemed to have requested to redeem units in the Terminating Constituent Funds on the Effective Date and invest the redemption proceeds in the Transferee Constituent Funds. In addition, you will be deemed to have requested to invest any future contributions/transfer-in benefits received after 13 April 2018 in the Transferee Constituent Funds. For any instructions to change the investment mandate for future contributions / fund

switching for existing assets with regards to investment in the Terminating Constituent Funds and redemption of units of the Terminating Constituent Funds received at or after the relevant cut-off deadline (being 4:00 pm, 17 April 2018) will be deemed as instructions with respect to the Transferee Constituent Funds and will be processed after the suspension is lifted (i.e. after being 25 April 2018).

- (2) If you have investments in the Relevant Constituent Funds and do not take any action in respect of the Restructuring, since trading will be suspended during the period from 23 to 25 April 2018), your holding of units in the Relevant Constituent Funds will remain unchanged immediately after the Restructuring, and the subscription/redemption of the Relevant Constituent Funds will resume on 26 April 2018.

**28. Q: How do I know when the fund consolidation is completed?**

A: Members holding any Terminating Constituent Fund immediately before the constituent fund consolidation (being 23 April 2018) will receive a Transfer Confirmation, specifying the amount of Accrued Benefits to be transferred from the Terminating Constituent Fund to the corresponding Transferee Constituent Fund and the number of units held afterwards. The transfer confirmation will be sent to affected members within 5 working days after the completion of the constituent fund consolidation by post.

**29. Q: If the contribution is made by autopay, is there any implication from the fund termination and Restructuring?**

A: The Fund Termination and Restructuring will not have any direct implication on contribution paid by autopay. Generally speaking, if contributions are received after the relevant cut-off deadline (being 12:00 midnight (end of day), 13 April 2018) and are to be invested in the Terminating Constituent Funds or Relevant Constituent Funds, the contributions received will be processed after the 25 April 2018). If the contributions received are invested in other constituent funds, they will not be affected.

**30. Q: If I want to withdraw from the Plan, what action should I take? Do I need to pay any penalty?**

A: BCT treasures the relationship with every client. Please call our Member Hotline 2298 9333 / Employer Hotline 2298 9388 and let us know your concern and your need.

If you really wish to withdraw from the Plan before the effective date due to the Restructuring and the Investment Policy Change, please note:

- (i) If you are an employer: please complete the Fund Transfer Request Form (applicable to Participating Employers) and submit it to the New Trustee in order to transfer members' accrued benefits in the Employer's MPF Plan to the new MPF scheme designated by Employer. Please note that this Fund Transfer Request Form (applicable to Participating Employers) must be received by BCT before 12:00 midnight (end of day), 6 April 2018. Therefore, please plan to have enough time for processing.
- (ii) If you are an employee member: you may, through the Employee Choice Arrangement, also transfer the accrued benefits in respect of member's mandatory contribution in current employment (with regard to which such transfer option can only be exercised once a year) or in respect of members' and employers' mandatory contributions and voluntary contributions that have been transferred into the contribution account and are attributable to former employment(s) (with regard to which such transfer option can be exercised more than once a year), to other MPF Scheme. Please complete the Employee Choice Arrangement – Transfer Election Form and submit it to the New Trustee in order to transfer members' accrued benefits to the designated new MPF scheme. This Employee Choice Arrangement – Transfer Election Form (valid and complete) must be received by BCT before 12:00 midnight, (end of day), 13 April 2018.
- (iii) If you are other members (namely self-employed persons, personal account members or members ceased to be employed), please complete the Fund Transfer Request Form (applicable to self-employed persons, personal account members or members ceased to be employed) and submit it to the New Trustee in order to transfer members' accrued benefits to the designated new MPF scheme. This Fund Transfer Request Form (valid and complete) must be received by BCT before 12:00 midnight (end of day), 13 April 2018.

Generally, after the trustee of the original plan receives the relevant forms from the new Trustee, it takes approximately 12 working days to transfer members' accrued benefits to the MPF schemes designated by the member. Please make sure you have enough time for processing.

No fees will be charged by the trustee of the original plan on any such transfer of MPF assets.

**31. Q: How can I obtain information about the Restructuring?**

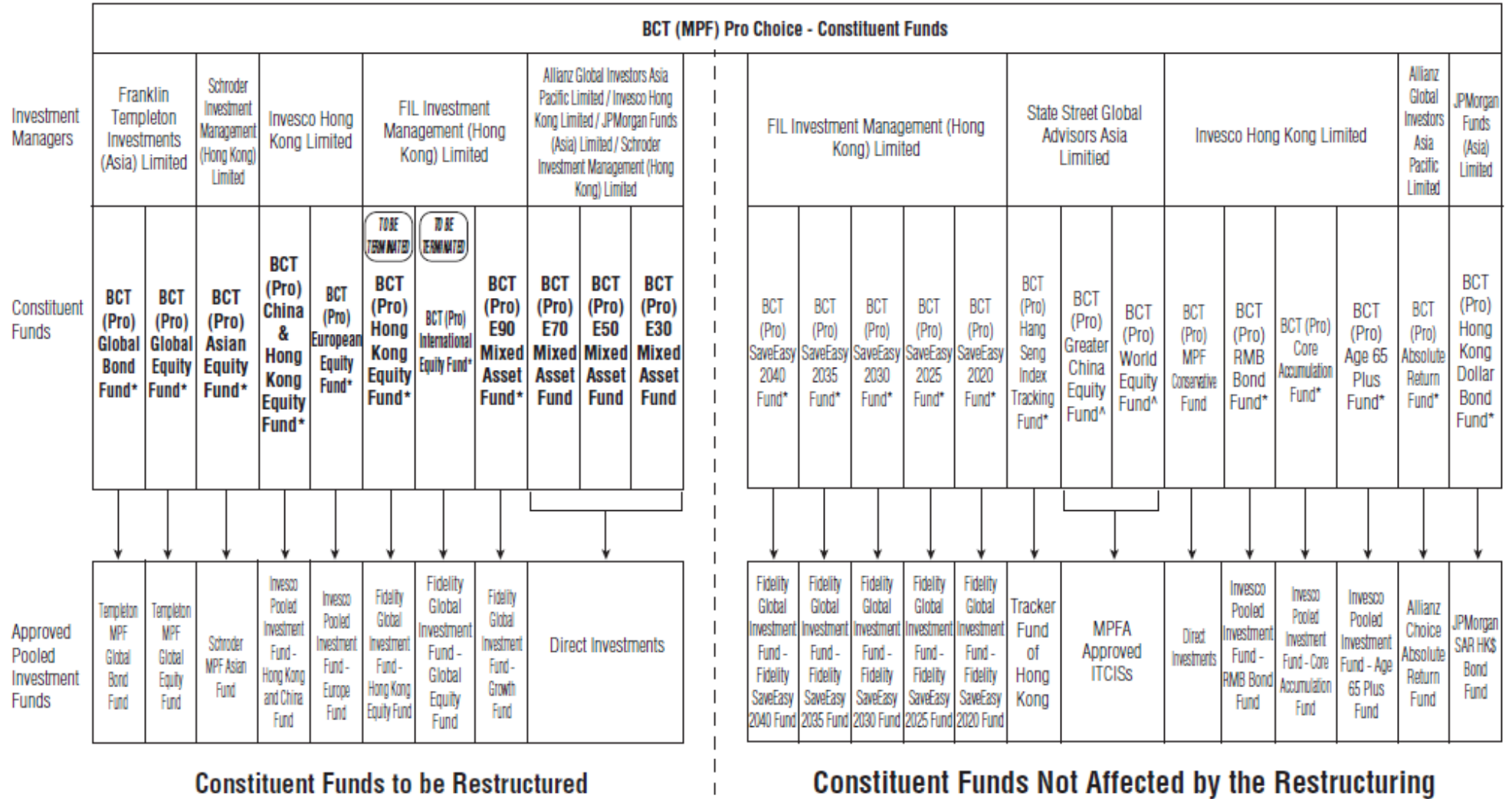
A: You may obtain the relevant information on our website [www.bcthk.com](http://www.bcthk.com), or by calling the Member Hotline at 2298 9333 / Employee Hotline at 2298 9388. BCT will hold the following seminars to help employers and members to understand the details of the Restructuring.

Date	Time	Location	Language
17 March 2018 (Saturday)	2:00pm	Cordis Hong Kong The Ballroom, Level 7, 555 Shanghai Street, Mong Kok, Kowloon, Hong Kong	Chinese
22 March 2018 (Thursday)	7:00pm	BCT Group's Office 18/F Cosco Tower, 183 Queen's Road Central, Hong Kong	English
12 April 2018 (Thursday)	7:00pm	Cliftons Hong Kong Rooms 508 - 520, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong	Chinese

Interested employers and members may register on our website [www.bcthk.com](http://www.bcthk.com).

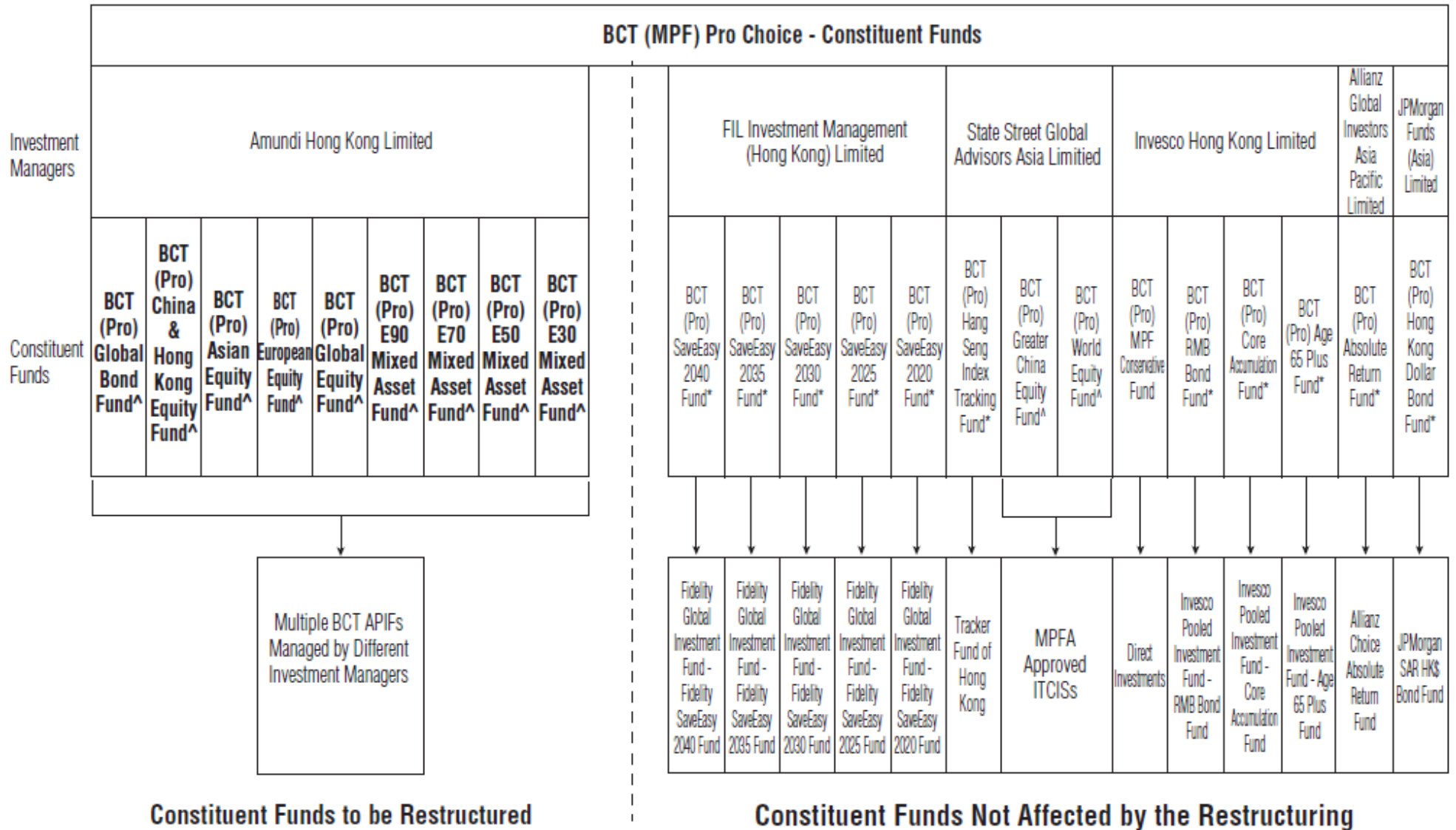
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**Appendix 1: BCT (MPF) Pro Choice – Structure of Constituent Funds before Restructuring**



\*Feeder fund  
^Portfolio management fund

**Appendix 2: BCT (MPF) Pro Choice – Structure of Constituent Funds after Restructuring**



\*Feeder fund

^Portfolio management fund