
BCOM Joyful Retirement MPF Scheme

Principal Brochure



Addendum to the Principal Brochure dated 30 April 2019 of BCOM Joyful Retirement MPF Scheme ("Scheme")

Important

This Addendum forms part of the Principal Brochure dated 30 April 2019 and should be read in the context of and together with the Principal Brochure. Terms used in this Addendum shall have the same meaning as in the Principal Brochure, unless otherwise defined herein.

A. With effect from 1 April 2019, the following tax deductible voluntary contribution changes will be made to the Principal Brochure:

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1. The following new definitions shall be added under the section **"GLOSSARY"** in the appropriate alphabetical order.

"TVC" means the tax deductible voluntary contributions as defined in section 2(1) of the Ordinance.

"TVC account" means an account opened under section 11A(1) of the Ordinance.

"TVC Account Member" means a person with a TVC account held in the Scheme.

"TVC Benefits" means benefits accrued from TVC which comprise the value of a Member's TVC account as determined in accordance with the Trust Deed constituting the Scheme.

2. The following definitions under the section **"GLOSSARY"** shall be amended as follows:

"Application of Participation" means:

- (i) the application form from time to time specified by the Approved Trustee and executed by an Employer, Employee, Individual Relevant Employee, self-employed person, Personal Account Member or TVC Account Member (as the case may be); and
- (ii) shall include a Member Enrolment Form.

"Contributions" means:

- (i) contributions to the Scheme made by an Employer, Self-employed Person, Employee Member, Individual Relevant Employee Member, Personal Account Member, TVC Account Member or the MPFA in accordance with the Governing Rules; and
- (ii) any sums received from the trustees or other administrators of any other registered scheme under the Ordinance or Occupational Retirement Schemes Ordinance.

"Member" means a person admitted to and continuing in membership of the Scheme in accordance with the Governing Rules including Employee Member, Individual Relevant Employee Member, Self-employed Member, Personal Account Member and TVC Account Member and includes any

person participating in the Scheme in one or more of the above capacities.

"Member Account" means the account or accounts maintained in the books of the Approved Trustee in respect of a Member to which are credited all Contributions held in respect of that Member including the Contribution Account, the Personal Account and the TVC account.

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3. The following shall be added under the section **"BCOM JOYFUL RETIREMENT MPF SCHEME"**, after the sub-section entitled **"Timing of Payment of Accrued Benefits of Voluntary Contributions"** and before the section entitled **"TRANSFER OF ACCRUED BENEFITS"**.

"TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS

Characteristics of TVC

Any person who fulfils the eligibility requirements as mentioned in the sub-section entitled **"Eligibility for TVC"** below can set up a TVC account and pay TVC into such account. TVC paid into the account will be eligible for tax deduction in accordance with the Inland Revenue Ordinance. With effect from 1 April 2019, our Scheme offers TVC accounts to eligible persons.

The characteristics of TVC are as follows:

- TVC can only be made directly by eligible persons into a TVC account of a registered scheme in order to enjoy tax concessions, subject to relevant conditions. Please refer to the sub-section entitled **"Tax concession arrangements for TVC"** and **"Eligibility for TVC"** below for details;
- Involvement of employers is not required;
- Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to Mandatory Contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation. Please refer to the sub-section entitled **"Withdrawal and Termination"** below for details.

Tax concession arrangements for TVC

The maximum tax concession amount for TVC in each year of assessment is set out in the Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HK\$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only, and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.

To facilitate the tax return filing by TVC Account Members, the Approved Trustee will provide a TVC summary to each TVC Account Member if TVC is made by the Member to the Scheme during a year of assessment. Such summary will be made available around 10 May after the end of relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April).

Eligibility for TVC

Any person who falls under any one of the following categories may open a TVC account:

- an employee member of a registered scheme;
- a self-employed member of a registered scheme;
- a personal account holder of a registered scheme;
- a member of an MPF exempted ORSO scheme.

Each eligible person can only have one TVC account under a registered scheme.

The Approved Trustee may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Approved Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Approved Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the Approved Trustee may consider appropriate.

Contribution of TVC

TVC can only be made into a TVC account, which is separate from a Contribution Account or a Personal Account. Any other forms of Voluntary Contributions that are not made into the TVC account are not TVC (for example, Voluntary Contributions that are made by Employee Members through their Employer will not be eligible for claiming TVC tax deduction).

TVC is subject to the same vesting, preservation and withdrawal requirements applicable to Mandatory Contributions. This also applies to Contributions that exceed the maximum tax deductible amount per assessment year.

The Application of Participation specifies the minimum limit imposed on the amount and/or frequency of contributions made to the TVC account. TVC will be fully vested in the Members once it is paid into the Scheme.

For the avoidance of doubt, the protection of accrued benefits under the Ordinance is not applicable to the TVC account, meaning that TVC Benefits will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt TVC account Member.

TVC Account Members can make their own fund selection or choose to invest in DIS under the Scheme according to their circumstance and risk appetite. If a TVC Account Member fails to submit to the Approved Trustee a Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his / her TVC will be invested in DIS. Please refer to the section entitled "**MPF DEFAULT INVESTMENT STRATEGY**" of this Principal Brochure for details of the DIS arrangement.

Portability of TVC

TVC is portable and TVC Account Members should note that:

- TVC Account Member may at any time choose to transfer the TVC Benefits to another registered scheme that offers TVC;
- The transfer must be in a lump sum (full account balance);
- The TVC account in the original scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- For the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the Member in another registered scheme cannot be claimed as deductions for taxation purpose; and

- Transfer of TVC Benefits to another TVC account of the member in another registered scheme will also be subject to the same preservation and withdrawal restrictions applicable to Mandatory Contributions in the MPF regulations.

Withdrawal and Termination of TVC

As with accrued benefits derived from Mandatory Contributions, the TVC Benefits will be paid in the following withdrawal conditions only:

- Retirement (attaining the age of 65) / early retirement (attaining the age of 60 and ceased all employment/ self-employment with no intention of becoming employed or self-employed again)
- Death
- Small balances
- Permanent departure from Hong Kong
- Total incapacity
- Terminal illness.

In addition, the Approved Trustee must provide phased withdrawal options to the following withdrawal conditions:

- Retirement (attaining the age of 65)
- Early retirement (attaining the age of 60 and ceased all employment / self-employment with no intention of becoming employed or self-employed again).

Apart from the withdrawal of accrued benefits, the Approved Trustee may terminate the Member's TVC account if:

1. the balance of the TVC account is zero; and
2. there is no transaction activity in respect of the TVC account for 365 days."

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4. The following shall be added after the penultimate paragraph of the sub-section entitled "**Transfer to Another Registered Scheme**" under the section entitled "**TRANSFER OF ACCRUED BENEFITS**":

"Please refer to the sub-section "**Portability of TVC**" under the section "**TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS**" for details on how to transfer TVC Benefits from the Scheme."

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5. The paragraph under the sub-section entitled "**Transfer From Another Registered Scheme**" under the section entitled "**TRANSFER OF ACCRUED BENEFITS**" shall be amended as follows:

The Approved Trustee may at the direction of any Employer, a Self-employed Member, Individual Relevant Employee Member, Personal Account Member or TVC Account Member accept any assets as assets of the Scheme from any trustee or administrator of any other scheme of which the Employer, Employee Member, Self-employed Member, Individual Relevant Employee Member, Personal Account Member or TVC Account Member (as the case may be) was previously participant subject to and in all respects be in accordance with the Governing Rules.

6. The first paragraph under the sub-section entitled "**CHOICE OF CONSTITUENT FUNDS**" shall be amended as follows:

"A Member is entitled to elect, subject to such restrictions, limitations and charges as the Approved Trustee may determine to the extent permitted by law that his accrued benefits attributable to the Mandatory Contributions, Voluntary Contributions, Special Contributions and TVC paid by or in respect of him under the Scheme be invested in any one or more Constituent Funds in such proportions as the Member may specify in the Application of Participation and the Approved Trustee will allocate his/her Contribution accordingly."

7. The first paragraph of the sub-section entitled "**1. Switching of Existing Balances**" under the section entitled "**CHOICE OF CONSTITUENT FUNDS**" shall be replaced with the following:

"1. Switching of Existing Balances

A Member is entitled to switch his/her investment of each of the (i) balance attributable to Employment-Related MCs and VCs; (ii) balance attributable to the Non-Employment Related VCs; (iii) balance attributable to Special Contributions; and (iv) balance attributable to TVC, among the Constituent Funds by giving written notice to the Approved Trustee free of charge. A valid switching instruction via iMPF/IVRS/fax received by the Approved Trustee by 4:00 p.m. or by post (as per the time of receipt by the Approved Trustee) by 12:00 noon on a Valuation Date can usually be effected within 1 Valuation Date and under normal circumstances not later than 5 Valuation Dates"

8. The first and second paragraphs of the sub-section entitled "**2. Change of Investment Mandate of New Contributions**" under the section entitled "**CHOICE OF CONSTITUENT FUNDS**" shall be replaced with the following:

"A Member is entitled to change his investment mandate in respect of each of (i) the Employment-Related MCs and VCs; (ii) the Non-Employment Related VCs; (iii) the Special Contributions; and (iv) balance attributable to TVC by giving written notice to the Approved Trustee, free of charge. A valid change of investment mandate received by the Approved Trustee by 12:00 noon on a Valuation Date can usually be effected within 2 Valuation Dates and under normal circumstances not later than 5 Valuation Dates or at such effective date as specified by the Member, whichever is later.

Each change of investment mandate must meet the requirements for a Specific Investment Instruction, and must specify whether the contributions described in (i), (ii), (iii) and (iv) in the preceding paragraph are to be invested in the DIS or in one or more Constituent Funds as standalone investments. Any change of investment mandate given after enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected, and in that case, the existing investment allocation (in respect of future contributions and accrued benefits transferred from another scheme) will remain unchanged. If the Approved Trustee does not receive a valid investment choice from a Member in such manner and by the cut-off time as specified in the "Trustee Service Comparative Platform" in the MPFA's website as the Approved Trustee may from time to time determine and inform that Member, such instruction will be rejected and the existing investment allocation (in respect of future contributions and accrued

benefits transferred from another scheme) will remain unchanged. Any change of investment mandate only applies to future contributions and accrued benefits transferred from another scheme and will therefore not affect the existing investments of the accrued benefits."

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9. The following sub-section shall be added under the section entitled "**TAX ADVANTAGES**" after the sub-section "**TAX IMPLICATIONS FOR SELF-EMPLOYED MEMBERS**":

"TAX IMPLICATIONS FOR TVC ACCOUNT MEMBERS

TVC Account Members will be able to deduct the TVC paid into their TVC accounts, subject to a maximum deduction per year as specified in the Inland Revenue Ordinance. More information can be found under the section entitled "**TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS**" above."

10. The following shall be added as item 7 in the list under the section entitled "**REPORTS, STATEMENTS AND ACCOUNTS**":

"7. If TVC is made by a Member to the Scheme during a year of assessment, a TVC summary will be made available to the TVC Account Member around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April)."

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11. The first paragraph of the section entitled "**HOW TO JOIN THE SCHEME**" shall be amended as follows:

"To participate in the Scheme, an:

- a. Employer,
- b. Self-employed Person,
- c. Individual Relevant Employee,
- d. Personal Account holder, or
- e. Any other person who is eligible to open a TVC account in accordance with the Ordinance (for details, please refer to the sub-section above entitled "**Eligibility for TVC**" under the section "**TAX DEDUCTIBLE VOLUNTARY CONTRIBUTIONS**"),

simply has to:

- (i) complete an Application of Participation;
- (ii) complete other appropriate forms and provide such information as required by the Approved Trustee; and
- (iii) where appropriate, arrange for its Employees (if any) to complete a Member enrolment form."

12. The fifth paragraph of the section entitled "**HOW TO JOIN THE SCHEME**" shall be amended as follows:

Date: 30 April 2019

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13. The list contained in the definition of "**Interim Guaranteed Rate of Return**" under the sub-section entitled "**(f) Description of the Guarantee Mechanism**", under Annexure A - 2, shall be amended as follows:
 - "(i) his Employment-Related MCs and VCs, Special Contributions,
 - (ii) his Non-Employment Related VCs, and
 - (iii) his TVC."

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14. The last sentence of the sub-section entitled "**Withdrawal**" under Annexure A - 2 shall be amended as follows:

"For the avoidance of doubt, in respect of Mandatory Contributions and TVC, no partial withdrawal for the purpose of switching by Members is allowed under the Fund."

This Addendum is dated 30 April 2019.

Second Addendum to the Principal Brochure dated 30 April 2019 of BCOM Joyful Retirement MPF Scheme ("Scheme")

Important

This Second Addendum forms part of the Principal Brochure dated 30 April 2019 and should be read in the context of and together with the Principal Brochure and the First Addendum dated 30 April 2019 (the "First Addendum"). Terms used in this Second Addendum shall have the same meaning as in the Principal Brochure, unless otherwise defined herein.

The changes set out below shall take effect from the date of this Second Addendum, other than the changes in paragraph 2 which has taken effect from 1 March 2019:

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1. The following shall be added immediately after the second paragraph of the sub-section entitled "**Characteristics of Voluntary Contributions**" under the section titled "**VOLUNTARY CONTRIBUTIONS**":

"The Approved Trustee may reject an application from any Individual Relevant Employee to participate in the Scheme. Circumstances where the Approved Trustee may do so include but are not limited to the following: (i) where the Trustee has reason to know that information and documents provided to the Approved Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Approved Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the Approved Trustee may consider appropriate."

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2. The table entitled "**(D) FEES & CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS**" under the subheading "**FEES AND CHARGES**" shall be replaced in its entirety with the following:

(D) FEES & CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS			
Type of Fees & Charges	Name of Constituent Fund	Current Level (% p.a. of NAV)	Deducted From
Management fees	BCOM Stable Growth (CF) Fund	0.705%	Relevant underlying fund assets
	BCOM Balanced (CF) Fund		
	BCOM Dynamic Growth (CF) Fund	Up to 0.45% ^(x)	
	BCOM Asian Dynamic Equity (CF) Fund	Nil ⁽ⁱⁱⁱ⁾	

Management fees	BCOM Hong Kong Dynamic Equity (CF) Fund	0.55%	Relevant underlying fund assets
	BCOM China Dynamic Equity (CF) Fund	0.45%	
	BCOM HSI Tracking (CF) Fund	0.05-0.1%	
	BCOM Global Bond (CF) Fund	Nil ^(iv)	
	BCOM Greater China Equity (CF) Fund	Up to 0.45% ^(x)	
	BCOM Core Accumulation Fund	0.16%	
	BCOM Age 65 Plus Fund	0.16%	
Other Expenses			
In respect of Constituent Funds other than BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund		Relevant underlying fund assets	
Other costs and expenses reasonably incurred including but not limited to safe-keeping and custody fees, auditors' fees, registrar's fees, indemnity insurance, valuation fee, publishing fee, investment transaction fees, and legal expenses.			
In respect of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund		Relevant underlying fund assets	
To the extent permitted by the Ordinance, costs and expenses reasonably incurred including but not limited to safe-keeping and custody fees, auditors' fees, indemnity insurance, publishing fee, investment transaction fees, and legal expenses.			

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3. The row on "investment management fee" for the Management fees in respect of the Underlying Funds in Explanatory Notes (i)(A) shall be replaced in its entirety with the following:

Investment management fee		
– BCOM Stable Growth (CF) Fund	0.595%	1.50%
– BCOM Balanced (CF) Fund	0.595%	1.50%
– BCOM Dynamic Growth (CF) Fund	Please refer to item (x)	Please refer to item (x)
– BCOM Asian Dynamic Equity (CF) Fund	Nil ⁽ⁱⁱⁱ⁾	Nil
– BCOM Hong Kong Dynamic Equity (CF) Fund	0.45%	2.00%
– BCOM China Dynamic Equity (CF) Fund	0.35%	2.00%
– BCOM HSI Tracking (CF) Fund	0.025-0.05%	N/A
– BCOM Global Bond (CF) Fund	Nil ^(iv)	N/A
– BCOM Greater China Equity (CF) Fund	Please refer to item (x)	Please refer to item (x)

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4. Explanatory Notes (x) shall be replaced in its entirety with the following:

"The aggregate of Trustee Fee and Investment Management Fee of the underlying fund of each of: (i) BCOM Dynamic Growth (CF) Fund, and (ii) BCOM Greater China Equity (CF) Fund, is up to 0.45%."

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5. The following shall be added immediately after the first paragraph of the section titled "**SECURITIES AND FUTURES COMMISSION AUTHORIZATION**":

"SFC authorization is not a recommendation or endorsement of an MPF scheme or pooled investment fund nor does it guarantee the commercial merits of an MPF scheme or pooled investment fund or its performance. It does not mean the MPF scheme or pooled investment fund is suitable for all scheme participants or fund holders nor is it an endorsement of its suitability for any particular scheme participant or fund holder."

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6. The second paragraph under "**Non-Employment Related VC**" in "**Annexure A - 2**" shall be deleted without replacement.
7. The third paragraph under "**Non-Employment Related VC**" in "**Annexure A - 2**" shall be renumbered from paragraph "**(iii)**" to paragraph "**(ii)**".

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8. The second paragraph under "**(e)(iii) Geographic Allocation**" in "**Annexure A - 6**" shall be replaced with the following:

"The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
Asia (ex-Japan)	80 – 100%
Others	0 – 20%"

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9. The first paragraph under "**(e)(iii) Geographic Allocation**" in "**Annexure A - 7**" shall be replaced with the following:

"The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
Hong Kong/China	70 – 100%
Others	0 – 30%"

This Second Addendum is dated 31 July 2019.



交通銀行信託有限公司

BANK OF COMMUNICATIONS TRUSTEE LIMITED

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IMPORTANT NOTES

1. The BCOM Joyful Retirement MPF Scheme ("Scheme") is a registered MPF Scheme.
2. Investment involves risks and not all investment choices available under the Scheme would be suitable for everyone. There is no assurance on investment returns and your investments / accrued benefits may suffer significant loss.
3. The BCOM Guaranteed (CF) Fund in the Scheme is a capital and return guaranteed fund. Where participation to this constituent fund is less than 60 months, the repayment of capital and return on investment are not guaranteed and the withdrawal values are fully exposed to fluctuations in the value of the constituent fund's asset. The Bank of Communications Co. Ltd., Hong Kong Branch is the guarantor to this constituent fund. Your investments are therefore subject to the credit risks of the guarantor. Please refer to section (f) of Annexure A-2 of this Principal Brochure for details of the guarantee features and guarantee conditions.
4. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds, you are in doubt as to whether a certain constituent fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and / or professional advice and choose the constituent fund(s) most suitable for you taking into account your circumstances. In the event that you do not make any investment choices, please be reminded that your contributions made and / or benefits transferred into the Scheme will be invested into the MPF default investment strategy ("**DIS**"), and such constituent fund may not necessarily be suitable for you.
5. You should consider your own risk tolerance level and financial circumstances before investing in the DIS. You should note that the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/ or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.
6. You should note that the implementation of the DIS may have an impact on your MPF investments and benefits. You should consult with the Approved Trustee if you have doubts on how you are being affected.; and
7. For further details including the product features, investment policies, investment objectives, charges and risks involved, please refer to this Principal Brochure.

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MANAGEMENT AND ADMINISTRATION

Approved Trustee

Bank of Communications Trustee Limited
1st Floor, Far East Consortium Building,
121 Des Voeux Road Central, Hong Kong

Investment Manager

(for BCOM Guaranteed (CF) Fund and
BCOM MPF Conservative Fund)
BCOM Finance (Hong Kong) Limited
1st Floor, Far East Consortium Building,
121 Des Voeux Road Central, Hong Kong

Auditors

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

Custodian

(for Master Trust Scheme and Constituent
Funds)
Bank of Communications Trustee Limited
1st Floor, Far East Consortium Building,
121 Des Voeux Road Central, Hong Kong

Promoter

Bank of Communications Co., Ltd.
Hong Kong Branch, 20 Pedder Street,
Central, Hong Kong

Administrator

Bank of Communications Trustee Limited
1st Floor, Far East Consortium Building,
121 Des Voeux Road Central, Hong Kong

Guarantor

(for BCOM Guaranteed (CF) Fund)
Bank of Communications Co., Ltd.
Hong Kong Branch, 20 Pedder Street,
Central, Hong Kong

Sponsor

BOCOM MPF & Financial Services
Company Limited
1st Floor, Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong

GLOSSARY

"Accounting Date" means the last calendar day of the financial period which shall be 31st December in each year commencing on the date hereof or such other date as decided by the Approved Trustee from time to time upon the advice of the Administrator (if any), subject to the prior approval of the MPFA and provided that, the Members, Employers and service providers are all given one month prior written notice (or such shorter notice as the MPFA may agree from time to time).

"accrued benefits" has the same meaning as in the Ordinance.

"annual fee" means a fee charged by the Approved Trustee on an annual basis and payable by the Employers and/or Members.

"APIF" means an approved pooled investment fund approved in accordance with the Regulation.

"Application of Participation" means:

- (i) the application form from time to time specified by the Approved Trustee and executed by an Employer, Employee, Individual Relevant Employee, Self-employed Person or Personal Account holder (as the case may be); and
- (ii) shall include a Member Enrolment Form.

"bid spread" is charged by the Approved Trustee upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to BCOM MPF Conservative Fund. Bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or the first four withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Approved Trustee.

"Business Day" means a day on which licensed banks in Hong Kong generally are open for business (excluding Saturday and Sunday).

"Contributions" means:

- (i) contributions to the Scheme made by an Employer, Self-employed Person, Employee Member, Individual Relevant Employee Member, Personal Account Member or the MPFA in accordance with the Governing Rules; and
- (ii) any sums received from the trustees or other administrators of any other registered scheme under the Ordinance or Occupational Retirement Schemes Ordinance.

"Contribution Account" has the same meaning as in the Regulation.

"contribution charge" means a fee charged by the Approved Trustee against any contributions paid to the Scheme. This fee is charged as a percentage of Contributions and will be deducted from the Contributions. This charge does not apply to BCOM MPF Conservative Fund.

"Employee" means an employee of the Employer and such other employee or class of employees as the Approved Trustee may from time to time at its discretion determine.

"Employee Member" means an Employee who has applied to become a Member in such manner as the Approved Trustee may reasonably require.

"Employer" means a person who is an employer from time to time participating in the Scheme.

"Employment-Related MCs and VCs" means the Mandatory Contributions and Voluntary Contributions (if any) paid by a Member or (if that Member is an Employee Member) in respect of a Member, in respect of his employment or self-employment to the Scheme.

"feeder fund" means a fund the assets of which being invested in a single APIF.

"financial period" means:

- (i) the first financial period which is the period beginning with the date on which the Scheme was registered with the MPFA and ending on a date determined by the Approved Trustee. The date so determined must be a date not more than 12 months from the date of registration of the Scheme or such later date as the Approved Trustee, with prior approval of the MPFA so determines; and

(ii) every subsequent financial period which is to be the period ending on each anniversary of the last date of the first financial period determined by the Approved Trustee.

"guarantee charge" refers to an amount that is deducted out of the assets of BCOM Guaranteed (CF) Fund for the purpose of providing a guarantee. This fee is usually charged as a percentage of the net asset value of BCOM Guaranteed (CF) Fund.

"Governing Rules" or **"Rules"** means the rules of the Scheme contained in the Schedule of the Trust Deed and forming part of the Trust Deed as may be amended or supplemented from time to time.

"Higher Risk Assets" has the meaning given to it in the Ordinance, and generally means equities or similar investments.

"index-tracking collective investment scheme" has the same meaning as in the Regulation.

"Individual Relevant Employee" means a relevant employee or Self-employed Person as defined in the Ordinance other than an Employee Member or Self-employed Member.

"Individual Relevant Employee Member" means any Individual Relevant Employee who has joined the Scheme in such manner as the Approved Trustee may reasonably require.

"Individual RE's VC" means in respect of an Individual Relevant Employee Member, any Voluntary Contributions the Individual Relevant Employee Member makes to the Scheme.

"joining fee" means a one-off fee charged by the Approved Trustee and payable by the Employers and/or Members upon joining the Scheme.

"Lower Risk Assets" means those assets not being Higher Risk Assets, including without limitation global bonds and money market instruments.

"management fees" include fees paid to the Trustee, Custodian, Administrator and Investment Manager (including fees based on fund performance, if any) for providing their services to the relevant Constituent Fund(s). They are usually charged as a percentage of the net asset value of the relevant Constituent Fund(s).

"Mandatory Contribution" has the same meaning as in the Ordinance.

"Member" means a person admitted to and continuing in membership of the Scheme in accordance with the Governing Rules including Employee Member, Individual Relevant Employee Member, Self-employed Member and Personal Account Member and includes any person participating in the Scheme in one or more of the above capacities.

"Member Account" means the account or accounts maintained in the books of the Approved Trustee in respect of a Member to which are credited all Contributions held in respect of that Member including the Contribution Account and the Personal Account.

"Member Choice Balance" means, in respect of a Member and at any date:

- (i) any accrued benefits attributable to the Member under the Scheme which relate to the Member's own Mandatory Contributions that are attributable to the Member's current employment with an Employer, and
- (ii) any accrued benefits attributable to the Member under the Scheme which relate to the Mandatory Contributions made by or in respect of the Member that are attributable to the Member's former employment or former self-employment.

"Member Fund Account" means an account of the Member kept by the Approved Trustee on his behalf in respect of each Constituent Fund.

"MPFA" means the Mandatory Provident Fund Schemes Authority.

"Non-Employment Related VCs" means the Voluntary Contributions (including any Individual RE's VCs) paid by a Member to the Scheme and which do not form part of the Employment-Related MCs and VCs.

"Offer Price" means the net asset value of a Unit upon subscription on any Valuation Date plus the offer spread.

"offer spread" is charged by the Approved Trustee upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to BCOM MPF

Conservative Fund. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the Approved Trustee.

"Ordinance" means the Mandatory Provident Fund Schemes Ordinance (Cap. 485).

"Personal Account" has the same meaning as defined in section 2 of the Regulation.

"Personal Account holder" means a person with a Personal Account held with another registered scheme.

"Personal Account Member" means a Member with a Personal Account held in the Scheme.

"Redemption Price" means the net asset value of a Unit upon redemption on any Valuation Date less the bid spread.

'Reference Portfolio' means, in respect of each of the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund, the MPF industry developed reference portfolio adopted for the purpose of DIS to provide a common reference point for the performance and asset allocation of the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund (as the case may be).

"registered scheme" has the same meaning as in the Ordinance.

"Regulation" means the Mandatory Provident Fund Schemes (General) Regulation and any amendments made thereto from time to time.

"relevant income" has the same meaning as defined in section 2 of the Ordinance.

"retirement age" has the same meaning as the words "retirement age" in the Ordinance.

"Self-employed Person" means a "self-employed person" as defined in the Ordinance.

"Self-employed Member" means any Self-employed Person who has joined the Scheme in such manner as the Approved Trustee may reasonably require.

"SFC" means the Securities and Futures Commission.

"Special Contribution" means a Contribution paid by the MPFA to the Scheme in accordance with the Ordinance.

"Specific Investment Instruction" means:

- (a) an instruction for investment allocations meeting the following requirements:
 - (i) if a Member opts for (a)(I) under the sub-section "New accounts set up on or after 1 April 2017" under the section **"Circumstances for Accrued Benefits to be Invested in the DIS"**, the investment allocation must be 100%;
 - (ii) if a Member opts for (a)(II) under the sub-section "New accounts set up on or after 1 April 2017" under the section **"Circumstances for Accrued Benefits to be Invested in the DIS"**:
 - (A) the minimum investment allocation in any Constituent Fund selected must be an integer and should not be less than 10%; and
 - (B) the total (or in the case of any switching instruction, the switch-in total) must be 100%; or
- (b) any confirmation (whether through hard copy or online submission of the relevant administration forms prescribed by the Approved Trustee or IVRS (interactive voice recording system)) by a Member with regard to any investment arrangements of the existing accrued benefits and/or future contributions and accrued benefits transferred from another scheme.

A Specific Investment Instruction applies to all types of Contributions and accrued benefits attributable to any type of Contributions, paid by or in respect of the Member under the Scheme.

Any investment mandate, change of investment mandate or switching instruction must meet the requirements for a "Specific Investment Instruction".

"Valuation Date" in respect of each Constituent Fund shall be every Business Day and may be subject to change from time to time by the Approved Trustee by giving one month notice in writing to Employers and Members (or such shorter or longer notice period as the MPFA may require).

"Voluntary Contribution" means a Contribution paid to the Scheme in accordance with Rule 6A of the Governing Rules and shall include any Individual RE's VC.

"Unit" means one equal undivided part or share of and in the unitized Constituent Fund including as the context may require, a fraction of a Unit.

"withdrawal charge" means a fee charged by the Approved Trustee upon withdrawal of accrued benefits from the Scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to BCOM MPF Conservative Fund. A withdrawal charge for a transfer of benefits, withdrawal of benefits in a lump sum, or the first four withdrawals of benefits in instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Approved Trustee.

IMPORTANT – If you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice.

BCOM JOYFUL RETIREMENT MPF SCHEME

BCOM Joyful Retirement MPF Scheme ("Scheme"), a scheme registered under the Ordinance, is established under a Trust Deed dated 26th January 2000 (as amended) with no limited duration. The Scheme is open to all Employers, Employees and Self-employed Persons irrespective of their status as temporary staff or part time workers. The Scheme is designed for the purpose of providing benefits on retirement, death, total incapacity of Employees and Self-employed Persons as the case may be or any other circumstances as provided in the Trust Deed and Governing Rules.

Upon the coming into force of the Ordinance:

- all Self-employed Persons and Employees (other than casual employees - see Note 1 below) who are between age 18 and 65 and who have been employed for 60 days or more are required to join a registered scheme and this Scheme is designed to meet the demand.
- all Self-employed Persons and Employees who are less than 18 years of age or are of more than retirement age or are exempted under Section 4(3) of the Ordinance may join and pay contribution (as Voluntary Contribution) to a registered scheme, including the Scheme.

Note 1: An employer must enroll a casual employee into a registered scheme within 10 days of employment.

All Contributions shall be made to the name of the Approved Trustee. The Approved Trustee must arrange for the Member's Contribution Account to be divided into sub-accounts in accordance with the Governing Rules of the Trust Deed of the Scheme. The Approved Trustee may delegate the administrative work to an administrator of the Scheme.

All Contributions received by the Approved Trustee shall be invested in accordance with the choice of the Members as specified in the Application of Participation in one or more Constituent Funds, subject to such restrictions, limitations and charges to the extent permitted by law. Under normal circumstances, valid contribution instructions will be processed within 4 Business Days after receipt by the Approved Trustee.

Bank of Communications Co., Ltd. Hong Kong Branch is the promoter of the Scheme, who is responsible for distribution and promotion of the Scheme.

BOCOM MPF & Financial Services Company Limited ("Bocom MFS"), a wholly owned subsidiary of Bank of Communications Co., Ltd. is the Sponsor of the Scheme, who is responsible for distribution, promotion and sponsoring of the Scheme and the engagement in ancillary activities such as business development and product design of the Scheme.

MANDATORY CONTRIBUTIONS

This section does not apply to a Member who is an Individual Relevant Employee Member.

Employers and Employee Members will both have to pay a Mandatory Contribution of 5% of relevant income (which includes salary, leave pay, fees, commission, bonuses, gratuities and allowances) to the Scheme. Self-employed Members will also have to contribute 5% of their relevant incomes.

There are minimum and maximum levels for relevant income:

Minimum - Employee Members or Self-employed Members earning below the minimum level of relevant income specified in Schedule 2 to the Ordinance are not required to contribute but Employers of the Employee Members will have to contribute in respect of their Employee Members regardless.

Maximum - No Mandatory Contributions are required of the Employers nor Members in respect of any excess over the maximum level of relevant income specified in Schedule 3 to the Ordinance.

Characteristics of Mandatory Contributions

Immediate Vesting

Mandatory Contributions paid (including Employer and Employee Member) and investment earnings are fully and immediately vested as accrued benefits.

Portability

On cessation of employment

When a Member changes jobs, benefits can be transferred to:

- (i) another scheme e.g. the new employer's employer sponsored scheme or master trust scheme;
- (ii) another account within the same master trust scheme;
- (iii) an account in another master trust scheme of his own choice; or
- (iv) existing account in an industry scheme, if applicable.

The former employer must in respect of an Employee Member (other than a casual employee)

- (i) in the remittance statement that the Employer is required to lodge with the Approved Trustee in respect of the contribution period that ends immediately following the Member's cessation of employment; or
- (ii) by written notice given to the Approved Trustee no later than the date on which that remittance statement is required to be lodged, inform the Approved Trustee of the Employee Member's cessation of employment and of the date on which the employment ceased.

If either of the above is not complied with and the Approved Trustee is satisfied that the former employer cannot be located or refuses to comply with the above, the Approved Trustee may accept a written notice given by the Employee Member concerned as evidence of the Employee Member's cessation of employment with his former employer and the date of cessation of such employment.

Transfer of Member Choice Balance of a Member

A Member may at any time elect to have the following components of his/her Member Choice Balance transferred (in such manner as the Approved Trustee may from time to time determine) to:

- (i) a Personal Account of the Member within the Scheme or any other registered scheme which is a master trust scheme or an industry scheme, once per calendar year, to the extent his/her Member Choice Balance is related to his/her own Mandatory Contributions in respect of his/her current employment; or
- (ii) a Personal Account of the Member within the Scheme or any other registered scheme which is a master trust scheme or an industry scheme, or a Contribution Account of the Member within the Scheme or any other registered scheme, at any time, to the extent his/her Member Choice Balance is related to his/her Mandatory Contributions in respect of his former employment or former self-employment.

Preservation

Accrued benefits due to Mandatory Contributions in the Member Account will be preserved until payment.

Accrued benefits due to Mandatory Contributions become payable when the Member:

- (i) attains retirement age of 65;
- (ii) attains age 60 and retires early;
- (iii) permanently departs from Hong Kong (only once in a life time);
- (iv) becomes totally incapacitated;
- (v) suffers from terminal illness;
- (vi) dies; or
- (vii) where the accrued benefits of a Member do not exceed HK\$5,000 as at the date of the claim for payment of those benefits made by him (and the Member does not have accrued benefits kept in any other registered scheme), and at least 12 months have elapsed since the contribution day in respect of the latest contribution period for which a Mandatory Contribution is required to be made to the Scheme.

Withdrawal of Benefits Due to Mandatory Contributions

In making a claim for withdrawal, a Member or his/her personal representative (in the case of a claim under (vi)) must complete a form specified by the Approved Trustee and supply to the Approved Trustee satisfactory evidence and any other documents as the Approved Trustee may require from time to time.

The form can be obtained from the Approved Trustee's website at www.bocomtrust.com.hk or call the enquiry hotline number 223 95559.

The Approved Trustee will ensure that accrued benefits due to Mandatory Contributions are paid to the relevant claimant within the timeframe as prescribed by the Regulation from time to time, whether such payment is in the form of a lump sum payment or in installment, as appropriate, provided that the relevant claimant may only elect for payment in installment if the ground of payment is either attaining the retirement age of 65 or attaining age 60 and retiring early. However the Approved Trustee will not pay the accrued benefits if the MPFA has served on it a notice under section 30 (Auditors Report) or S.32 (Investigation) of Ordinance until the matter is settled.

VOLUNTARY CONTRIBUTIONS

Characteristics of Voluntary Contributions

Employees or Self-employed Persons, notwithstanding that they are less than 18 years of age or are of or more than retirement age or are exempted under Section 4(3) of the Ordinance, may elect to make Voluntary Contributions in such terms and on such condition as the Approved Trustee may determine from time to time. Employers of any such Employees may also elect to make Voluntary Contributions in respect of such Employees. Voluntary Contributions paid are subject to the provisions of the Trust Deed and the Governing Rules except where specifically stated otherwise.

The Approved Trustee may admit an Individual Relevant Employee to participate in the Scheme in such manner (including by means of completing an Application of Participation), on such terms and at such time as the Approved Trustee may from time to time determine.

Upon admission, the Individual Relevant Employee will become an Individual Relevant Employee Member and may make Voluntary Contributions (known as "**Individual RE's VCs**") to the Scheme in such manner, at such times and on such conditions as agreed with the Approved Trustee from time to time. Individual RE's VCs are vested in the Individual Relevant Employee Member immediately.

In respect of Non-Employment Related VCs, Members may decide whether monthly contribution or irregular lump sum contributions are to be made. For details of the limitations and requirements applicable to the Non-Employment Related VCs (whether payable by an Individual Relevant Employee Member, an Employee

Member or Self-employed Member), please refer to the Application of Participation.

Withdrawal of Benefits Due to Voluntary Contributions

1. Retirement at Normal Retirement Age / Death / Total Incapacity

The benefit payable is the vested portion of the value of the Employer's Voluntary Contributions (the vesting of which is in accordance with the vesting schedule contained in the appropriate Application of Participation) and 100% of the value of Member's Voluntary Contributions.

2. Benefits on Resignation

If a Member, other than a Self-employed Member or Individual Relevant Employee Member, resigns for reasons other than those mentioned in 1. above, he/she will receive 100% of his/her own accrued benefits of Voluntary Contributions plus a Vested Portion of the value of the employer's Voluntary Contributions in accordance with a vesting scale as specified in the appropriate Application of Participation form. The following is an example of a vesting scale commonly adopted by employers:

Vesting Scale

<u>Completed Years of Service</u>	<u>Vested Percentage</u>
1 year	0%
2 years	0%
3 years	30%
4 years	40%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 years	100%

3. Early Retirement

An Employee Member (with the consent of the Employer), Individual Relevant Employee Member or a Self-employed Member may retire earlier after attaining certain age. The benefit payable is the vested portion of the value of the Employer's Voluntary Contributions (unless otherwise provided in the appropriate Application of Participation) and 100% of the value of the Member's Voluntary Contributions.

4. Late Retirement

An Employee Member (with the consent of the Employer), Individual Relevant Employee Member or a Self-employed Member, may retire beyond the normal retirement age, in which case the Voluntary Contributions may be:

(i) Discontinued after the normal retirement date:

The benefit payable is the vested portion of the value of the Employer's Voluntary Contributions (unless otherwise provided in the appropriate Application of Participation) and 100% of the value of the Member's Voluntary Contributions; or

(ii) Continued until actual retirement:

The benefit payable is the vested portion of the value of the Employer's Voluntary Contributions (unless otherwise provided in the appropriate Application of Participation) and 100% of the value of the Member's Voluntary Contributions.

5. Benefit on Dismissal

If a Member who is an Employee Member is dismissed for any of the following grounds:

- (i) wilfully disobeying a lawful and reasonable order;
- (ii) misconducting himself, such conduct being inconsistent with the due and faithful discharge of his duties;
- (iii) guilty of fraud or dishonesty;
- (iv) habitually neglectful in his duties;

(v) upon any other ground on which the Employer is entitled to terminate his contract of employment; he is only entitled to receive 100% of the accrued benefits due to his own Voluntary Contributions. The entirety of the accrued benefits due to Employer's Voluntary Contribution will be forfeited (unless otherwise provided in the appropriate Application of Participation).

6. Flexible Payment

Notwithstanding the preceding provisions of this section "Withdrawal of Benefits due to Voluntary Contributions", the Approved Trustee with the consent of the Employer (in respect of an Employee Member and such consent only being required in relation to payment or delay of any part of an Employee Member's entitlement due to his Employer's Voluntary Contributions), may, if the Member so elects, agree;

- (i) to pay the whole or any part of the Member's accrued benefits due to his own Voluntary Contributions or (if such Member is an Employee Member or Personal Account Member) the Member's accrued benefits due to his Employer's Voluntary Contributions to the Member (or at the direction of the Member) at any time, or
- (ii) to delay payment of the whole or any part of the Member's accrued benefits due to his own Voluntary Contributions to that Member, subject to such conditions as the Approved Trustee may determine from time to time.

Currently, partial withdrawal of Non-Employment Related VCs is subject to the following conditions:

- (i) each withdrawal must be for a sum not less than HK\$1,000;
- (ii) no more than 4 times can benefits due to Non-Employment Related VCs in a financial period; and
- (iii) should the withdrawal require any redemption of the units of the BCOM Guaranteed (CF) Fund, the Approved Trustee may charge a withdrawal fee of 1% of the proceeds of the redemption of the relevant units.

Timing of Payment of Accrued Benefits of Voluntary Contributions

If a claim for the payment of a Member's accrued benefits of Voluntary Contributions is lodged with the Approved Trustee and the claimant satisfies the Approved Trustee that the claimant is entitled to be paid those benefits the Approved Trustee must ensure that those accrued benefits of Voluntary Contributions are paid to the claimant not later than 30 days after the lodgment of the claim.

TRANSFER OF ACCRUED BENEFITS

Transfer to Another Registered Scheme

This section does not apply to an Individual Relevant Employee Member (unless with the consent of the Approved Trustee).

An Employer may give written notice, personally or through the transferee trustee, to the Approved Trustee of the Employer's intention to discontinue participation in the Scheme for the purpose of joining a new or separate registered scheme (the "new scheme").

Subject to the Ordinance, an Employer may upon request of the Employee Member, elect to have the accrued benefits held in the Contribution Account in respect of the Employee Member's employment with the Employer transferred to another registered scheme in which the Employer is a participant by giving written notice of the election, personally or through the transferee trustee, to the Approved Trustee.

Where

- (i) a change has occurred (whether by virtue of a sale or other disposition or by operation of law) in the ownership of a business in which an Employee Member is employed, or in a part of such business, and either
 - (a) the Employee Member's contract of employment (with the substitution of the new owner of the business for the previous owner) is renewed by that new owner; or
 - (b) the Employee Member is re-engaged by that owner under a new contract of

employment; or

- (ii) the Employee Member is undertaken into the employment of a company that is an associated company of another company by which the Employee Member was employed immediately before the Employee Member was taken into that employment;
- (iii) the new owner or associated company ("new employer"), as the case may be, has assumed the liability of the previous owner or company ("previous employer") for severance payment or long service payment in respect of the Employee Member;
- (iv) the new employer has agreed to recognise the Employee Member's length of employment with the previous employer for the purposes of that severance payment or long service payment; and
- (v) no accrued benefits held in the Scheme in respect of the Employee Member have been paid in accordance with section 12A of the Ordinance to the Employee Member or the previous employer,

then the new employer may elect, in accordance with the Regulation, to have accrued benefits of the Employee Member held in a Contribution Account in the Scheme transferred to an account in a registered scheme in which the new employer is a participant and by giving notice of the election to the Approved Trustee within the permitted period.

A Member may at any time elect to have the following components of his/her Member Choice Balance transferred (in such manner as the Approved Trustee may from time to time determine) to:

- (i) a Personal Account of the Member within another registered scheme which is a master trust scheme or an industry scheme, once per calendar year, to the extent his/her Member Choice Balance is related to his/her own Mandatory Contributions in respect of his/her current employment; or
- (ii) a Personal Account of the Member within another registered scheme which is a master trust scheme or an industry scheme, or a Contribution Account of the Member within another registered scheme, at any time, to the extent the Member Choice Balance is related to Mandatory Contributions in respect of his/her former employment or former self-employment.

In addition, a Member may at any time elect to have all of his/her accrued benefits held in his/her Personal Account transferred (in such manner as the Approved Trustee may from time to time determine) to another account, in such manner as provided in the applicable provisions of the Regulation.

A Self-employed Member may transfer his/her accrued benefits to another master trust scheme or industry scheme at any time.

After having received a written notice of election from the trustee of the new scheme, the Approved Trustee shall arrange for the necessary transfer of the relevant accrued benefits to the trustee or administrator of the new scheme in accordance with the applicable provisions of the Regulation and Governing Rules.

Transfer From Another Registered Scheme

The Approved Trustee may at the direction of any Employer, a Self-employed Member, Individual Relevant Employee Member or Personal Account Member accept any assets as assets of the Scheme from any trustee or administrator of any other scheme of which the Employer, Employee Member, Self-employed Member, Individual Relevant Employee Member or Personal Account Member (as the case may be) was previously participant subject to and in all respects be in accordance with the Governing Rules.

MPF DEFAULT INVESTMENT STRATEGY

What is MPF default investment strategy ("DIS")?

The DIS is a ready-made investment arrangement mainly designed for those Members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for Members who find it suitable for their own circumstances. For those Members who do not make an investment choice, their

contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

Asset Allocation of the DIS

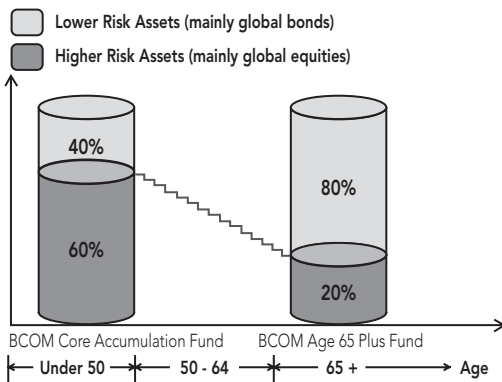
The DIS aims to balance the long term effects of risk and return through investing in two Constituent Funds, namely BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund, according to the pre-set allocation percentages at different ages. The BCOM Core Accumulation Fund will invest around 60% in Higher Risk Assets (Higher Risk Assets generally mean equities or similar investments) and 40% in Lower Risk Assets (Lower Risk Assets generally mean bonds or similar investments) of its NAV whereas the BCOM Age 65 Plus Fund will invest around 20% in Higher Risk Assets and 80% in Lower Risk Assets. Both Constituent Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a Member's age. The DIS will manage investment risk exposure by automatically reducing the exposure to Higher Risk Assets and correspondingly increasing the exposure to Lower Risk Assets as the Member gets older. Such de-risking is to be achieved by way of reducing the holding in BCOM Core Accumulation Fund and increasing the holding in BCOM Age 65 Plus Fund throughout the prescribed time span as detailed below.

Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

Diagram 1: Asset Allocation between Constituent Funds in the DIS



Note: The exact proportion of the portfolio in Higher Risk Assets/Lower Risk Assets at any point in time may deviate from the target glide path due to market fluctuations.

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from BCOM Core Accumulation Fund to BCOM Age 65 Plus Fund under the DIS. Save for the circumstances set out in this section "De-risking of the DIS", switching of the existing accrued benefits among BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund will be automatically carried out each year on a Member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below. If the Member's birthday is not on a Valuation Date, then the investments will be moved on the next available Valuation Date. Alternatively, if the Member's birthday falls on the 29th of February and in the year which is not a leap year, then the investments will be moved on 1st of March or the next available

Valuation Date. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the Member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available Valuation Date.

If the relevant Member notifies the Approved Trustee of his / her updated birthday, then the Approved Trustee will, as soon as practicable, and in any case, within 4 Business Days, after being so notified and receipt of the relevant documents evidencing such an update, adjust the allocation between the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund according to his / her updated birthday, and effect the de-risking in the future years according to the DIS De-risking Table in Diagram 2 below and his / her updated birthday. **When one or more of the specified instructions (including but not limited to subscription, redemption/withdrawal or switching instructions) are received prior to or on the annual date of de-risking for a relevant Member and being processed on that date, the annual de-risking may be deferred and the annual de-risking will only take place after completion of these specified instructions. In particular, members should refer to the cut-off time and the required time to complete (after the date of receipt of completed instruction) as set out in the "Trustee Service Comparative Platform" in the MPFA's website (collectively, the "required timeframe") before submitting a valid switching instruction or change of investment mandate instruction in order to ensure that the instruction can be processed on or prior to the de-risking date. Any valid switching instruction or change of investment mandate instruction received by the Approved Trustee before the annual de-risking but not meeting the required timeframe may only be completed after the annual de-risking.** The number of units of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund that can be issued in the annual de-risking under the DIS shall be rounded down to 3 decimal places. Please refer to the section "CHOICE OF CONSTITUENT FUNDS" and subsection "Withdrawal of Benefits Due to Mandatory Contributions" of this Principal Brochure for details regarding the handling procedures for subscription, redemption / withdrawal and switching respectively.

Members should be aware that the above de-risking will not apply where the Member chooses BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund as individual fund choices (rather than as part of the DIS).

In summary, under the DIS:

- when a Member is below the age of 50, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested in the BCOM Core Accumulation Fund;
- when a Member is between the ages of 50 and 64, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above;
- when a Member reaches the age of 64, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested in BCOM Age 65 Plus Fund;
- if the relevant Member has reached 60 years of age before 1 April 2017, unless the Member has given a Specific Investment Instruction, the Member's accrued benefits (including new contributions and accrued benefits transferred from another scheme) will be invested in the same manner as at 31 March 2017.
- For a deceased Member, de-risking will cease once the Approved Trustee has received proof of the death of the Member to the Approved Trustee's satisfaction. If de-risking has already been taken place between the death of the Member and the time at which the Approved Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased

Member.

If the Approved Trustee does not have the full date of birth of the relevant Member:

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a Valuation Date, the next available Valuation Date.
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a Valuation Date, the next available Valuation Date.
- If no information at all on the date of birth, Member's accrued benefits will be fully invested in BCOM Age 65 Plus Fund with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	BCOM Core Accumulation Fund	BCOM Age 65 Plus Fund
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund is made at the point of annual de-risking and the proportion of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund in the DIS portfolio may vary during the year due to market fluctuations.

The Trustee will, to the extent practicable, issue a notice to the relevant Member at least 60 days prior to his/her 50th birthday informing him/her of the commencement of the de-risking process. Also, a confirmation statement will be sent to the relevant Member no later than 5 Valuation Dates after the de-risking process has been completed.

Please refer to Annexures A-12 and A-13 and the other pages of this section "MPF DEFAULT INVESTMENT STRATEGY" for the investment policies and specific operational arrangements of the Constituent Funds which are under the DIS.

Switching in and out of the DI

Members can switch into or out of the DIS at any time, subject to the rules of the Scheme. No partial switching of DIS is allowed. Members should note that **switching instructions will only apply to the accrued benefits**. Where the relevant Member's existing investment in an account is under the DIS, he/she may only switch out of the DIS if he/she elects to have all the accrued benefits in that account invested outside of the DIS. Conversely, where the relevant Member wishes to switch into the DIS, he/she must elect to have all the accrued benefits in that account transferred into the DIS. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. A Member is free to choose how his/her

new contributions and accrued benefits transferred from another scheme are to be invested by giving a Specific Investment Instruction, as more particularly described in the sub-section "2. Change of Investment Mandate of New Contributions" under the section "CHOICE OF CONSTITUENT FUNDS". Also, Members may change their investment mandate to invest in the DIS at any time. For the avoidance of doubt, where a Member elects to transfer his/her accrued benefits out of the DIS, in the absence of a Specific Investment Instruction for new contributions and accrued benefits transferred from another scheme, his/her new contributions and accrued benefits transferred from another scheme will be invested in the DIS.

Circumstances for Accrued Benefits to be Invested in the DIS

- (i) *New accounts set up on or after 1 April 2017:*
 - (a) When a Member (including a Member who contributes Non-Employment Related VCs) joins the Scheme or sets up a new account in the Scheme, they have the opportunity to give a Specific Investment Instruction for their future contributions and accrued benefits transferred from another scheme. They may choose to invest their future contributions and accrued benefits transferred from another scheme into:
 - (I) the DIS; or
 - (II) one or more Constituent Funds of their own choice from the list of Constituent Funds set out in Annexure A to this Principal Brochure (including the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.
 - (b) If Members cannot provide a Specific Investment Instruction upon set up of a new account, then the entire contributions and accrued benefits transferred from another scheme will be automatically invested into DIS.
 - (c) Members should note that, if investments/benefits in BCOM Core Accumulation Fund or BCOM Age 65 Plus Fund are made under the Member's Specific Investment Instructions for investment in such fund (as a standalone fund choice rather than as part of the DIS offered as a choice) ("**standalone investments**"), those investments/benefits will not be subject to the de-risking process. If, a Member's accrued benefits are invested in any combination of (i) BCOM Core Accumulation Fund and/ or BCOM Age 65 Plus Fund as standalone investments and (ii) the DIS (no matter by default or by Specific Investment Instruction), notwithstanding that upon enrolment the Member may only choose either the DIS or standalone investments, accrued benefits invested under (i) will not be subject to the de-risking mechanism whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, Members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, Members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates.
 - (d) Where a Member has multiple capacities under the Scheme (e.g. a Member being an Employee Member and a Personal Account Member), the investment arrangement applies to the accounts of the Member in each capacity individually; for instance, if a Member is an Employee Member and a Personal Account Member and wishes to switch all of his/ her accrued benefits related to his/her Employee Member status into DIS, such switching will only impact his/her accrued benefits related to his/her Employee Member status and not his/her accrued benefits related to his/ her Personal Account Member status.
- (ii) *Existing accounts set up before 1 April 2017:*

There are special rules to be applied for accounts which exist or are set up before 1 April 2017. ("**Pre-existing Accounts**") and these rules only apply to a Member who is under or becoming 60 years of age on 1 April 2017:

 - (a) For a Member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement which

was generally resulted from no investment instruction being given on the existing accrued benefits:

If, as of 1 April 2017, the accrued benefits in a Member's Pre-existing Account are only invested according to the original default investment arrangement of the Scheme (i.e. the default fund prior to 1 June 2008 was BCOM MPF Conservative Fund and on and after 1 June 2008 but before 1 April 2017 was BCOM Stable Growth (CF) Fund) (the "**DIA Member**"), special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the Member's Pre-existing account is the one described above, a notice called the DIS Re-investment Notice (the "**DRN**") may be sent to the DIA Member within 6 months from 1 April 2017 explaining the impact on such account and giving the DIA Member an opportunity to give a Specified Investment Instruction to the Approved Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. If the Approved Trustee is not aware of any contact details of the Member that enable the Approved Trustee to give the DRN, the Approved Trustee will proceed to locate the Member in the manner, and within the time limit, specified in the guidelines issued by the MPFA. Members should note that the risk inherent in the arrangement, in particular, the risk of the original default investment arrangement may be different from that of the DIS. They will also be subject to market risks during the redemption and reinvestment process. Please refer to the table below for the risk levels of each of the original default investment arrangement and the DIS constituent funds:

Constituent Funds	Risk level
Original default investment arrangement	
BCOM MPF Conservative Fund (prior to 1 June 2008)	Little risk of loss of capital
BCOM Stable Growth (CF) Fund (on and after 1 June 2008 but before 1 April 2017)	Medium
Constituent Funds under the DIS	
BCOM Core Accumulation Fund	Medium to high
BCOM Age 65 Plus Fund	Low to medium

For details of the arrangement, Members should refer to the DRN.

- (b) For a Member's Pre-existing Account which, as at 31 March 2017:
- (i) has part of the accrued benefits in it invested in the original default investment arrangement (as a result of no valid investment instruction being given in respect of that part of the accrued benefits), or
 - (ii) has all of the accrued benefits in it invested in Constituent Funds other than the original default investment arrangement after scheme restructuring whereby all or any of the accrued benefits in the Pre-existing Account were transferred to the Pre-existing Account from an account in another scheme in a restructuring to which the MPFA consented under section 34B(5) of the MPF Ordinance,
- unless the Approved Trustee has received any Specific Investment Instructions, the Member's accrued benefits as well as future contributions and accrued benefits transferred from another scheme paid to the Member's Pre-existing Account on or after 1 April 2017 will be invested in the same manner as at 31 March 2017.
- (c) For a Member's Pre-existing Account which, as at 31 March 2017, has all of the accrued benefits in it invested in Constituent Funds other than the

original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Scheme being transferred to the Pre-existing Account) and no investment mandate has ever been given for the Pre-existing Account in respect of new contributions and accrued benefits transferred from another scheme, unless the Approved Trustee has received any Specific Investment Instructions, the Member's accrued benefits will be invested in the same manner as at 31 March 2017, while the new contributions and accrued benefits transferred from another scheme paid to the Member's Pre-existing Account on or after 1 April 2017 will be invested in the DIS.

(iii) Treatment of accrued benefits transferred from a Contribution Account to a Personal Account

Where a Member ceases employment with a participating employer and:

- (a) in the absence of his/her election to transfer such benefits as described in the section headed "Transfer of Accrued Benefits" of this Principal Brochure, and his/her accrued benefits in respect of such employment are automatically transferred to a Personal Account upon the expiry of the three months' period after the Approved Trustee has been notified of the termination of his/her employment, or
- (b) the Member has given instruction to transfer the accrued benefits from such employment to a Personal Account and his/her accrued benefits are therefore transferred to the Personal Account,

the accrued benefits transferred from the Member's Contribution Account to the Member's Personal Account will be invested in the same manner immediately before the transfer, and, unless the Approved Trustee receives a Specific Investment Instruction from the Member with regard to the Member's Personal Account, any new contributions and accrued benefits transferred from another scheme may be invested in the DIS.

Fees and Out-of-Pocket Expenses of the DIS

In accordance with section 34DD(4) and Schedule 11 of the Ordinance, the aggregate of the payments for services specified in section 34DD(2) of the Ordinance of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund must not, in a single day, exceed a daily rate (being 0.75% per annum of the NAV of each of these two Constituent Funds divided by the number of days in the year).

The above aggregate payments for services (i.e. "management fees" as defined in "Explanatory Notes (i)(B)" under the section "Fees and Charges") include, but are not limited to, the fees paid or payable for the services provided by the Approved Trustee, the Custodian, the Administrator, the investment manager and the Sponsor of the Scheme and the underlying investment funds of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the Constituent Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each Constituent Fund and its underlying investment fund(s).

In addition, in accordance with section 34DD(4) and Schedule 11 to the Ordinance, the total amount of all payments that are charged to or imposed on each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund or Members who invest in the BCOM Core Accumulation Fund and/or the BCOM Age 65 Plus Fund, for out-of-pocket expenses incurred by the Approved Trustee on a recurrent basis in the discharge of the Approved Trustee's duties to provide services in relation to each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund, shall not in a single year exceed 0.2% of the NAV of each of the BCOM Core Accumulation Fund and BCOM 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 NAV and transaction costs incurred by each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund in connection with recurrent acquisition of investments for each of the BCOM Core Accumulation Fund

and BCOM Age 65 Plus Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

For further details, please refer to the table entitled "(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS" under the subheading "FEES and CHARGES" of this Principal Brochure.

Information on Performance of DIS Constituent Funds

The fund performance (including the definition and actual figures of the fund expense ratio) of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund will be published in the fund factsheets (and one of which will be attached to annual benefit statement). Members can visit www.bocomtrust.com.hk or call the customer service hotline for information. Members may also obtain the fund performance information at the website of the MPFA (www.mpfa.org.hk).

The Reference Portfolio is adopted to provide a common reference point for performance and asset allocation of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association. Please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the fund and consider whether the investments still suit their personal needs and circumstances."

CONSTITUENT FUNDS

The Scheme currently consists the Constituent Funds as specified in the Annexure A which are set up for the choice by Members as their investments (subject to such restrictions, limitations and charges to the extent permitted by law). The Approved Trustee may create additional Constituent Funds subject to obtaining any necessary prior consent. .

A summary of names and the Statement of Investment Policy and Objectives and other details of the Constituent Funds are set out in the Annexure A to this Principal Brochure.

Investment of the Constituent Funds is subject to the investment and borrowing restrictions in Schedule 1 to the Regulation, the Trust Deed and such other relevant laws, rules or regulations that may be enacted from time to time respectively.

SUMMARY OF OTHER INVESTMENT RESTRICTIONS

The investment of the Constituent Funds is also subject to the following additional restrictions:

1. The funds of a Constituent Fund may not be invested in the securities of the Approved Trustee, the Custodian, the Investment Manager nor the guarantor, except where any of these parties is a substantial financial institution (as defined in the Regulation). For the purposes of this provision, securities do not include units in authorized unit trusts or shares in authorized mutual funds.
2. A Constituent Fund may only hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses, or for reducing market exposure.
3. A Constituent Fund may not enter into currency forward contracts other than for hedging purposes. (No currency forward contracts are allowed for conservative

fund.)

4. A Constituent Fund, which is a feeder fund, may not enter into financial futures and option contracts.
5. Where a Constituent Fund is a portfolio management fund, not more than 90% of its total funds may be invested in any one of its underlying AIFs.
6. A Constituent Fund may not invest in any security of any class in any company or body if any director or officer of the Approved Trustee or Investment Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or collectively the directors and officers of the Investment Manager or the Approved Trustee own more than 5% of those securities.
7. If the name of any Constituent Fund indicates a particular objective, geographic region or market, the Constituent Fund should invest at least 70% of its non-cash assets in securities and other investments to reflect the particular objective or geographic region or market which the Constituent Fund represents.
8. No person may be allowed to subscribe on behalf of any Constituent Fund for debt securities from an underwriter or sub-underwriter without the prior consent of the Approved Trustee and unless the Constituent Fund or the Investment Manager provides in writing that all commissions and fees payable to the Investment Manager under such contracts, and all investments acquired pursuant to such contracts, will form part of the Constituent Fund's assets.
9. If cash, forming part of the Constituent Fund's assets, is deposited with the Approved Trustee, the Investment Manager or with any connected person of these companies (being an institution licensed to accept deposits), interest must be received on the deposit at a rate not lower than the prevailing commercial rate for a deposit of that size and term subject to section 66A of the Regulation.
10. All transactions carried out by or on behalf of the Constituent Fund must be at arm's length. In particular, any transactions between the Constituent Fund and the Investment Manager or any of its connected persons as principal may only be made with the prior written consent of the Approved Trustee. All such transactions must be disclosed in the Constituent Fund's annual report.
11. Associates of brokers or dealers connected to the Investment Manager, the Approved Trustee or any of their connected persons, may not in aggregate account for more than 50% of the total value of the commissions or other agency rewards in value in any one financial period of the Scheme.

FREQUENCY OF VALUATION AND DEALING

All Constituent Funds of the Scheme are unitized. Valuation and dealing of each Constituent Fund shall be carried out on each Valuation Date unless it is specified otherwise in the Fund particulars stated in the Annexure. The unit price of a Constituent Fund is published on Hong Kong Economic Times and The Standard.

1. Valuation
 - (i) Offer and Redemption Prices in respect of a unitized Constituent Fund will be calculated on the basis of its Net Asset Value divided by the number of Units outstanding.
 - (ii) Pricing of all unitized Constituent Funds is on a forward basis.

2. Pricing

The Unit Price of a unitized Constituent Fund shall initially be Twenty Dollars (HK\$20), in respect of BCOM Dynamic Growth (CF) Fund, BCOM Asian Dynamic Equity (CF) Fund, BCOM Hong Kong Dynamic Equity (CF) Fund, BCOM China Dynamic Equity (CF) Fund, BCOM HSI Tracking (CF) Fund, BCOM Global Bond (CF) Fund, BCOM Greater China Equity (CF) Fund, BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund and Ten Dollars (HK\$10), in respect of any other unitized Constituent Funds unless the Approved Trustee in respect of any other unitized Constituent Fund(s) determines otherwise and thereafter shall be determined on each Valuation Date by dividing the NAV after deducting the administrative expenses (except for the BCOM MPF Conservative Fund which is subject to the provisions under "Fees and Charges") and Compensation

Fund levy (if any) by the number of Units in issue in that Constituent Fund on that Valuation Date (which shall include all Units of that Constituent Fund to be redeemed on that Valuation Date and exclude all Units of that Constituent Fund to be issued on that Valuation Date).

3. Non-Unitized Constituent Fund

For a non-unitized Constituent Fund, if any, the Member Fund Account will be credited with investment returns on each Valuation Date by reference to the Net Asset Value. At the end of each financial period, or such shorter period as specified in the provisions of the Constituent Fund as contained in the Annexure hereto, the Member Fund Account may be credited with an actual investment return or a rate of return which may be guaranteed (to be pro-rated if less than a year) as set out in the provisions of Constituent Fund as contained in the Annexure hereto.

4. Net Asset Value

On each Valuation Date, the Net Asset Value shall be calculated by ascertaining the gross asset value of the Constituent Fund and making the Deductions (as described in (7) below). In calculating the Net Asset Value, investments agreed to be purchased or sold where the purchase or sale has not been completed shall be deemed included or excluded from the Constituent Fund and the gross purchase or net sale consideration excluded or included as the case may require, as if such purchase or sale had been duly completed.

5. Gross Asset Value

Subject as otherwise provided in this paragraph, the Approved Trustee shall determine the value of gross asset value of each Constituent Fund using the generally accepted accounting practices and in accordance with the applicable law. In general:

- (i) investments for which prices are quoted on a market shall be valued at the latest bid price for an amount equal to that of the relevant investment;
- (ii) deposits shall be valued at face value;
- (iii) interest, discount and similar income and returns shall be deemed to accrue from day to day. Dividends shall be deemed to be received on the date on which the relevant investment is first quoted before the dividend or interest payment is accrued. The value of any accounts receivable, prepaid expenses, and cash dividends and interest declared or accrued and receivable but not yet received shall be deemed to be the full amount thereof unless the Investment Manager shall determine that less than the full amount is likely to be received. In such case, the Investment Manager shall determine the reasonable value thereof;
- (iv) the value of each unit share or other interest in a collective investment scheme shall be the last published bid price per share or unit;
- (v) the amount of any taxation relating to the income of the Fund shall be taken into account;
- (vi) contribution received in respect of Units not already in issue (which shall include Units to be issued with effect from the relevant Valuation Date on which the calculation of Net Asset Value is being made) shall not be taken into account.

6. Valuation of Unquoted Securities

The value of investments not listed or quoted on a recognized market should be determined on a regular basis by an independent professional valuer approved by the Approved Trustee as qualified to value such an investment.

7. Deductions

From the gross asset value of the Constituent Fund determined, there shall be deducted to give the Net Asset Value, the costs and expenses specified in the constitutive document as payable from the Scheme and Constituent Fund and any liabilities including any contingent or unascertained liabilities for which the Approved Trustee shall consider it prudent to provide but excluding any liabilities to pay moneys in respect of which Notices of Redemption or Withdrawal have been received but which are to take effect in accordance with these presents on

the relevant Valuation Date or any subsequent Valuation Date and also excluding any liability taken into account where investments have been agreed to be purchased or sold.

CHANGES ON DEALING

A permanent change in the method of dealing will only be made after one month's written notice is given to each Member by the Approved Trustee.

A temporary change in the method of dealing may be made:

- (i) in exceptional circumstances, having regard to the interests of the Members;
- (ii) the possibility of a change has been fully disclosed in announcement; and
- (iii) with the approval of the Approved Trustee.

SUSPENSION AND DEFERRAL OF DEALINGS

Subject to the Ordinance, suspension or deferral of dealings by the Approved Trustee may only occur in exceptional circumstances, having regard to the interest of the Members in the following circumstances:

- (i) during any time when any stock market or other markets where investments are made is closed (other than holidays) or when dealings in such markets are restricted or suspended;
- (ii) where a state of affairs, which makes acquisition or disposal of investments cannot in the opinion of the Investment Manager be effected normally or without seriously prejudicing interests of Members;
- (iii) where any breakdown in communication, which makes it impossible for the value of the Constituent Fund or investments to be accurately ascertained;
- (iv) where realization of investments cannot, in the Investment Manager's opinion, be effected at normal prices or rates of exchange;
- (v) where remittance of moneys cannot be carried out without undue delay and at the normal exchange rate;
- (vi) where redemption requests on any one dealing day exceed 10% of the Net Asset Value of the Constituent Fund, redemption requests in excess of that 10% may be deferred to the next dealing day;
- (vii) during any period there exist exceptional circumstances which in the reasonable opinion of the Approved Trustee that continuing dealing in units of the relevant Constituent Fund(s) could be detrimental to the beneficiaries of the Scheme.

RISK FACTORS

Investment involves risks. Past performance of investment asset or the Constituent Funds does not reflect the future performance. Price of the Constituent Funds and income therefrom may go down as well as up. The performance of the Constituent Funds will be affected by a number of risk factors, including the following:-

- a. **Market risk** – Market risk originates from economic cycle, interest rates, market expectation and wars, etc and affects all investment assets in the whole investment market, resulting in financial losses or gains. It cannot be avoided by diversification, but only can be lowered by reducing exposure or hedging. In general, emerging markets are more volatile than developed markets. Investment assets in an emerging market, such as the mainland China, are subject to special risks, which include government control and intervention, currency control and capital repatriation limitation, accounting and financial reporting standards less stringent than international standards and risk of nationalization, etc.
- b. **Political, economic and social risks** - Changes in political, social and economic conditions in any financial market in which the investments of the Constituent Funds are made may adversely affect the value of investment assets.
- c. **Currency risk** – Currency risk is the possibility of losing value of investment assets denominated in foreign currencies other than Hong Kong dollars, the base currency of the Constituent Funds, arising from devaluation of the foreign currencies. Some of the Constituent Funds' assets may be invested in securities which are denominated in currencies other than those of developed countries

and any income received from those investments will be received in those currencies. Historically, many developing countries' currencies have experienced significant depreciation against currencies of developed countries. Offshore RMB trading in Hong Kong and other financial centers, that are liquid at the time of purchase may subsequently become illiquid due to changes in currency policies of the mainland China relating to offshore RMB, regulatory sanctions, legislation, financial market environment, and investors' expectation or preference.

- d. **Interest rate risk** – Value of investment assets may fall due to a change in interest rate. For example, a debt security with fixed coupon rate normally drops in the market value when the interest rate rises.
- e. **Credit risk** – When the issuer of a debt security gets worse in credit standing or even defaults in repaying interest or principal payment, the market value of the debt security will be adversely affected.
- f. **Liquidity risk** – The Constituent Funds may not buy or sell an investment asset at the desired time or price, or value of investment assets may suffer on a market where there are few sellers, buyers or market makers. Especially for emerging markets, currencies and debt securities may be volatile or become very illiquid, or inactive. Then the Constituent Funds may incur significant transaction costs implied by a large bid and offer spread or even may not sell or buy those currencies and debt securities, until the said market returns to the normal state.
- g. **Risk relating to index-tracking collective investment scheme ("ITCIS") -**

An ITCIS may be traded at a market price, which may be different from its net asset value and may fluctuate

The market price of the units in an ITCIS may sometimes trade above or below its net asset value. There is a risk, therefore, that the Constituent Fund investing in the ITCIS may not be able to buy or sell at a price close to the net asset value of the ITCIS. The deviation from net asset value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for the constituent stocks traded on the relevant stock exchange(s).

The performance of the Constituent Fund may not be identical to the performance of the ITCIS

As there is charging of fees at the Constituent Fund level, there is a risk that the performance of the Constituent Fund investing in it may not correspond with the performance of the ITCIS.

Failure to fully replicate the performance of the index

While the ITCIS in which a Constituent Fund invests will seek to track the performance of the underlying index, changes in the net asset value of the ITCIS may not replicate exactly changes in the relevant index. The ITCIS's net asset value may be lower or higher than the relative level of the underlying index it tracks due to a number of factors including (i) costs and expenses incurred by the ITCIS, (ii) cash balances held by the ITCIS during times when the constituent stocks of an underlying index are unavailable or when the investment manager of the ITCIS determines it is in the best interest of the ITCIS to do so; and (iii) timing differences between changes in the underlying index and the corresponding adjustment to the shares which comprise the ITCIS's portfolio.

Due to the fact that the Constituent Fund will hold idle cash to meet redemption / switching requests and the calculation of performance of the Constituent Fund is on an after-fee basis, tracking error resulted from such cash holding and fee reduction from the Constituent Fund would be unavoidable.

Fall in the underlying index will adversely affect the value of the ITCIS

An ITCIS may not be actively managed. Its manager may not take an active role in defending the position of the ITCIS in declining markets. The investment manager of the ITCIS does not have discretion to take defensive positions where the Hong Kong stock market declines. Hence, any fall in the underlying index will result in corresponding fall in the value of the ITCIS.

Authorisation status of the ITCIS

The SFC reserves the right to withdraw the authorisation of the ITCIS if the

underlying index is no longer considered to be acceptable.

The index composition may change over time which may affect performance

The index composition may change from time to time and current constituent stocks may be removed from such index subsequently. Such changes in the composition or component weighting of the underlying index are completely out of control of the investment manager of the ITCIS and of the Constituent Fund invests in it. Generally, an ITCIS's holding of constituent stocks may not exceed the constituent stocks' weighting in the relevant index, except where the weighting is exceeded as a result of changes in the composition of the relevant index where the excess is only transitional and temporary in nature, where such excess is due to purchase of board lots or where such excess is due to the implementation of a documented sampling or optimization technique the purpose of which is for the ITCIS to achieve its objective of tracking the relevant index.

- h. **Risks relating to investing solely in a single ITCIS** – BCOM HSI Tracking (CF) Fund will entirely invest in an ITCIS, Tracker Fund of Hong Kong. Since an underlying index may focus on a particular geographical region or industry, investments of an ITCIS may be concentrated in the securities of a single issuer or several issuers when the ITCIS endeavours to match as closely as practicable its holdings of constituent stocks of the underlying index. Therefore, the Constituent Funds may be subject to the additional risks of concentration in these markets or regions.
- i. **Counterparty risk** – The Constituent Funds may place cash and deposits with financial institutions or brokers, and might suffer a significant or even total loss when the financial institutions or brokers defaulted. If the issuer of financial securities such as debt securities held by a Constituent Fund defaults, the value of the Constituent Fund will be adversely affected. Over-the-counter investments are subject to the risk that the counterparty will not live up to its contractual obligations before the settlement and may suffer losses if the counterparty fails to perform its responsibilities.
- j. **Concentration risk** – Some of the Constituent Funds or their underlying APIF(s) or ITCIS(s) may invest only in a specific country, region or industry. Their portfolios may not be well diversified in terms of the number of holdings. Such Constituent Funds or their underlying APIF(s) or ITCIS(s) are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or adverse conditions in their respective countries or industries.
- k. **Risks relating to hedging by financial derivative investments** – Some of the Constituent Funds or their underlying APIF(s) or ITCIS(s) may apply financial derivative investments such as financial futures contracts, financial option contracts and currency forward contracts for hedging purpose. But such hedging transactions may not always achieve the intended effect due to certain investment risks. Such investment risks include the magnitude of correlation between such hedging financial derivative investments and the portfolio holdings being hedged deviated from the expected because of unexpected changes in the relevant markets, incapability of closing out financial derivative investments, due to an illiquid market and the unexpected changes in the premium/discount of the financial futures contracts, and the time premium of the financial option contracts.
- l. **Principal risks of investing in DIS** – Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

Limitations on the strategy

- (i) *Age as the sole factor in determining the asset allocation under the DIS*

As set out in more detail in "MPF Default Investment Strategy", Members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a Member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor Member's personal circumstances including

investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the Scheme.

(ii) *Pre-set asset allocation*

Members should note that the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund have to follow the prescribed allocation between Higher Risk Assets and Lower Risk Assets at all times subject to a tolerance level of + or - 5%. The prescribed exposure between Higher Risk Assets and Lower Risk Assets of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund will limit the ability of the investment manager of the underlying funds of each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce Higher Risk Assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase Higher Risk Assets exposure) even if, for some reason, the investment manager of the underlying funds of each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund thought it appropriate to do so.

(iii) *Annual de-risking between the DIS Constituent Funds*

Members should note that de-risking for each relevant Member will generally be carried out on a Member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to Higher Risk Assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions.

It is possible that the de-risking process is done at a time which may result in Members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15- year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a Member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate Members from "systemic risk", such as broad-based recessions and other economic crisis, which will affect the prices of most asset classes at the same time.

(iv) *Potential rebalancing within each DIS constituent fund*

In order to maintain the prescribed allocation between the Higher Risk Assets and Lower Risk Assets within each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund, the investments of each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund may have to be continuously rebalanced. For example, when the Higher Risk Assets perform poorly, the BCOM Core Accumulation Fund's or BCOM Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund will have to liquidate some of the better performing Lower Risk Assets in order to invest more in the Higher Risk Assets, even if the investment manager of the underlying fund of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund is of the view that the Higher Risk Assets might continue to perform poorly.

(v) *Additional transaction costs*

Due to (a) the potential rebalancing of Higher Risk Assets and Lower Risk Assets in the process of maintaining the prescribed allocation within each of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund and (b) the annual reallocation of accrued benefits for Members under the de-risking process, the DIS may incur greater transaction costs than a fund/ strategy with more static allocation.

General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those Members with only a short investment horizon before retirement). The two designated Constituent Funds for DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these Constituent Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to "Risk Factors" of this Principal Brochure.

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on Members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/on-going contributions, if any, will be invested in the BCOM Age 65 Plus Fund which holds around 20% of its assets in Higher Risk Assets which may not be suitable for all Members beyond the age of 64."

m. Risks associated with investment in China A-Shares through stock connect programmes -

(i) Legal and regulatory risk - Some of the Constituent Funds or their underlying APIF(s) may invest in China A-Shares through stock connect ("Stock Connect") programmes which aim to achieve mutual stock market access between Mainland China and Hong Kong such as Shanghai-Hong Kong Stock Connect and Shenzhen- Hong Kong Stock Connect. Stock Connect programmes are novel in nature and the relevant rules and regulations will be subject to change which may have potential retrospective effect.

(ii) Trading risks - Trading in China A-Shares through Stock Connect programmes is subject to quota limitations, operational risks, risks arising from differences in trading days and restrictions on selling imposed by front-end monitoring and recalling of eligible stocks. Further, investments through such programmes are not covered by Hong Kong's Investor Compensation Fund. Where a suspension in the trading through a programme is effected, the Constituent Funds or their underlying APIFs' ability to invest in China A-Shares or access the PRC market through such programme will be adversely affected. In such events, the Constituent Funds or their underlying APIFs' ability to achieve its investment objective could be negatively affected, which may adversely affect the net asset value of the Constituent Funds or their underlying APIFS and investors may as a result suffer loss.

n. **Custodial risk** - Custodians or sub-custodians may be appointed in local markets for the purpose of safekeeping assets in those markets. Where a Constituent Fund or its underlying APIF invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Constituent Fund or its underlying APIF (as the case may be) may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Constituent Fund or its underlying APIF (as the case may be) may take a longer time to recover its assets or, in extreme cases, be unable to recover its assets. The costs borne by the Constituent Fund or its underlying APIF (as the case may be) in investing and holding investments in such markets will be generally higher than in an organized securities market, which may adversely affect the net asset value of such Constituent Fund or its underlying APIF (as the case may be) and investors may as a result suffer loss.

FEES AND CHARGES

The following table describes the fees, charges and expenses that participating employers and members may pay upon and after joining the scheme. Definitions are set out at the Glossary, important explanatory notes are set out at the bottom of the table.

(A) JOINING FEE & ANNUAL FEE			
Type of Fees		Current Amount (HK\$)	Payable By
Joining fee		N/A	N/A
Annual fee		Nil	
(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT			
Type of Fees & Charges	Name of Constituent Fund	Current Level	Payable By
Contribution charge	All Constituent funds	N/A	N/A
Offer spread	BCOM MPF Conservative Fund	N/A	N/A
	Other constituent funds	Nil	
Bid spread	BCOM MPF Conservative Fund	N/A	N/A
	Other constituent funds	Nil	
Withdrawal charge	BCOM Guaranteed (CF) Fund	Currently waived ⁽ⁱ⁾	Deducted from Non-Employment Related VCs
	Other constituent funds	N/A	N/A

(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS			
Type of Charges & Expenses	Name of Constituent Fund	Current Level (% p.a. of NAV)	Deducted From
Management fees	BCOM MPF Conservative Fund	0.8975%	Relevant members' accounts by unit deduction
	BCOM Guaranteed (CF) Fund	1.5625%	Relevant constituent fund assets
	BCOM Stable Growth (CF) Fund	0.875%	
	BCOM Balanced (CF) Fund		
	BCOM Dynamic Growth (CF) Fund	1.125%	
	BCOM Asian Dynamic Equity (CF) Fund	1.655% ⁽ⁱⁱⁱ⁾	
	BCOM Hong Kong Dynamic Equity (CF) Fund	1.085%	
	BCOM China Dynamic Equity (CF) Fund	1.185%	
	BCOM HSI Tracking (CF) Fund	0.75%	
	BCOM Global Bond (CF) Fund	0.84-0.99% ^(iv)	
	BCOM Greater China Equity (CF) Fund	1.105%	
	BCOM Core Accumulation Fund	0.59%	
	BCOM Age 65 Plus Fund	0.59%	
Guarantee charge	BCOM Guaranteed (CF) Fund	0.135%	Constituent fund assets
Other Expenses			
<p>In respect of Constituent Funds other than BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund</p> <p>Other costs and expenses reasonably incurred as referred to in the Trust Deed (including auditors' fee, premium for insurance required by Regulation, compensation fund levy (if any) and index licence fee for BCOM HSI Tracking (CF) Fund)</p> <p>In respect of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund.</p> <p>Certain recurrent out-of-pocket expenses relating to the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund are subject to a statutory annual limit of 0.20% of the NAV of each of those funds and will not be charged to or imposed on the relevant fund in excess of that amount.</p>		As incurred or to be allocated according to the NAV of each constituent fund	Relevant constituent fund assets

<p>Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the BCOM Core Accumulation Fund and the BCOM Age 65 Plus Fund. Such fees are not subject to the statutory caps mentioned in the sub-section "Fees and Out-of-Pocket Expenses of the DIS".</p> <p>The establishment costs for each of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund amount to around HK\$115,000, which will be borne by BCOM Core Accumulation Fund or BCOM Age 65 Plus Fund (as the case may be).</p>	<p>As incurred or to be allocated according to the NAV of each constituent fund</p>	<p>Relevant constituent fund assets</p>
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BCOM Guaranteed (CF) Fund is invested directly in permissible investment, fees and charges other than Part (C) may be incurred if invests in other funds.

(D) FEES & CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS

Type of Fees & Charges	Name of Constituent Fund	Current Level (% p.a. of NAV)	Deducted From
Management fees	BCOM Stable Growth (CF) Fund	0.735%	Relevant underlying fund assets
	BCOM Balanced (CF) Fund		
	BCOM Dynamic Growth (CF) Fund	0.45% ^(x)	
	BCOM Asian Dynamic Equity (CF) Fund	Nil ⁽ⁱⁱⁱ⁾	
	BCOM Hong Kong Dynamic Equity (CF) Fund	0.55%	
	BCOM China Dynamic Equity (CF) Fund	0.45%	
	BCOM HSI Tracking (CF) Fund	0.05-0.1%	
	BCOM Global Bond (CF) Fund	Nil ^(iv)	
	BCOM Greater China Equity (CF) Fund	Up to 0.48% ^(x)	
	BCOM Core Accumulation Fund	0.16%	
	BCOM Age 65 Plus Fund	0.16%	
Other Expenses			
<p>In respect of Constituent Funds other than BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund</p> <p>Other costs and expenses reasonably incurred including but not limited to safe-keeping and custody fees, auditors' fees, registrar's fees, indemnity insurance, valuation fee, publishing fee, investment transaction fees, and legal expenses.</p>			<p>Relevant underlying fund assets</p>

<p>In respect of BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund</p> <p>To the extent permitted by the Ordinance, costs and expenses reasonably incurred including but not limited to safe-keeping and custody fees, auditors' fees, indemnity insurance, publishing fee, investment transaction fees, and legal expenses.</p>	<p>Relevant underlying fund assets</p>
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Explanatory Notes

(i) (A) Management fees for the Constituent Funds other than BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund include Trustee Fee, Administration Fee, Investment Management Fee and Custodian Fee which accrue daily and are payable monthly in arrears. Management fees for the Underlying Funds include trustee fee and investment management fee which accrue daily and are payable monthly in arrears. The current and maximum level of Management fees and other fees for Constituent Funds and Underlying Funds are as follows:

Constituent Funds	Current Level (% p.a. of NAV)	Maximum Level (% p.a. of NAV)
Trustee fee (all constituent funds)	0.50%	0.75%
Administration fee – BCOM MPF Conservative Fund – BCOM Guaranteed (CF) Fund – BCOM Stable Growth (CF) Fund – BCOM Balanced (CF) Fund – BCOM Dynamic Growth (CF) Fund – BCOM Asian Dynamic Equity (CF) Fund – BCOM Hong Kong Dynamic Equity (CF) Fund – BCOM China Dynamic Equity (CF) Fund – BCOM HSI Tracking (CF) Fund – BCOM Global Bond (CF) Fund – BCOM Greater China Equity (CF) Fund	0.2175% 0.6875% 0.375% 0.375% 0.625% 0.705% 0.585% 0.685% 0.25% 0.040% 0.605%	1.25% 1.25% 0.75% 0.75% 1.00% 1.00% 1.00% 1.00% 1.00% 1.00%
Investment management fee – BCOM MPF Conservative Fund – BCOM Guaranteed (CF) Fund – BCOM Asian Dynamic Equity (CF) Fund (collected for the underlying fund) – BCOM Global Bond (CF) Fund (collected for the underlying fund) – Other constituent funds	0.18% 0.375% 0.45% ⁽ⁱⁱⁱ⁾ 0.30-0.45% Nil	0.75% 0.75% 2.50% N/A Nil
Custodian fee (all constituent funds)	Nil	Nil
Guarantor fee – BCOM Guaranteed (CF) Fund	0.135%	0.75%
Offer spread – BCOM MPF Conservative Fund – BCOM Guaranteed (CF) Fund – Other constituent funds	N/A Nil Nil	N/A 8.11% 2.30%
Bid spread – BCOM MPF Conservative Fund – Other constituent funds	N/A Nil	N/A 2.25%

Underlying Funds	Current Level (% p.a. of NAV)	Maximum Level (% p.a. of NAV)
Trustee fee		
- BCOM Stable Growth (CF) Fund	0.11%	0.50%
- BCOM Balanced (CF) Fund	0.11%	0.50%
- BCOM Dynamic Growth (CF) Fund	Please refer to item (x)	Please refer to item (x)
- BCOM Asian Dynamic Equity (CF) Fund	Nil	Nil
- BCOM Hong Kong Dynamic Equity (CF) Fund	0.10%	1.00%
- BCOM China Dynamic Equity (CF) Fund	0.10%	1.00%
- BCOM HSI Tracking (CF) Fund	0.025-0.05%	N/A
- BCOM Global Bond (CF) Fund	Nil	Nil
- BCOM Greater China Equity (CF) Fund	Please refer to item (x)	Please refer to item (x)
Investment management fee		
- BCOM Stable Growth (CF) Fund	0.625%	1.50%
- BCOM Balanced (CF) Fund	0.625%	1.50%
- BCOM Dynamic Growth (CF) Fund	Please refer to item (x)	Please refer to item (x)
- BCOM Asian Dynamic Equity (CF) Fund	Nil ⁽ⁱⁱⁱ⁾	Nil
- BCOM Hong Kong Dynamic Equity (CF) Fund	0.45%	2.00%
- BCOM China Dynamic Equity (CF) Fund	0.35%	2.00%
- BCOM HSI Tracking (CF) Fund	0.025-0.05%	N/A
- BCOM Global Bond (CF) Fund	Nil ^(iv)	N/A
- BCOM Greater China Equity (CF) Fund	Please refer to item (x)	Please refer to item (x)
Offer spread		
- BCOM Stable Growth (CF) Fund	Nil	1.00%
- BCOM Balanced (CF) Fund	Nil	1.00%
- BCOM Dynamic Growth (CF) Fund	Nil	Nil
- BCOM Asian Dynamic Equity (CF) Fund	Nil	Nil
- BCOM Hong Kong Dynamic Equity (CF) Fund	Nil	Nil
- BCOM China Dynamic Equity (CF) Fund	Nil	Nil
- BCOM HSI Tracking (CF) Fund	Nil	Nil
- BCOM Global Bond (CF) Fund	Nil	Nil
- BCOM Greater China Equity (CF) Fund	Nil	Nil
Bid spread		
- BCOM Stable Growth (CF) Fund	Nil	1.00%
- BCOM Balanced (CF) Fund	Nil	1.00%
- BCOM Dynamic Growth (CF) Fund	Nil	Nil
- BCOM Asian Dynamic Equity (CF) Fund	Nil	Nil
- BCOM Hong Kong Dynamic Equity (CF) Fund	Nil	Nil
- BCOM China Dynamic Equity (CF) Fund	Nil	Nil
- BCOM HSI Tracking (CF) Fund	Nil	Nil
- BCOM Global Bond (CF) Fund	Nil	Nil
- BCOM Greater China Equity (CF) Fund	Nil	Nil

(B) In the case of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund, management fees include fees paid to the Approved Trustee, Custodian, Administrator, investment manager and the Sponsor of the Scheme for providing their services to the relevant fund and its Underlying Fund. They are usually charged as a percentage of the NAV of a fund. These payment for services are also subject to a statutory daily limit equivalent to 0.75% per annum of the NAV of the fund which applies across both the fund and underlying funds. The fees accrue daily and are payable monthly in arrears. The current and maximum level

of payment for services and other fees for the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund and their respective underlying funds are as follows:

BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund	Current Level (% p.a. of NAV)	Maximum Level (% p.a. of NAV)
Trustee fee	0.50%	0.75%
Administration fee	0.09%	N/A
Custodian fee	Nil	Nil
Offer spread	Nil	Nil
Bid spread	Nil	Nil

Underlying Funds of the BCOM Core Accumulation Fund and BCOM Age 65 Plus Fund	Current Level (% p.a. of NAV)	Maximum Level (% p.a. of NAV)
Trustee fee	0.08%	N/A
Investment management fee	0.08%	N/A
Offer spread	Nil	Nil
Bid spread	Nil	Nil

- (ii) A withdrawal charge of 1% of the value of the proceeds of the units redeemed from BCOM Guaranteed (CF) Fund applicable to the benefits attributable to Non-Employment Related VCs is currently waived.
- (iii) The rate of Management fees of BCOM Asian Dynamic Equity (CF) Fund is inclusive of all management fees payable in respect of that constituent fund, inclusive of, in particular, the 0.45% investment management fee collected for the underlying fund.
- (iv) The rate of Management fees of BCOM Global Bond (CF) Fund is inclusive of all management fees payable in respect of that constituent fund, inclusive of, in particular, the 0.30-0.45% investment management fee collected for the underlying fund:

First USD 100 million	0.45% p.a.
Second USD 100 million	0.40% p.a.
Third USD 100 million	0.35% p.a.
Remainder	0.30% p.a.
- (v) In respect of any increase in fees and charges from the current level as stated, at least three months prior notice (or such shorter notice as the MPFA and SFC may agree) must be given to all scheme Members and participating employers.
- (vi) The above fee table does not take into account any fee rebate that may be offered to some Members of the Scheme.
- (vii) For BCOM MPF Conservative Fund, if
 - (a) funds attributable to a Member form part of this capital preservation fund; and
 - (b) the amount of the income and profits derived from the investment of those funds for a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed saving rate,
 an amount not exceeding the excess may be deducted from the Member's accrued benefits as administrative expenses for that month. In any event, any charge of administrative expenses in relation to BCOM MPF Conservative Fund must be in accordance with and subject to section 37 of the Regulation.

- (viii) In addition to the fees and charges set out in the above provisions of this section "Fees and Charges" of this Principal Brochure, fees that relate to the cost impact on a Constituent Fund, and through the Constituent Fund, other Members, arising from a transfer of accrued benefits as described in the section "Transfer of Accrued Benefits" of this Principal Brochure will be charged and reimbursed to the relevant Constituent Fund(s). Subject to the Ordinance and the Regulation, such fees include but are not limited to brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and charges but exclude any fees and charges relating to the costs of the Approved Trustee or its delegates in effecting the transfer.
- (ix) Apart from the above, there will be no other fees and charges. The Approved Trustee has the absolute discretion to waive all or part of the fees and charges specified in the Fee Table. The start-up expenses of the Scheme are borne by the Promoter. Expenses arising out of any advertising or promotional activities in connection with the Scheme must not be paid from the Scheme assets.
- (x) The aggregate of Trustee Fee and Investment Management Fee of the underlying fund of: (i) BCOM Dynamic Growth (CF) Fund is 0.45%; and (ii) BCOM Greater China Equity (CF) Fund is up to 0.48%.

ILLUSTRATIVE EXAMPLE FOR BCOM MPF CONSERVATIVE FUND

Purpose of the Example

This example is intended to help you compare the total amounts of annual fees and charges payable under this Scheme with those under other registered schemes.

The Example Assumes that:

Your MPF Account Activities

- (i) your monthly relevant income is HK\$8,000.
- (ii) you have put all your accrued benefits into the BCOM MPF Conservative Fund and you have not switched your accrued benefits to other Constituent Funds during the relevant financial period.
- (iii) you have not transferred any accrued benefits into or out of this Scheme during the relevant financial period.

Your Employer's Profile

- (iv) 5 Employees (including yourself) of your Employer participate in this Scheme.
- (v) the monthly relevant income of each Employee is HK\$8,000.
- (vi) no voluntary contribution is made.
- (vii) each of the other 4 Employees has the same MPF account activities as yours.

Investment Return and Savings Rate

- (viii) the monthly rate of investment return is 0.5% on total assets.
- (ix) the prescribed savings rate is 3.25% per annum throughout the relevant financial period.

Based on these assumptions, the **total amounts of annual fees** you need to pay under the Scheme in one financial period would be HK\$55.

Warning: This is just an illustrative example. The actual amounts of fees you need to pay may be **higher or lower**, depending on your choice of investments and activities taken during the financial period.

ON GOING COST ILLUSTRATIONS FOR CONSTITUENT FUNDS

A document that illustrates the on-going costs on contributions to Constituent Funds (except BCOM MPF Conservative Fund) in the Scheme is distributed with the Principal Brochure. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of this document which can be obtained from the Approved Trustee of the Scheme.

CHOICE OF CONSTITUENT FUNDS

A Member is entitled to elect, subject to such restrictions, limitations and charges as the Approved Trustee may determine to the extent permitted by law that his accrued benefits attributable to the Mandatory Contributions, Voluntary Contributions and Special Contributions paid by or in respect of him under the Scheme be invested in any one or more Constituent Funds in such proportions as the Member may specify in the Application of Participation and the Approved Trustee will allocate his/her Contribution accordingly.

1. Switching of Existing Balances

A Member is entitled to switch his/her investment of each of the (i) balance attributable to Employment-Related MCs and VCs (ii) balance attributable to the Non-Employment Related VCs and (iii) balance attributable to Special Contributions among the Constituent Funds by giving written notice to the Approved Trustee free of charge. A valid switching instruction via iMPF/IVRS/ fax received by the Approved Trustee by 4:00 p.m. or by post (as per the time of receipt by the Approved Trustee) by 12:00 noon on a Valuation Date can usually be effected within 1 Valuation Date and under normal circumstances not later than 5 Valuation Dates.

Each switching instruction must meet the requirements for a Specific Investment Instruction and must specify whether the accrued benefits are to be invested in the DIS or in one or more Constituent Funds as standalone investments. Where a Member wishes to switch into or out of the DIS, the switching must be in respect of all of his / her accrued benefits in the relevant account and no partial switching into or out of the DIS is allowed. A switching between Constituent Funds can be done on every Valuation Date. The Approved Trustee will ensure that for every valid switching instruction the necessary redemption of units in a Constituent Fund and the necessary subscription of units in another Constituent Fund will take place on the same dealing day. Any invalid switching instruction will be rejected, and the existing investment (in respect of the existing accrued benefits) will remain unchanged. **For the avoidance of doubt, where a Member switches all or part of his / her existing investments, such switching instruction only applies to existing investments and not the future contributions and accrued benefits transferred from another scheme.**

2. Change of Investment Mandate of New Contributions

A Member is entitled to change his investment mandate in respect of each of (i) the Employment-Related MCs and VCs (ii) the Non-Employment Related VCs and (iii) the Special Contributions by giving written notice to the Approved Trustee free of charge. A valid change of investment mandate received by the Approved Trustee by 12:00 noon on a Valuation Date can usually be effected within 2 Valuation Dates and under normal circumstances not later than 5 Valuation Dates or at such effective date as specified by the Member, whichever is later.

Each change of investment mandate must meet the requirements for a Specific Investment Instruction, and must specify whether the contributions described in (i), (ii) and (iii) in the preceding paragraph are to be invested in the DIS or in one or more Constituent Funds as standalone investments. Any change of investment mandate given after enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected, and in that case, the existing investment allocation (in respect of future contributions and accrued benefits transferred from another scheme) will remain unchanged. If the Approved Trustee does not receive a valid investment choice from a Member in such manner and by the cut-off time as specified in the "Trustee Service Comparative Platform" in the MPFA's website as the Approved Trustee may from time to time determine and inform that Member, such instruction will be rejected and the existing investment allocation (in respect of future contributions and accrued benefits transferred from another scheme) will remain unchanged. **Any change of investment mandate only applies to future contributions and accrued benefits transferred from another scheme and will therefore not affect the existing investments of the accrued benefits.**

* If the Approved Trustee receives more than one instruction in respect of the same instruction type from a Member (whether by one or more means) on the same day, the latest instruction the Approved Trustee receives on that day will be executed.

TAX ADVANTAGES

TAXATION OF PROVIDENT FUND

A provident fund is not regarded as "carrying on a trade, profession or business" and earnings derived by a provident fund is not generally chargeable to profits tax in Hong Kong.

However, stamp duty will be payable if the trustee of a provident fund disposes of securities which consist of Hong Kong stock (i.e. stock the transfer of which is required to be registered in Hong Kong).

Currently there are no taxes levied on the Constituent Funds. If there are any taxes levied on the income and capital of investment of the Constituent Fund(s), such taxes shall be paid out of the Constituent Fund(s).

TAX IMPLICATIONS ON EMPLOYERS

Employers can claim tax deduction on regular Contributions (which includes Mandatory Contributions and Voluntary Contributions) made to the provident fund to the extent that such Contributions are regarded as incurred in the production of assessable profits of the Employer. The limit on tax deduction on regular Contributions is 15% of the total emoluments of that Employee Member. Also any initial or special Contributions made to the provident fund are, to the extent that they are reasonable, tax deductible which must have to be claimed in five equal instalments over a five year period.

Refund of unvested Contributions to an Employer by the Approved Trustee will be taxable in the hands of the Employer if the Employer has claimed tax deduction on the Contributions refunded.

TAX IMPLICATIONS ON EMPLOYEE MEMBERS

Employer's Contributions to the provident fund should not be taxable to the Employee Members at the time when the contributions are made. Employee Members can subject to the relevant law, claim tax deduction on Mandatory Contributions made to the provident fund up to the statutory maximum amount. If the payout is received upon "retirement", death, terminal illness or incapacity of the Employee Member, the Employer's Voluntary Contributions portion of the payout will not be taxable. "Retirement" is defined in the Inland Revenue Ordinance to mean:

- (i) a retirement from the service of the Employer at some specified age of not less than 45 years; or
- (ii) a retirement after some specified period of service with the Employer of not less than 10 years; or
- (iii) the attainment of the age of 60 years or some specified age of retirement, whichever is the later.

If the payout is made by the Approved Trustee simply upon termination of service with an Employer, a proportionate amount of the Employer's Voluntary Contributions portion will be taxable depending on the number of months of service that Employee Member has completed with the Employer. Basically, 10% of the Employer's Voluntary Contributions will be tax exempt for each completed year of service.

TAX IMPLICATIONS FOR SELF-EMPLOYED MEMBERS

A sole proprietor or a partner in a partnership who is carrying on a business in Hong Kong is entitled to claim tax deduction on the Mandatory Contributions made to the provident fund from the assessable profits derived from the business.

ADVICE

Employers and Members should seek professional advice regarding their own particular tax circumstances.

REPORTS, STATEMENTS AND ACCOUNTS

The financial period of each Constituent Fund coincides with the Accounting Date of the Scheme i.e. 31st December. The Approved Trustee shall prepare relevant annual financial statements for the Scheme.

In addition, the Approved Trustee must provide the following reports and/or statements to Members:

1. (i)(a) within 3 months after each financial period of the Scheme, an annual benefit statement setting out the Member's position and any subsequent audit adjustments made to the annual benefit statement within 30 days after the Approved Trustee becomes aware of the adjustments; (b) if the financial period of the Scheme is extended to more than 12 months, a benefit statement for the first 12 months of the financial period and a further statement issued at the end of extended period; (ii) a Scheme Report regarding the financial development of the Scheme and other information necessary for the Members' understanding of the Scheme; (iii) an investment report containing adequate information for Members to understand the investments, the net return derived from investments and appreciation/depreciation of scheme assets.
2. Members may request from the Approved Trustee for a copy of the consolidated report published by the Approved Trustee in respect of the Scheme for any specified financial period within 7 years preceding the date of the request.
3. If a Member has ceased to be employed by an Employer or ceased to be self-employed and has given notice of election to the Approved Trustee, the Approved Trustee must give to the Member a transfer statement.
4. When the accrued benefits of a Member are transferred from another registered scheme to the Scheme, the Approved Trustee must give to the Member a confirmation confirming the transfer and the amount of benefits.
5. When the Approved Trustee pays accrued benefits of Mandatory Contributions and Special Contributions, the Approved Trustee must provide a statement to the claimant in accordance with the relevant Regulation stating the total amount of such accrued benefits, expenses incurred (if any) and any outstanding contribution or contribution surcharge.
6. Where the accrued benefits of a Member are transferred from one account to another account within the Scheme in accordance with the Regulation, the Approved Trustee must provide a transfer statement and a transfer confirmation to the Member in such manner as the Regulation may require.

NOTIFICATIONS

- (i) In the event of any change to the Statement of Investment Policy of a Constituent Fund, unless the MPFA and the SFC agree otherwise, the Employers and Members will be given not less than 1 month's notice in writing (or such shorter or longer notice period as the MPFA and the SFC may require).
- (ii) In the event that the Scheme is restructured the Approved Trustee shall give not less than 3 months' notice in writing to the Employers and Members (or such shorter or longer notice period as the MPFA and the SFC may require).
- (iii) In the event that the Constituent Fund is restructured or terminated the Approved Trustee shall give not less than 3 months' notice in writing to the Employers and Members (or such shorter or longer notice period as the MPFA and the SFC may require).

REBATES

Neither the Approved Trustee, the Investment Manager, other service providers nor any of their connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the investments of the Scheme to the broker or dealer save that goods and services (soft dollars) may be retained if:

- (i) the goods or services are of demonstrable benefits to Members;
- (ii) transaction execution is consistent with the best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; and
- (iii) adequate prior disclosure is made in this Principal Brochure.

Note: Goods and services falling with (i) above may 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 publication. Such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, Employee salaries, or direct money payments.

LONG SERVICE PAYMENT AND SEVERANCE PAYMENT

The value of the Employer's Mandatory Contributions and, where applicable, Voluntary Contributions, can be used to reduce the amount of statutory long service payment and severance payment in accordance with the Employment Ordinance (Cap.57). However, if the Employee Member in question is adjudged bankrupt, as a result of which that part of his accrued benefits due to the Employer's Voluntary Contributions are forfeited, the Employer may not be able to use the forfeited benefits to offset its liability to pay the statutory long service or severance pay.

MPFA REGISTRATION AND APPROVAL

The Scheme is registered with MPFA under S.21 of the Ordinance, and the Constituent Funds are approved by MPFA. The registration of the Scheme and the approval of the Constituent Funds do not imply MPFA's official recommendation.

SECURITIES AND FUTURES COMMISSION AUTHORIZATION

The Principal Brochure of the Scheme is authorized by the SFC, pursuant to sections 104 and 105 of the Securities and Futures Ordinance. In giving this authorization, the SFC has made no assessment of, nor does it take responsibility for the financial soundness or merits of the Scheme or the Constituent Funds nor has it verified the accuracy or truthfulness of statements made or opinions expressed in the documentation nor does it imply official recommendation.

GOVERNING LAW

The proper law of the Scheme shall be the law of the Hong Kong Special Administrative Region which shall accordingly govern the Trust Deed and the Governing Rules. The parties involved shall have the right to bring legal action in a Hong Kong court as well as in any court elsewhere which has a relevant connection with the Scheme.

INSPECTION OF DOCUMENT

A copy of each of the followings:

- (i) Trust Deed
- (ii) Governing Rules
- (iii) Application of Participation

are available for inspection by Employers and Members at Bank of Communications

Trustee Limited, 1st Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong during normal office hours. If copies are required, a reasonable charge will be levied.

HOW TO JOIN THE SCHEME

To participate in the Scheme, an Employer, Self-employed Person, Individual Relevant Employee or Personal Account holder simply has to:

- (i) complete an Application of Participation;
- (ii) complete other appropriate forms required by the Approved Trustee; and
- (iii) where appropriate, arrange its Employees (if any) to complete a Member enrollment form.

Unless otherwise specified, the terms and definitions referred herein shall have the same meaning as that used under the Trust Deed, the Governing Rules and/or the Application of Participation.

The Approved Trustee accepts responsibility for the accuracy of the information contained herein as at the date of this Principal Brochure.

For any enquiries regarding the Scheme, please contact the enquiry hotline number 223 95559.

Date: 12 December 2016

The Approved Trustee and the intermediaries are not allowed to refuse reasonable application for participation in the Scheme. If you have any complaint, please contact our complaint officer at 2543 1199.

ANNEXURE A – 1

(a) Name of Constituent Fund

BCOM MPF Conservative Fund*

(b) Type of Fund

Money Market Fund

(c) Structure of the Fund

It takes the form of an internal portfolio fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The investment objective of the Fund is to obtain a return that is higher than the prescribed savings rate.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will invest in Hong Kong dollar denominated bank deposits and short-term debt securities subject to the requirements of Section 37 of the Regulation.

Asset Allocation	Range
Debt Securities	0%-50%
Cash & Deposits	50%-100%

(iii) Geographic Allocation

The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
Hong Kong	100%

The above ranges of asset and geographic allocation are for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change. The geographic allocation for debt investments is classified by their currency denomination.

(iv) Policy regarding the acquisition, holding and disposal of financial futures

contracts and financial option contracts

The Fund will not enter into any financial futures contracts and financial option contracts.

(v) Security Lending

The Fund will not enter into any security lending.

(vi) Investment in one or more pooled investment funds

N/A.

(vii) Risk Inherent and Expected Return

The Fund does not guarantee the repayment of capital. By its nature, the Fund entails little risk of loss of capital for its Fund participants.

Expected return is comparable to the interest rate offered on Hong Kong dollar savings accounts by Authorized Financial Institutions.

With the prudent investment strategies employed, it is expected, but with no assurance, that the Fund would meet its objective.

*Fees and charges of a MPF Conservative Fund can be deducted from either (i) the assets of the fund or (ii) member's account by way of unit deduction. This Fund uses method (ii) and, therefore, unit prices/NAV/fund performance quoted (except for the fund performance figures quoted in a fund fact sheet) do not reflect the impact of fees and charges.

Investments in the Fund is not the same as placing funds on deposits with a bank or deposit-taking company and that there is no obligation to redeem the investment at the offer value and that the Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 2

(a) Name of Constituent Fund

BCOM Guaranteed (CF) Fund

(b) Type of Fund

Guaranteed Fund

(c) Structure of the Fund

It takes the form of an internal portfolio fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The investment objective is to achieve long term capital growth.

(ii) Types of intended investments and their relative proportions in the portfolio

The investment policy is to invest in a diversified portfolio comprising cash and deposits, debt securities, equities and authorized unit trusts.

The investment strategy is in an attempt to limit risk through prudent diversification in various asset classes and geographic exposure as stated below:

Asset Allocation	Range
Debt securities*	25%-85%
Equities*	5%-35%
Authorized unit trusts	0%-10%
Cash & Deposits	0%-55%

*including relevant index-tracking collective investment scheme approved by the MPFA

(iii) Geographic Allocation

The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
Hong Kong	30%-100%
Mainland China	0%-50%
Supranational & G7 Countries	0%-30%
Others	0%-20%

The above ranges of asset and geographic allocation are for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation and will not invest in securities issued within mainland China through any Qualified Foreign Institutional Investors (QFII) quota.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The acquisitions, holding and disposal of financial futures contracts and financial option contracts will be for hedging purpose only.

(v) Security Lending

The Fund will not enter into any security lending activity.

(vi) Investment in one or more pooled investment funds

N/A.

(vii) Risk Inherent and Expected Return

The return on investment is expected to meet the Guaranteed Rate of Return. Within the first 5 years, the risk is relatively low, the repayment of capital and return on investment are not guaranteed.

After 5 years, the capital value and return are guaranteed.

(f) Description of the Guarantee Mechanism

"Guaranteed Account" means in respect of any Member, a notional account maintained by the Approved Trustee for the purpose of enabling the Approved Trustee to determine the investment return on contributions guaranteed by the Guarantor. For the avoidance of doubt the Guaranteed Account does not represent the value of assets held by the Approved Trustee on behalf of the Member to whom the Guaranteed Account relates and therefore no Member shall thereby acquire or have any interest or share in any particular part of the Scheme and no part of the Scheme shall thereby belong to any Member or other person claiming through or on behalf of any Member.

"Guaranteed Account Balance" means, in relation to a Member, at any date the value (determined by the Approved Trustee in such manner as the Approved Trustee may determine, subject to the provisions of this Principal Brochure and the Trust Deed) of contributions made by or in respect of that Member notionally credited to that Member's Guaranteed Account, having taken account of:

- (i) any Guaranteed Rate of Return or, as the case may be, any Interim Guaranteed Rate of Return, notionally credited to the Guaranteed Account Balance from time to time, and
- (ii) any deduction for any administrative expenses as referred to in clause 9 of the Trust Deed and the Compensation Fund levy (if any) (Currently, such deduction is, at the discretion of the Approved Trustee, waived).

"Guaranteed Rate of Return" means, subject to the following provisions of this Annexure A-2, the rate of investment return declared by the Guarantor at its sole discretion on each Accounting Date.

"Interim Guaranteed Rate of Return" means such rate of investment return determined by the Guarantor at its sole discretion at any time in respect of a Scheme Member to whom the first paragraph under the section "Withdrawal" applies provided that in no event shall the Interim Guaranteed Rate be less than 1% per annum.

The Approved Trustee will maintain a separate Member Fund Account and a notional Guaranteed Account for each Member's benefits due to:

- (i) his Employment-Related MCs and VCs, Special Contributions, and
- (ii) his Non-Employment Related VCs.

On each Valuation Date including the Accounting Date, the value of each Member Fund Account will be calculated by multiplying the Unit Price by the number of Units outstanding.

On each Valuation Date, the Approved Trustee shall credit into Member Fund Accounts with Units representing the Contributions made by or in respect of Members divided by the Offer Price of a unit. For the avoidance of doubt, any Contribution due but unpaid shall not be credited. The Approved Trustee shall accordingly notionally credit the Guaranteed Account with the contributions once the payment of contributions is cleared.

On the Accounting Date of each financial period, the Approved Trustee shall notionally credit to the appropriate Guaranteed Account in respect of each Member the Guaranteed Rate of Return on the Guaranteed Account Balance (or where there has been more than one Guaranteed Rate of Return in that financial period, the appropriate amount calculated by reference to those different Guaranteed Rates of Return on a calendar-day weighted average basis). Subject to Withdrawal provisions herein, the greater of the value of the appropriate Member Fund Account and that of the appropriate Guaranteed Account may be payable.

The Guarantor will, at its sole discretion, declare the Guaranteed Rate of Return on each Accounting Date of a financial year i.e. 31 Dec, taking into account the Hong Kong Dollar interest rate of the Hong Kong market, the trend of US Dollar interest rate, the actual investment returns of BCOM Guaranteed (CF) Fund and such other factors as the Guarantor may consider appropriate from time to time and in no event shall the Guaranteed Rate of Return be lower than 1% p.a. The Guaranteed Rate of Return will apply backwards in respect of the financial year in which the relevant Accounting Date falls. Unless the Guarantor exercises its power to declare an advance Guaranteed Rate of Return in accordance with the provisions of this Annexure A-2, the Guarantor will declare only one Guaranteed Rate of Return on the Accounting Date for a financial period. Please refer to the first crediting example (i.e. the illustration regarding Financial Period 1 under Example I below) for better understanding of the mechanism.

Should the Hong Kong Dollar prime lending rate of the Guarantor continuously fall to 7% p.a. or below for more than 2 months or rises to above 7% p.a. for 2 continuous months, the Guarantor may, before the Accounting Date of a financial period, at its sole discretion taking into account such factors (including those set out in the paragraph above) as the Guarantor may consider appropriate announce in advance a Guaranteed Rate of Return ranging below 5% p.a. down to 1% p.a. for the former situation and 5% p.a. for the latter situation, which will apply to the period starting from the effective date of the announced Guaranteed Rate of Return up to the Accounting Date or the day before the effective date of the next announced Guaranteed Rate of Return in a financial period.

Should the Guarantor exercise its discretion to announce a Guaranteed Rate of Return in advance, the Guaranteed Rate of Return in respect of the period from the beginning of a financial period to the date before the effective date of the announced Guaranteed Rate of Return will deem to follow the Guaranteed Rate of Return as of the last Accounting Date and one month prior written notice (or such shorter notice as the MPFA and the SFC may agree) will be given to each Employer and Member notifying them of any exercise of such a discretion of the Guarantor. The exercise of such discretion by the Guarantor will not affect the benefits of the guarantee for any prior financial periods.

The Guarantor is under no obligation to exercise its discretion described in the paragraph immediately above to announce in advance a Guaranteed Rate of Return before the Accounting Date of a financial period. However, if the Guarantor does exercise its discretion, the Guarantor will, in declaring the Guaranteed Rate of Return on the Accounting Date, endorse such Guaranteed

Rate(s) of Return announced in that financial period for the respective applicable effective period. Please refer to the second crediting example (i.e. the illustration regarding Financial Period 2 under Example I below) for better understanding of the mechanism.

The Guarantor may by not less than 12 months' notice to the Approved Trustee expiring on the last day of a financial period retire as Guarantor in favour of some other company approved by the Approved Trustee and the MPFA. The Guarantor may only retire if another guarantor is appointed in its place and retirement will not affect its liability as Guarantor for any period prior to its retirement.

The latest Guaranteed Rate of Return is shown on the annual benefit statement. Also Employers and Members may call the enquiry hotline or access any service channels (including visiting the website of the Trustee: www.bocomtrust.com.hk) specified by the Trustee to check the rates for the past and current financial periods.

Withdrawal

- (i) In respect of a Member who withdraws from the Fund before the Accounting Date of a financial period, the Trustee shall notionally credit to the Guarantee Account of that Member an Interim Guaranteed Rate of Return on the Guaranteed Account Balance (after crediting the contributions up to the date of withdrawal) of that Member for that financial period up to the date of withdrawal. The Interim Guaranteed Rate of Return will apply to the period from the effective date of such Interim Guaranteed Rate of Return to the date on which a new Interim Guaranteed Rate of Return becomes effective. In the event of any change to the Interim Guaranteed Rate of Return, Employers and Members will be given not less than 1 month's prior notice in writing. Employers and Members may call the enquiry hotline or access any service channels (including visiting the website of the Trustee: www.bocomtrust.com.hk) specified by the Trustee to check the rates for the Interim Guaranteed Rate(s) of Return and the relevant effective period(s).
- (ii) In respect of each Member Fund Account of a Member which has been maintained continuously for less than 60 months, the withdrawal value on any Valuation Date shall be the value as shown by multiplying the Redemption Price by the number of Units outstanding in that Member Fund Account.
- (iii) In respect of a Member Fund Account of a Member which has been maintained continuously for 60 months or more, the withdrawal value on any Valuation Date shall be the greater of:
 - (a) the aggregate lump sum value as shown by multiplying the Redemption Price by the number of Units outstanding in that Member Fund Account and
 - (b) the Guaranteed Account Balance of the Guaranteed Account after crediting the Contributions made by or in respect of the Member up to the date of withdrawal and the Interim Guaranteed Rate of Return (or crediting the declared Guaranteed Rate of Return should the date of withdrawal coincide with the Accounting Date) on a calendar day weighted average basis.
- (iv) Please note that in computing the continuous 60 months' qualifying period for the Member Fund Account in respect of a Member's benefits due to his Non-Employment Related VCs, that Member's period of investment in the BCOM Guaranteed (CF) Fund in respect of his Employment-Related MCs and VCs will be disregarded. Besides, if partial withdrawal of accrued benefits has to be made from a Member's account (such as (without limitation) setting off the Employer's long service payment or severance payment liability, switching or withdrawal of the Member's accrued benefits attributable to his voluntary contributions, accrued benefits payable to a Member on the grounds of terminal illness, withdrawal of accrued benefits by installment that is permitted by law) which involves redemption of his/her units in the BCOM Guaranteed (CF) Fund, the counting of the 60 months qualifying period for the remaining balance maintained in the BCOM Guaranteed (CF) Fund will not be affected.
- (v) If a Member has his Employment-Related MCs and VCs invested in the BCOM Guaranteed (CF) Fund, the withdrawal of the Member's accrued benefits attributable to his Mandatory Contributions will not affect the counting of the 60 months qualifying period for his employment related Voluntary Contributions. It

is same that the withdrawal of the Member's accrued benefits attributable to his employment related Voluntary Contributions will not affect the counting of the 60 months qualifying period for his Mandatory Contributions.

- (vi) The Approved Trustee reserves the right to charge withdrawal charge to the extent permitted by law.

However, the Approved Trustee may waive or reduce the waiting period of 60 months upon the instruction from the Guarantor who may at its absolute discretion decide to waive or reduce the waiting period in respect of any Member Fund Account in respect of any Member.

For the avoidance of doubt, in respect of Mandatory Contributions, no partial withdrawal for the purpose of switching by Members is allowed under the Fund.

Transfers within the Scheme

Where a Member elects to transfer his accrued benefits in the Fund (the "**Relevant Benefits**") between Member Accounts within the Scheme (e.g. from a Contribution Account to a Personal Account), such transfer will involve: (a) a transfer of the number of Units attributable to the Relevant Benefits from one Member Fund Account ("**Transfer-Out Member Fund Account**") to another Member Fund Account (the "**Transfer-In Member Fund Account**"); and (b) a transfer of such part of the Guaranteed Account Balance attributable to the Relevant Benefits in the Guaranteed Account maintained in respect of the corresponding Transfer-Out Member Fund Account to the Transfer-In Member Fund Account.

While the period during which the Transfer-In Member Fund Account has been maintained will be counted in computing the continuous 60 months' qualifying period for the Transfer-In Member Fund Account, the period during which the Transfer-Out Member Fund Account has been maintained will be disregarded. As such, if a Member's Transfer-Out Member Fund Account has been maintained for a period longer than that for his Transfer-In Member Fund Account, his guarantee entitlement in respect of the Relevant Benefits may be adversely affected. However, the above situation will not apply if the transfer of the Relevant Benefits falls within any of the following scenarios:

- (i) a Member ceased employment with an Employer and his Relevant Benefits held in his Member Fund Account in respect of his corresponding Contribution Account within the Scheme are therefore transferred to another Member Fund Account in respect of his Personal Account within the Scheme; or
- (ii) there is an intra-group transfer of a Member and his new Employer is also an Employer participating in the Scheme, and the Relevant Benefits of the Member held in his Member Fund Account in respect of his corresponding Contribution Account within the Scheme are transferred to another Member Fund Account in respect of his corresponding Contribution Account (relating to the Member's employment with the new Employer) within the Scheme; or
- (iii) a Member elects to transfer such part of his Member Choice Balance from one Member Fund Account in respect of his corresponding Contribution Account within the Scheme to another Member Fund Account in respect of his corresponding Personal Account or Contribution Account within the Scheme.

Where a transfer falls under any of the above scenarios (i), (ii) or (iii), in computing the continuous 60 months' qualifying period for the Transfer-In Member Fund Account, the longer of:

- (a) the period during which the Transfer-Out Member Fund Account has been maintained; and
- (b) the period during which the Transfer-In Member Fund Account has been maintained,

as at the time immediately before the transfer under (i), (ii) or (iii) (as the case may be), together with the period during which the Transfer-In Member Fund Account will be maintained following the transfer, will be counted.

If the transfer does not fall under (i), (ii) or (iii), then only the period during which the Transfer-In Member Fund Account has been maintained will be counted and the period during which the Transfer-Out Member Fund Account has been maintained will be disregarded. It follows therefore that the guarantee entitlement in respect

of the Relevant Benefits may be adversely affected in such transfer. Before you elect to effect any transfer of accrued benefits, please take into account your own circumstances. If you are in doubt about the effect of a transfer please contact the Approved Trustee.

Non-Employment Related VC

- (i) Notwithstanding the above provisions of this Annexure, the Approved Trustee reserves the right to impose any restrictions on a Member's exercise of right to invest in the BCOM Guaranteed (CF) Fund as the Approved Trustee may determine from time to time.
- (ii) Without prejudice to the generality of paragraph (i) above, in respect of any Non-Employment Related VCs, including Individual RE's VC, the aggregate value of such Contributions (whether in the form of transfer-in or new Contributions) of a Member to be invested (including by means of switching) in the BCOM Guaranteed (CF) Fund in any financial period of the Scheme must not exceed HK\$600,000.00 (the "Upper Limit"), unless the Approved Trustee agrees otherwise on a case by case basis. The Approved Trustee may adjust (whether upward or downward) the Upper Limit from time to time.
- (iii) A Member must notify the Approved Trustee in such manner and at such time as the Approved Trustee may determine from time to time of his intention to redeem, switch out or (where appropriate) transfer out any Non-Employment Related VCs.

Example I: Crediting the Guaranteed Rate of Return to Members' Notional Guaranteed Accounts

General Assumption of the notional Guaranteed Account of a member:				
1. Opening Guaranteed Account Balance brought forward to the first day of Financial Period 1: HK\$10,000.00				
2. Interim Guaranteed Rate of Return ("IGR"): 1% p.a.				
3. Each Contribution period is a calendar month for which contributions in cleared funds are invested in the Fund.				
4. No partial withdrawal nor switching processed during the financial period.				
5. "Time Factor" in the Examples means the portion of a Financial Period for which the guaranteed return at the applicable Guaranteed Rate of Return ("GR") or IGR is calculated and accrued.				
*Currently a Financial Period of the Scheme is the same as a calendar year.				

Financial Period 1

Particular Assumption: Guaranteed Rate of Return declared on the Accounting Date of Financial Period 1 is 3% p.a.

Monthly Contributions for the Financial Period 1

Contribution Period	Contribution Dealing Date	Employer Contribution	Employee Contribution	No. of Days for which GR applies
1 - 31 Dec	1 st January	\$1,000.00	\$1,000.00	365
1 - 31 Jan	1 st February	\$1,000.00	\$1,000.00	334
1 - 28 Feb	1 st March	\$1,000.00	\$1,000.00	306
1 - 31 Mar	1 st April	\$1,000.00	\$1,000.00	275
1 - 30 Apr	1 st May	\$1,000.00	\$1,000.00	245
1 - 31 May	1 st June	\$1,000.00	\$1,000.00	214
1 - 30 Jun	1 st July	\$1,000.00	\$1,000.00	184
1 - 31 Jul	1 st August	\$1,000.00	\$1,000.00	153
1 - 31 Aug	1 st September	\$1,000.00	\$1,000.00	122
1 - 30 Sep	1 st October	\$1,000.00	\$1,000.00	92
1 - 31 Oct	1 st November	\$1,000.00	\$1,000.00	61
1 - 30 Nov	1 st December	\$1,000.00	\$1,000.00	31

Credit GR of 3% p.a. to the Guaranteed Account on the Accounting Date

New Guaranteed Account Balance at the end of Financial Period 1	=	Opening Guaranteed Account Balance x [1 + GR] + Σ { Monthly Contribution x [1 + (GR x Time Factor)] }
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		HK\$10,000.00 x [1 + 3%] + HK\$2,000.00 x [1 + (3% x 365/365)] + HK\$2,000.00 x [1 + (3% x 334/365)] + HK\$2,000.00 x [1 + (3% x 306/365)] + HK\$2,000.00 x [1 + (3% x 275/365)] + HK\$2,000.00 x [1 + (3% x 245/365)] + HK\$2,000.00 x [1 + (3% x 214/365)] + HK\$2,000.00 x [1 + (3% x 184/365)] + HK\$2,000.00 x [1 + (3% x 153/365)] + HK\$2,000.00 x [1 + (3% x 122/365)] + HK\$2,000.00 x [1 + (3% x 92/365)] + HK\$2,000.00 x [1 + (3% x 61/365)] + HK\$2,000.00 x [1 + (3% x 31/365)]
i.e. New Guaranteed Account Balance at the end of the Financial Period 1	=	= HK\$34,691.56

Financial Period 2

- Particular Assumption:
1. Guarantor announces in advance the GR is 2% p.a. with effect from 1 April of Financial Period 2.
 2. Guarantor announces in advance the GR is 4% p.a. with effect from 1 September of Financial Period 2.
 3. Guarantor, in declaring the GR on the Accounting Date of Financial Period 2, endorses the GRs announced in that financial period for the respective applicable effective period i.e. 3% p.a. for 1 Jan to 31 March (No. of days for which GR applies = 90 days), 2% p.a. for 1 April to 31 August (No. of days for which GR applies = 153 days) and 4% p.a. for 1 September to 31 December (No. of days for which GR applies = 122 days).

Monthly Contributions for the Financial Period 2

Contribution Period	Contribution Dealing Date	Employer Contribution	Employee Contribution	No. of Days for which GR of 3% applies	No. of Days for which GR of 2% applies	No. of Days for which GR of 4% applies
1 - 31 Dec	1 st January	\$1,000.00	\$1,000.00	90	153	122
1 - 31 Jan	1 st February	\$1,000.00	\$1,000.00	59	153	122
1 - 28 Feb	1 st March	\$1,000.00	\$1,000.00	31	153	122
1 - 31 Mar	1 st April	\$1,000.00	\$1,000.00	0	153	122
1 - 30 Apr	1 st May	\$1,000.00	\$1,000.00	0	123	122
1 - 31 May	1 st June	\$1,000.00	\$1,000.00	0	92	122
1 - 30 Jun	1 st July	\$1,000.00	\$1,000.00	0	62	122
1 - 31 Jul	1 st August	\$1,000.00	\$1,000.00	0	31	122
1 - 31 Aug	1 st September	\$1,000.00	\$1,000.00	0	0	122
1 - 30 Sep	1 st October	\$1,000.00	\$1,000.00	0	0	92
1 - 31 Oct	1 st November	\$1,000.00	\$1,000.00	0	0	61
1 - 30 Nov	1 st December	\$1,000.00	\$1,000.00	0	0	31

Credit GRs of 3% p.a., 2% p.a. and 4% p.a. to the Guaranteed Account on the Accounting Date on a calendar-day weighted average basis.

New Guaranteed Account Balance at the end of the Financial Period 2	$\text{Guaranteed Account Balance at the end of Financial Period 1} \times [1 + (3\% \times 90 / 365)] \times [1 + (2\% \times 153 / 365)] \times [1 + (4\% \times 122 / 365)] + \sum \{ \text{Monthly Contribution} \times [1 + (3\% \times \text{Time Factor})] \times [1 + (2\% \times \text{Time Factor})] \times [1 + (4\% \times \text{Time Factor})] \}$
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$$\begin{aligned} & \text{HK\$34,691.56} \times [1 + (3\% \times 90/365)] \times [1 + (2\% \times 153/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (3\% \times 90/365)] \times [1 + (2\% \times 153/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (3\% \times 59/365)] \times [1 + (2\% \times 153/365)] \times [1 + (4\% \times 122/365)] \\ \text{i.e. New Guaranteed Account Balance at the end of the Financial Period 2} & = \text{HK\$2,000.00} \times [1 + (3\% \times 31/365)] \times [1 + (2\% \times 153/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (2\% \times 153/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (2\% \times 123/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (2\% \times 92/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (2\% \times 62/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (2\% \times 31/365)] \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (4\% \times 122/365)] \\ & + \text{HK\$2,000.00} \times [1 + (4\% \times 92/365)] \\ & + \text{HK\$2,000.00} \times [1 + (4\% \times 61/365)] \\ & + \text{HK\$2,000.00} \times [1 + (4\% \times 31/365)] \\ & = \text{HK\$60,125.74} \end{aligned}$$

Financial Period 3

Particular Assumption: Withdrawal processed on 30 April of Financial Period 3 (Contribution for April is not yet received by 30 April and therefore would not be included.)

(No. of days for which IGR applies = 120 days)

Monthly Contributions for the Financial Period 3

Contribution Period	Contribution Dealing Date	Employer Contribution	Employee Contribution	No. of Days for which IGR applies
1 - 31 Dec	1 st January	\$1,000.00	\$1,000.00	120
1 - 31 Jan	1 st February	\$1,000.00	\$1,000.00	89
1 - 28 Feb	1 st March	\$1,000.00	\$1,000.00	61
1 - 31 Mar	1 st April	\$1,000.00	\$1,000.00	30

Credit IGR of 1% p.a. to the Guaranteed Account for the financial period up to the date of withdrawal.

Guaranteed Account Balance upon withdrawal	$\text{Guaranteed Account Balance at the end of Financial Period 2} \times [1 + (IGR \times 120 / 365)] + \sum \{ \text{Monthly Contribution} \times [1 + (IGR \times \text{Time Factor})] \}$
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$$\begin{aligned} \text{i.e. Guaranteed Account Balance upon withdrawal} & = \text{HK\$60,125.74} \times [1 + (1\% \times 120/365)] \\ & + \text{HK\$2,000.00} \times [1 + (1\% \times 120/365)] \\ & + \text{HK\$2,000.00} \times [1 + (1\% \times 89/365)] \\ & + \text{HK\$2,000.00} \times [1 + (1\% \times 61/365)] \\ & + \text{HK\$2,000.00} \times [1 + (1\% \times 30/365)] \\ & = \text{HK\$68,339.85} \end{aligned}$$

Note: Same calculation of withdrawal benefits applies whether there is advance announcement of Guaranteed Rate of Return in the financial period or not.

Example II: Adjustment of Guaranteed Account as a result of Partial Withdrawal

In case partial withdrawal of accrued benefits has to be made from a Member's account which involves redemption of his/her units in the BCOM Guaranteed (CF) Fund ("Fund") such as (without limitation) setting off the Employer's long service payment or severance payment liability, switching or withdrawal of the Member's accrued benefits attributable to his voluntary contributions, accrued benefits payable to a Member on the grounds of terminal illness, withdrawal of accrued benefits by installment that is permitted by law, the balance of the Member's Guaranteed Account will be adjusted accordingly. How the balance would be adjusted depends on whether the relevant Member Fund Account in respect of a Member has been maintained continuously for 60 months or more and whether the balance of his/her Guaranteed Account is greater than the total value of his/her units in the Fund as at the date of partial withdrawal. For details, please refer to the following examples which are for indication purpose only:

General Assumption of MPF account status of a Member:

1.	No. of Unit	:	15,000
2.	Unit Price	:	HK\$10.00
3.	Actual Balance	:	HK\$150,000.00 (HK\$10.00 x 15,000)
4.	Partial Withdrawal ("PW")	:	HK\$30,000.00

Scenario 1A

Particular Assumption: 1. Member Fund Account has been maintained < 60 months
 2. Guaranteed Account Balance = HK\$180,000.00
 (i.e. > Actual Balance)

Deduct PW of HK\$30,000.00 from the **Actual Balance**

Actual Balance after such deduction will be HK\$120,000.00.

Units remained = 12,000 units (15,000 – HK\$30,000.00 ÷ HK\$10.00)

$$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} \times \left(1 - \frac{\text{PW}}{\text{Actual Balance}} \right)$$

$$\begin{aligned} \text{i.e. New Guaranteed Account Balance} &= \text{HK\$180,000.00} \times \left(1 - \frac{\text{HK\$30,000.00}}{\text{HK\$150,000.00}} \right) \\ &= \text{HK\$144,000.00} \end{aligned}$$

Scenario 1B

Particular Assumption: 1. Member Fund Account has been maintained < 60 months
 2. Guaranteed Account Balance = HK\$120,000.00
 (i.e. < Actual Balance)

Deduct PW of HK\$30,000.00 from the **Actual Balance**

Actual Balance after such deduction will be HK\$120,000.00.

Units remained = 12,000 units (15,000 – HK\$30,000.00 ÷ HK\$10.00)

$$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} \times \left(1 - \frac{\text{PW}}{\text{Actual Balance}} \right)$$

$$\begin{aligned} \text{i.e. New Guaranteed Account Balance} &= \text{HK\$120,000.00} \times \left(1 - \frac{\text{HK\$30,000.00}}{\text{HK\$150,000.00}} \right) \\ &= \text{HK\$96,000.00} \end{aligned}$$

Scenario 2A

- Particular Assumption: 1. Member Fund Account has been maintained \geq 60 months
 2. Guaranteed Account Balance = HK\$180,000.00
 (i.e. > Actual Balance)

Deduct PW of HK\$30,000.00 from the **Guaranteed Account Balance**

Guaranteed Account Balance after such deduction will be HK\$150,000.00

Units remained = 12,500 units $[15,000 \times (1 - \text{HK\$}30,000.00 \div \text{HK\$}180,000.00)]$
 (i.e. number of redeemed Units = 2,500 units)

$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} - \text{PW}$

i.e. New Guaranteed Account Balance = HK\$180,000.00 – HK\$30,000.00
 = HK\$150,000.00

In this scenario, the number of redeemed Units is 2,500 units, i.e. there is a shortfall between the amount of partial withdrawal and the proceeds of redemption of units in the sum of HK\$5,000.00 (HK\$30,000.00 – HK\$10.00 x 2,500 units). Such shortfall will be paid by the Guarantor of the Fund.

Scenario 2B

- Particular Assumption: 1. Member Fund Account has been maintained \geq 60 months
 2. Guaranteed Account Balance = HK\$120,000.00
 (i.e. < Actual Balance)

Deduct PW of HK\$30,000.00 from the **Actual Balance**

Actual Balance after such deduction will be HK\$120,000.00.

Units remained = 12,000 units $(15,000 - \text{HK\$}30,000.00 \div \text{HK\$}10.00)$

$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} \times \left(1 - \frac{\text{PW}}{\text{Actual Balance}} \right)$

i.e. New Guaranteed Account Balance = HK\$120,000.00 x $\left(1 - \frac{\text{HK\$}30,000.00}{\text{HK\$}150,000.00} \right)$
 = HK\$96,000.00

General Assumption of MPF account status of a Member:

- | | | | |
|----|---------------------------|---|-------------------------------------|
| 1. | No. of Unit | : | 15,000 |
| 2. | Unit Price | : | HK\$10.00 |
| 3. | Actual Balance | : | HK\$150,000.00 (HK\$10.00 x 15,000) |
| 4. | Partial Withdrawal ("PW") | : | 20% of the Fund Balance |

Scenario 3A

- Particular Assumption: 1. Member Fund Account has been maintained < 60 months
 2. Guaranteed Account Balance = HK\$180,000.00
 (i.e. > Actual Balance)

Deduct PW of 20% of the Fund Balance from the **Actual Balance**

i.e. HK\$30,000.00 (HK\$10.00 x 15,000 x 20%)

Actual Balance after such deduction will be HK\$120,000.00.

Units remained = 12,000 units $(15,000 - 15,000 \times 20\%)$

$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} \times (1 - 20\%)$

i.e. New Guaranteed Account Balance = HK\$180,000.00 x (1 - 20%)
 = HK\$144,000.00

Scenario 3B

Particular Assumption: 1. Member Fund Account has been maintained < 60 months
 2. Guaranteed Account Balance = HK\$120,000.00
 (i.e. < Actual Balance)

Deduct PW of 20% of the Fund Balance from the **Actual Balance**

i.e. HK\$30,000.00 (HK\$10.00 x 15,000 x 20%)

Actual Balance after such deduction will be HK\$120,000.00.

Units remained = 12,000 units (15,000 - 15,000 x 20%)

$$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} \times (1 - 20\%)$$

i.e. New Guaranteed Account Balance = HK\$120,000.00 x (1 - 20%)
 = HK\$96,000.00

Scenario 4A

Particular Assumption: 1. Member Fund Account has been maintained > 60 months
 2. Guaranteed Account Balance = HK\$180,000.00
 (i.e. > Actual Balance)

Deduct PW of 20% of the Fund Balance from the **Guaranteed Account Balance**

i.e. HK\$36,000.00 (HK\$180,000.00 x 20%)

Guaranteed Account Balance after such deduction will be HK\$144,000.00.

Units remained = 12,000 units [15,000 x (1 - 20%)]

(i.e. number of redeemed Units = 3,000 units)

$$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} - \text{PW}$$

i.e. New Guaranteed Account Balance = HK\$180,000.00 - HK\$36,000.00
 = HK\$144,000.00

In this scenario, the number of redeemed Unit is 3,000 units, i.e. there is a shortfall between the amount of partial withdrawal and the proceeds of redemption of units in the sum of HK\$6,000.00 (HK\$36,000.00 - HK\$10.00 x 3,000 units). Such shortfall will be paid by the Guarantor of the Fund.

Scenario 4B

Particular Assumption: 1. Member Fund Account has been maintained ≥ 60 months
 2. Guaranteed Account Balance = HK\$120,000.00
 (i.e. < Actual Balance)

Deduct PW of 20% of the Fund Balance from the **Actual Balance**

i.e. HK\$30,000.00 (HK\$10.00 x 15,000 x 20%)

Actual Balance after such deduction will be HK\$120,000.00.

Units remained = 12,000 units (15,000 - 15,000 x 20%)

$$\text{New Guaranteed Account Balance} = \text{Guaranteed Account Balance} \times (1 - 20\%)$$

i.e. New Guaranteed Account Balance = HK\$120,000.00 x (1 - 20%)
 = HK\$96,000.00

Warning Statement

Where participation to the Fund is less than 60 months, the withdrawal values are fully exposed to fluctuations in the value of the Fund's assets.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

Due to the Guaranteed nature of the Fund, there may be a dilution of performance.

The guarantor of the Fund is Bank of Communications Co., Ltd., Hong Kong Branch. Your investments are therefore subject to the credit risk of the guarantor. **The Approved Trustee agrees with the guarantor that the liability of the guarantor shall be limited to 25% of its paid up capital and reserves from time to time as specified under the Banking Ordinance.**

The Approved Trustee will not deduct or otherwise set aside from any investment return of assets of the Fund for the purpose of setting up a reserve.

ANNEXURE A – 3

(a) Name of Constituent Fund

BCOM Stable Growth (CF) Fund

(b) Type of Fund

Mixed Assets Fund (Global) – Equity: Maximum 60%

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve a long term return in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will seek to achieve the objective through investing its assets in the relevant APIF, Schroder MPF Stable Growth Fund, which is a fund of funds managed by Schroder Investment Management (Hong Kong) Limited. The principal underlying investments of the Fund will be in quoted securities, government and corporate bonds and cash deposits worldwide.

Asset Allocation	Range
Bonds	20%-60%
Equities	30%-60%
Cash or Cash Equivalents	0%-20%

(iii) Geographic Allocation

The Fund is a globally diversified portfolio biased towards Hong Kong.

The targeted currency exposure or geographical distribution of the assets is:

<u>Bonds</u>	<u>20%-60%</u>
US Dollar	5%-55%
Global currencies ex US Dollar ex Hong Kong Dollar	5%-60%
Hong Kong Dollar	0%-30%
<u>Equities</u>	<u>30%-60%</u>
Hong Kong	5%-30%
Asia ex Hong Kong ex Japan	0-15%
United States	0%-25%
Japan	0%-15%
Europe	0%-15%
Others	0%-5%

Cash or Cash Equivalents **0%-20%**

The above range of asset and geographic allocations are for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will through the relevant APIF maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as

defined in the Regulation.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The relevant APIF may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only.

(v) Security Lending

The Fund will not enter into any security lending activity.

(vi) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vii) Risk Inherent

The Fund is medium risk and, as such, is suitable for investors with between 5 and 10 years before retirement.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 4

(a) Name of Constituent Fund

BCOM Balanced (CF) Fund

(b) Type of Fund

Mixed Assets Fund (Global) – Equity: Maximum 85%

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve a long term return in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will seek to achieve the objective through investing its assets in the relevant APIF, Schroder MPF Balanced Investment Fund, which is a fund of funds managed by Schroder Investment Management (Hong Kong) Limited. The principal underlying investments of the Fund will be in quoted securities, government and corporate bonds and cash deposits worldwide.

Asset Allocation	Range
Bonds	0%-40%
Equities	45%-85%
Cash or Cash Equivalents	0%-20%

(iii) Geographic Allocation

The Fund is a globally diversified portfolio biased towards Hong Kong.

The targeted currency exposure or geographical distribution of the assets is:

<u>Bonds</u>	<u>0-40%</u>
US Dollar	0%-25%
Global currency ex US Dollar ex Hong Kong Dollar	0%-40%
Hong Kong Dollar	0%-20%
<u>Equities</u>	<u>45%-85%</u>
Hong Kong	10%-40%
Asia ex Hong Kong ex Japan	0%-25%

United States	5%-30%
Japan	0%-20%
Europe	0%-25%
Others	0%-10%

Cash or Cash Equivalents **0%-20%**

The above range of asset and geographic allocations are for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will through the relevant APIF maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The relevant APIF may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only.

(v) Security Lending

The Fund will not enter into any security lending activity.

(vi) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vii) Risk Inherent

The risk profile of the Fund is relatively high and, as such, is suitable for investors with more than 10 years before retirement.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 5

(a) Name of Constituent Fund

BCOM Dynamic Growth (CF) Fund

(b) Type of Fund

Mixed Assets Fund (Global) – Equity: Maximum 100%

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The Fund aims to maximize long term overall returns by investing primarily in global equities.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will achieve its investment objectives by investing all its assets in an APIF, Allianz Choice Growth Fund of Allianz Global Investors Choice Fund, which is a fund of funds managed by Allianz Global Investors Asia Pacific Limited. The APIF may invest in the countries comprised in the MSCI World Index which covers all the major world stock markets including those in Japan, North America, Asia and Europe.

Asset Allocation	Range
Global Equities	80%-100%
Cash* & Fixed-interest securities	0%-20%
*for ancillary purposes	

Generally, the APIF is expected to invest 90% of its assets in global equities and 10% in fixed-interest securities.

The above range of asset allocation is for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will, through the relevant APIF, maintain at least 30% in Hong Kong dollar investments, as measured by the “effective currency exposure” as defined in the Regulation.

(iii) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund may not enter into any financial futures or option contracts.

(iv) Security Lending

The relevant APIF may engage in security lending and repurchase agreements to the extent permitted by the Ordinance and the Regulation.

(v) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vi) Risk Inherent and Expected Return

The Fund is designed for Members who are willing to assume a relatively higher level of risk to achieve potentially higher long-term returns.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 6

(a) Name of Constituent Fund

BCOM Asian Dynamic Equity (CF) Fund

(b) Type of Fund

Equity Fund – Asia

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve capital growth over the long-term by investing in Asian equity markets.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will invest in an investment fund, Principal Asian Equity Fund of Principal Unit Trust Umbrella Fund, managed by Principal Asset Management Company (Asia) Limited. The investment fund is also an APIF. The investment fund will in turn invest in another APIF which consists primarily of Asian equities and can include exposure to cash and short-term investments.

Asset Allocation	Range
Equities	70%-100%
Cash & Short-term Investments (e.g. bills and deposits)	0%-30%

(iii) Geographic Allocation

Investment markets of the Fund may include, but are not limited to, Hong Kong, Singapore, South Korea, Malaysia, Taiwan, Thailand, the Philippines, Indonesia, India and China.

The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
Hong Kong	0%-65%
South Korea	0%-65%
Malaysia	0%-40%

Singapore	0%-40%
Taiwan	0%-40%
China	0%-40%
Indonesia	0%-40%
Philippines	0%-40%
Thailand	0%-40%
India	0%-40%
Others	0%-20%

The above ranges of asset and geographic allocations are for indications only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will, through the relevant APIF, maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund may not enter into any financial futures or options contracts.

(v) Security Lending

The Fund will not enter into any security lending activity.

(vi) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vii) Risk Inherent and Expected Return

The risk profile of the Fund is generally regarded as high.

In the long term, the return of the Fund is expected to exceed the inflation rates in Hong Kong.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 7

(a) Name of Constituent Fund

BCOM Hong Kong Dynamic Equity (CF) Fund

(b) Type of Fund

Equity Fund – Hong Kong

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve capital growth over the long-term by investing mainly in Hong Kong equity markets.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will invest in an investment fund, Principal Hong Kong Equity Fund, managed by Principal Asset Management Company (Asia) Limited. The investment fund is also an APIF. The investment fund will invest at least 70% of its assets in listed equities issued by companies established in Hong Kong or by companies whose shares are listed (including but not limited to H shares and shares of red-chip companies) on the Hong Kong Stock Exchange. The investment fund may also invest in listed equities issued by companies which have business in Hong Kong. The investment fund holds up to 30% of its assets in cash and time deposits on a temporary basis or for such longer

period as the circumstances require to maintain liquidity.

The investment fund may invest in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges. As the Shanghai and Shenzhen stock exchanges are not "approved stock exchanges" in the MPFA Guideline III.4, exposure to China A-Shares and China B-Shares will therefore, in aggregate, be subject to a cap of not more than 10% of its net asset value. Members are advised to refer to "Currency risk", "Risk associated with investments in China A-Shares through stock connect programmes" and "Custodial risk" under the section titled "RISK FACTORS".

Asset Allocation	Range
Equities	70%-100%
Cash & Short-term Investments (e.g. bills and deposits)	0%-30%

(iii) Geographic Allocation

The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
Hong Kong	30%-100%
China	0%-50%
Others	0%-30%

The Fund will, through the relevant APIF, maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

The above ranges of asset and geographic allocations are for indications only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund may not enter into any financial futures or options contracts.

(v) Security Lending

The Fund will not enter into any security lending activity.

(vi) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vii) Risk Inherent and Expected Return

The risk profile of the Fund is generally regarded as high.

In the long term, the return of the Fund is expected to exceed the inflation rates in Hong Kong.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 8

(a) Name of Constituent Fund

BCOM China Dynamic Equity (CF) Fund

(b) Type of Fund

Equity Fund – China

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve capital growth over the long-term by investing mainly in China-related equities.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will invest in an investment fund, Principal China Equity Fund, managed by Principal Asset Management Company (Asia) Limited. The investment fund is also an APIF. The investment fund will invest at least 70% of its assets in equities issued by companies with exposure to different sectors of the economy in the People's Republic of China (Mainland China) or in collective investment schemes as permitted under the MPF Regulation which primarily invest in such equity securities. Equity securities include but are not limited to equity shares, preference shares and depositary receipts. The investment fund may hold cash and short-term investments for cash management purpose.

Asset Allocation	Range
Equities	70%-100%
Cash & Short-term Investments (e.g. bills and deposits)	0%-30%

The investment fund may invest in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges. As the Shanghai and Shenzhen stock exchanges are not "approved stock exchanges" in the MPFA Guideline III.4, exposure to China A-Shares and China B-Shares will therefore, in aggregate, be subject to a cap of not more than 10% of its net asset value. Members are advised to refer to "Currency risk", "Risks associated with investments in China A-Shares through stock connect programmes" and "Custodial risk" under the section titled "RISK FACTORS".

(iii) Geographic Allocation

The target ranges of geographic allocation of the Fund are as follows:

Geographic Allocation	Range
People's Republic of China (Mainland China)	70%-100%
Others	0%-30%

The Fund will, through the relevant APIF, maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

The above ranges of asset and geographic allocations are for indications only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund may not enter into any financial futures or options contracts.

(v) Security Lending

The Fund will not enter into any security lending activity.

(vi) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vii) Risk Inherent and Expected Return

The risk profile of the Fund is generally regarded as high.

In the long term, the return of the Fund is expected to exceed the inflation rates in Hong Kong.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 9

(a) Name of Constituent Fund

BCOM HSI Tracking (CF) Fund

(b) Type of Fund

Equity Fund – Hong Kong

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to provide investment results that closely correspond to the performance of the Hang Seng Index (the "Index").

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will seek to achieve the objective through entirely investing in an approved index-tracking collective investment scheme (ITCIS), Tracker Fund of Hong Kong. The approved ITCIS holds shares in the constituent companies of the Index in substantially similar composition and weighting as they appear in the Index and may also invest in certain other permitted investments in seeking to meet the investment objective.

The Index is composed of a representative sample of the shares of constituent companies listed on the Stock Exchange of Hong Kong which generally have high market value and liquidity and is designed such that it reproduces the performance of a hypothetical portfolio made up of the shares of the constituent companies with an interest in each constituent company which is proportionate to such constituent company's market capitalisation.

Whilst the investment objective of the Fund and the underlying approved ITCIS is to track the Index, there can be no assurance that the performance of the Fund nor the underlying approved ITCIS will at any time be identical to the Index.

As at 12 Oct 2017, the respective weightings of the top 10 largest constituent stocks of the Index are:

Code	Stock Name	Weighting
700	Tencent	10.68%
5	HSBC Holdings	10.08%
939	CCB	8.39%
1299	AIA Group	8.09%
941	China Mobile	5.39%
1398	ICBC	5.25%
2318	Ping An Insurance	3.71%
3988	Bank of China	3.59%
1	CK Hutchison	3.00%
388	HKEEx	2.84%

The Fund will, through the relevant approved ITCIS, maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

(iii) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The relevant approved ITCIS may enter into any financial futures or options contracts for hedging purposes.

(iv) Security Lending

The Fund will not enter into any security lending activity.

(v) Investment in one or more index-tracking collective investment scheme

The Fund invests in ONE index-tracking collective investment scheme.

(vi) Risk Inherent and Expected Return

The risk profile of the Fund is generally regarded as high. In particular, please refer to the risk factor (g) under the section "RISK FACTORS" for the risks associated with investing in an ITCIS. The return of the Fund is expected to closely correspond to the performance of the Index.

(vii) Others

Real-time update of the Index can be obtained through the SEHK Teletext System, Reuters, Bloomberg, Bridge and the website of HSI Services at www.hsi.com.hk. As for other important news of the Index, HSI Services will make announcement through press release and at website www.hsi.com.hk.

The list of constituent stocks which comprise the Index is reviewed by HSI Services on a quarterly basis. The composition of the Index may change and be substituted with other companies as determined by HSI Services if any of the constituent companies were to delist its shares.

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Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 10

(a) Name of Constituent Fund

BCOM Global Bond (CF) Fund

(b) Type of Fund

Bond Fund – Global

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve steady growth over the long term through investment in a portfolio of global bonds.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will seek to achieve the objective through investing its assets in the relevant APIF, MPF Bond Fund of Invesco Pooled Investment Fund, which is a fund of funds managed by Invesco Hong Kong Limited. The principal underlying investments of the Fund will be in global bonds and HK dollar denominated bonds.

Asset Allocation	Range
Global Bonds	50%-90%
HK dollar denominated Bonds	10%-50%

The above range of asset is for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will, through the relevant APIF, maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

(iii) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund will not enter into any financial futures or options contracts.

(iv) Security Lending

The Fund will not enter into any security lending activity.

(v) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vi) Risk Inherent

The risk profile of the Fund is low.

In the long term, the return of the Fund is expected to exceed the inflation rates in Hong Kong.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 11

(a) Name of Constituent Fund

BCOM Greater China Equity (CF) Fund

(b) Type of Fund

Equity Fund – Greater China

(c) Structure of the Fund

Feeder Fund

(d) Currency

Hong Kong dollars

(e) Statement of Investment Policy

(i) Investment Objectives

The objective of the Fund is to achieve long term capital growth by investing mainly in Greater China-related equities.

(ii) Types of intended investments and their relative proportions in the portfolio

The Fund will seek to achieve the objective through investing its assets in the relevant APIF, Allianz Choice Greater China Fund of Allianz Global Investors Choice Fund, managed by Allianz Global Investors Asia Pacific Limited. The APIF invests primarily in the equity markets of Hong Kong and Taiwan; or companies that derive a predominant portion of their revenue and/or profits from Greater China Region, which includes Mainland China, Hong Kong, Macau and Taiwan.

Asset Allocation	Range
Equities	70%-100%
Cash & Short term fixed-interest securities*	0%-30%

* for cash management purpose

The above range of asset allocation is for indication only and actual allocation may at times be varied from that shown above as market, economic and other conditions change.

The Fund will, through the relevant APIF, maintain at least 30% in Hong Kong dollar investments, as measured by the "effective currency exposure" as defined in the Regulation.

(iii) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund will not enter into any financial futures or options contracts.

(iv) Security Lending

The Fund will not enter into any security lending activity.

(v) Investment in one or more pooled investment funds

The Fund invests in ONE pooled investment fund.

(vi) Risk Inherent

The Fund is suitable for members who are willing to assume a relatively higher level of risk.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up.

ANNEXURE A – 12

- (a) **Name of Constituent Fund**
BCOM Core Accumulation Fund
- (b) **Type of Fund**
Mixed Assets Fund (Global)
- (c) **Structure of the Fund**
Feeder Fund
- (d) **Currency**
Hong Kong dollars
- (e) **Statement of Investment Policy**

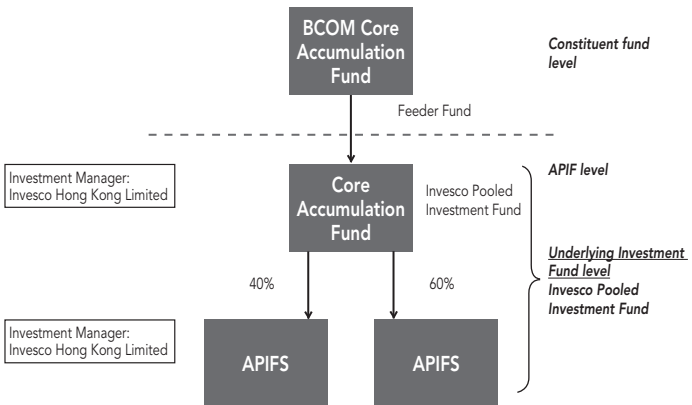
(i) Investment Objectives

The objective of the Fund is to provide capital growth to Members by investing in a globally diversified manner.

(ii) Investment Policy

The Fund invests in an APIF, Core Accumulation Fund under the Invesco Pooled Investment Fund managed by Invesco Hong Kong Limited, which in turn invests in two APIFs. The underlying APIFs adopt an active investment strategy. An active investment strategy aims to promote efficiency and minimize cost for the purpose of DIS asset rebalancing. The Fund will make reference to its Reference Portfolio.

Subject to the limits under the section "(iii) Asset Allocation", the investment manager of the Core Accumulation Fund has the discretion to determine the allocation percentages of the investments of the Core Accumulation Fund into the two APIFs. Please refer to the following product structure chart illustrating the fund structure of the BCOM Core Accumulation Fund:



(iii) Asset Allocation

The Fund, through its underlying investments, will hold 60% of its NAV 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 asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund will not enter into financial futures and options contracts. The underlying APIFs will enter into financial futures and options contracts for hedging purposes only.

(v) Security Lending

The Fund will not engage in securities lending.

(vi) Effective Currency Exposure

The Fund will maintain an effective currency exposure to HK dollars of not less than 30% through currency hedging operations.

(vii) Investment in one pooled investment fund

The Fund invests in ONE pooled investment fund, being the Core Accumulation Fund under the Invesco Pooled Investment Fund.

(viii) Risk inherent

The Fund is designed for members who are willing to assume a **medium to high level of risk**. Invesco Hong Kong Limited, the investment manager of the Core Accumulation Fund under the Invesco Pooled Investment Fund, i.e. the APIF in which the Fund invests, determines the risk profile of the Fund, which is for your reference only. The risk profile is based on various factors including the volatility, the investment objectives and the asset allocations of the Fund. Generally, higher volatility represents higher risk. Members should note that the risk profile is provided for reference only, and may be updated annually based on prevailing market circumstances.

(ix) Expected return

The return of the Fund over the long term is expected to be at least similar to the return of its Reference Portfolio.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up."

ANNEXURE A – 13

(a) **Name of Constituent Fund**

BCOM Age 65 Plus Fund

(b) **Type of Fund**

Mixed Assets Fund (Global)

(c) **Structure of the Fund**

Feeder Fund

(d) **Currency**

Hong Kong dollars

(e) **Statement of Investment Policy**

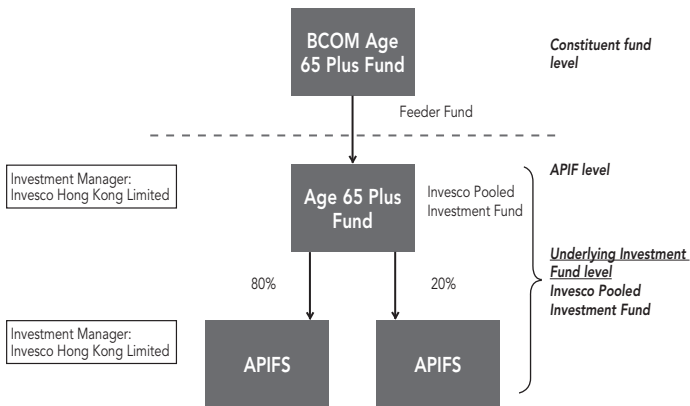
(i) Investment Objectives

The objective of the Fund is to provide stable growth to Members by investing in a globally diversified manner.

(ii) Investment Policy

The Fund invests in an APIF, Age 65 Plus Fund under the Invesco Pooled Investment Fund managed by Invesco Hong Kong Limited which in turn invests in two APIFs. The underlying APIFs adopt an active investment strategy. An active investment strategy aims to promote efficiency and minimize cost for the purpose of DIS asset rebalancing. The Fund will make reference to its Reference Portfolio.

Subject to the limits under the section "(iii) Asset Allocation", the investment manager of the Age 65 Plus Fund has the discretion to determine the allocation percentages of the investments of the Age 65 Plus Fund into the two APIFs. Please refer to the following product structure chart illustrating the fund structure of the BCOM Age 65 Plus Fund:



(iii) Asset Allocation

The Fund will, through its underlying investments, hold 20% of its NAV 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 asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

(iv) Policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts

The Fund will not enter into financial futures and options contracts. The underlying APIFs will enter into financial futures and options contracts for hedging purposes only.

(v) Security Lending

The Fund will not enter into any securities lending.

(vi) Effective Currency Exposure

The Fund will maintain an effective currency exposure to HK dollars of not less than 30% through currency hedging operations.

(vii) Investment in one pooled investment fund

The Fund invests in ONE pooled investment fund, being the Age 65 Plus Fund under the Invesco Pooled Investment Fund.

(viii) Risk inherent

The risk profile of the Fund is regarded as **low to medium**. Invesco Hong Kong Limited, the investment manager of the Age 65 Plus Fund under the Invesco Pooled Investment Fund, i.e. the APIF in which the Fund invests, determines the risk profile of the Fund, which is for your reference only. The risk profile is based on various factors including the volatility, the investment objectives and the asset allocations of the Fund. Generally, higher volatility represents higher risk. Members should note that the risk profile is provided for reference only, and may be updated annually based on prevailing market circumstances.


(ix) Expected return


The return of the Fund over the long term is expected to be at least similar to the return of its Reference Portfolio.

Important: As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations, the value of investments and the yield may go down as well as up."

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