中銀國際英國保誠信託有限公司
BOCI-Prudential Trustee Limited

My Choice Mandatory Provident Fund Scheme

Notice to Participating Employers and Members

Attention: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. BOCI-Prudential Trustee Limited (the "Trustee") accepts responsibility for the information contained in this document.

15 May 2020

Dear Sir/Madam,

Re: My Choice Mandatory Provident Fund Scheme (the "Scheme")

Thank you very much for your participation in the Scheme. We would like to inform you of the following changes to the Scheme.

Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the MPF Scheme Brochure of the Scheme.

Summary of key changes (the "Changes") effective from 19 June 2020 ("Effective Date"):

Changes

(a) As a result of our recent review of the fund offering on the Scheme's platform, with a view to enhancing the Scheme's competitiveness, we have decided that My Choice Global Equity Fund ("GEF") and My Choice Global Bond Fund ("GBF") (collectively, the "Affected CFs" and each, an "Affected CF"), each in the form of a feeder fund, will cease to invest in their respective existing approved pooled investment funds ("APIFs") (each, an "Existing APIF") and instead each invest in a new APIF (each, a "New APIF") as more particularly described in section 1.1 below.

(b) Corresponding to the change of underlying fund outlined in (a) above, the investment manager at the underlying fund level of each Affected CF will change.

(c) The investment objective and balance of investment of each Affected CF will be changed correspondingly to reflect the investment policy of the New APIF as a result of the change of underlying fund from the Existing APIF to the New APIF. Rest assured that GEF and GBF will continue their investment focus on global equities and global bonds respectively.

(d) The board of directors of the Trustee has endorsed the Changes.

Impacts on members

(e) The Trustee believes that the Changes will generate more consistent returns on the Affected CFs in the long run, thus enhancing their competitiveness. In addition, the risk levels and the aggregate management fees and fee structure of each Affected CF will remain the same after the Changes. The Trustee therefore believes that the Changes will be in the members' interests.

(f) The costs of the Changes will be borne by the Trustee. As such, no expenses relating to the Changes will need to be borne by the scheme participants.

Actions required of the scheme participants

(g) All subscription for and redemption from GEF and GBF (other than for the purpose of redemption to effect the Changes) will be suspended from 16 June 2020 to 18 June 2020 (the "Suspension Period") to effect the Changes. Please refer to section 3 below for details of the suspension and the cut-off time for various types of instructions.

(h) Scheme participants who are participating employers, self-employed persons, personal account members, SVC members or TVC members may, according to the normal procedures set out in section 6.13 of the MPF Scheme Brochure, transfer out of the Scheme to another MPF scheme if they do not wish to be involved in the Changes.

(i) Scheme participants who are employee members and do not wish to be involved in the Changes may, again, according to the normal procedures set out in the MPF Scheme Brochure, transfer their accrued benefits derived from their employee mandatory contributions under their current employment to another MPF scheme of their choice once every year.

(j) Alternatively, scheme participants may switch their existing investments out of the Affected CF(s) to other Constituent Fund(s) under the Scheme and/or change their investment mandate in respect of new contributions/transfer-in benefits to other Constituent Funds under the Scheme.

(k) No action is required of the scheme participants if they do not object to the Changes.

(l) Please refer to section 4 "Alternatives to scheme participants" of this notice for details.

(m) No fees or penalty, bid/offer spread or transfer fee will be imposed on any transfer out of the Scheme or switching existing investments out of the Affected CF(s).

***

If you have any queries in relation to the Changes set out in this notice, please contact our Customer Service Centre at 25/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong or call our Customer Services Representative at (+852) 2929 3366.

1. What are the Changes?

1.1 From the Effective Date, the Affected CFs, each in the form of a feeder fund, will cease to invest in their respective Existing APIFs and will each invest in a New APIF instead. Correspondingly, there will be a change of investment manager at the underlying fund level. The details are as follows:

	Existing APIF (managed by)		**New APIF (managed by)**	
GEF	Templeton MPF Global Equity Fund	(Franklin Templeton Investments (Asia) Limited)	Schroder MPF International Fund	(Schroder Investment Management (Hong Kong) Limited)
GBF	Templeton MPF Global Bond Fund		Fidelity Global Investment Fund – World Bond Fund	(FIL Investment Management (Hong Kong) Limited)

1.2 Because the Affected CFs are in the form of feeder funds, no investment manager is required to be appointed at the Constituent Fund level. As the Affected CFs will remain as feeder funds, per the existing arrangement of the Scheme, they will continue not to have an investment manager at the Constituent Fund level.

1.3 Also, because of the changes of the underlying fund, there will be changes to the investment objectives and balance of investment of each Affected CF, as illustrated below:

GEF	Before Effective Date	On and after the Effective Date
Investment objective	• Seek to achieve capital growth over the medium-to-longer term	• Seek to achieve long-term capital growth • The long term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A)
Balance of investments	• Up to 100% in equities • Balance in bonds, preferred stocks, convertible securities, and fixed income securities and other publicly traded securities	• 60 – 100% in global equities and 0 - 40% in cash or cash equivalents

GBF	Before Effective Date	On and after the Effective Date
Investment objective	• Seek to achieve investment return over the medium-to-longer term	• Seek to produce returns that are related to those achieved on the major bond market indices • Limit the volatility of returns in the short term • Focus investment into the bond markets of the world
Balance of investment	• Up to 100% in fixed income securities • Balance in cash or cash equivalents	• At least 70% in debt securities and may indirectly invest up to 10% in onshore Mainland China debt securities

1.4 With the change of underlying fund, the following risk factors, namely, (i) investment concentration risk, (ii) Eurozone risk and (iii) derivatives risk, will be added to the GBF. However, the addition of risk factors will not impact on the risk level of the GBF. In particular, the Trustee confirms that the risk level of each Affected CF will remain unchanged.

Also, while the Changes will result in changes to the trustee and investment management fees of the Affected CFs at the underlying fund level, which will be changed from 0.02% to 0.10% of NAV per annum and from 0.41% to 0.33% of NAV per annum respectively, the aggregate management fees (covering both the Constituent Fund and underlying fund levels) of each Affected CF will remain at 0.97% of NAV per annum.

1.5 Based on the historical performance between the Existing APIF and the New APIF of each Affected CF, the Trustee believes that the Changes will generate more consistent returns on the Affected CFs in the long run; thus enhancing their competitiveness. Members should however note that historical performance does not imply future performance. Also, because the New APIFs are larger in size, as compared to the Existing APIFs, the Affected CFs and the members investing in them can benefit from the economies of scale. In addition, the aggregate management fees (covering both the Constituent Fund and underlying fund levels) and fee structure of each Affected CF will remain the same after the Changes. The Trustee therefore believes that the Changes will be in the members' interests.

2. How will the Changes be effected?

2.1 The process will involve, in respect of each Affected CF, full redemption of the units held in the Existing APIF, and application of all redemption proceeds from the Existing APIF to subscribe into the New APIF. By the Effective Date, it is expected that the Affected CFs will each be investing in the New APIF respectively.

2.2 Redemption of the units held in the Existing APIFs will result in realisation of any gains or losses from investments in the Existing APIFs made by the Affected CFs. Where the redemption takes place when the price at which the Affected CFs invested in the Existing APIFs is lower than the price at redemption, the Affected CFs may realise gains. Conversely, where the redemption takes place when the price at which the Affected CFs invested in the Existing APIFs is higher than the price at redemption, the Affected CFs may realise losses. The Trustee and the investment managers will use their best endeavours to shorten the settlement cycle and therefore minimise the impact of the market risks by managing the redemption and subscription in an orderly and timely manner, taking into account the market conditions at that time.

2.3 The Trustee confirms that proper arrangements with the related parties, including the outgoing investment manager of the Existing APIFs and the investment managers of the New APIFs, will be in place to ensure that there will be smooth transition for the Affected CFs, and the Trustee has sufficient resources and capability to effect the Changes such that the scheme participants' interests will be adequately protected.

3. Transitional arrangements

3.1 All subscription for and redemption from GEF and GBF (other than for the purpose of redemption to effect the Changes) will be suspended from the Suspension Period to effect the Changes. Likewise, there will not be any determination of the NAV of each Affected CFs during the Suspension Period. Based on the normal workflow (as more particularly elaborated in the table below), it would require three business days to complete the redemption of units in the Existing APIFs and the subscription for units in the corresponding New APIFs. The Trustee therefore believes that the Suspension Period of three business days is necessary and reasonable to ensure the transitional arrangements can be accurately and properly carried out in the scheme participants' interests.

Suspension	Activities
Day 1	(i) Place redemption instructions in respect of the Existing APIFs to redeem ALL units held in them (ii) Place subscription orders for the New APIFs
Day 2	Reconcile the details of the redemption and subscription instructions placed on Day 1 with the contract notes provided by the investment manager of the Existing APIFs and the respective investment managers of the New APIFs
Day 3	Settle payment of the subscription instructions placed on Day 1 with the respective investment managers of the New APIFs and reconcile the investment holdings and cash balance of the Affected CFs

3.2 For all instructions related to the Affected CFs, including subscription, redemption, change of investment mandate and fund switching, the last dealing day before the Effective Date will be 15 June 2020 (the "Cut-off Date"). For the avoidance of doubt, instructions related to the Affected CFs that are completed and effected on the Cut-off Date will be dealt with based on the unit prices of the Affected CFs as of the Cut-off Date under normal circumstances.

3.3 The details of the transitional arrangement of instructions involving the Affected CF(s) will be as follows:

Types of instructions that involve units in the Affected CF(s)	At or before the relevant time on the Cut-off Date*
Instructions which relate to subscription and member enrolment (including contributions and transfer-in monies)	The instructions (including receipt of cleared funds for subscription instructions) will be processed under the Trustee's normal service benchmark, if the instructions are received at or before: **4:00 p.m. (Hong Kong time) on the Cut-off Date**
Instructions which relate to redemption (including withdrawal claims and transfer-out benefits)	
Instructions which relate to fund switching or change of investment mandate	The instructions will be processed under the Trustee's normal service benchmark, if the instructions are received at or before: • for paper* and fax instructions: **4:00 p.m. (Hong Kong time) on the Cut-off Date** • for electronic instructions via website, mobile App and/or the Interactive Voice Response System: **4:00 p.m. (Hong Kong time) on the Cut-off Date**
Transfer out requests made by employee members, self-employed persons, personal account members or TVC members**	The instructions will be processed under the Trustee's normal service benchmark, if the Trustee (via the trustee of the transferee scheme) received the instructions at or before **4:00 p.m. (Hong Kong time) on the Cut-off Date**
Transfer out requests made by employers**	The instructions will be processed under the Trustee's normal service benchmark, if the Trustee (via the trustee of the transferee scheme) received the instructions at or before **4:00 p.m. (Hong Kong time) on 10 June 2020**

** Paper submission of instructions must reach the Trustee at 25/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.*

***Transfer out instruction must be submitted in paper form, and must be (i) accompanied by a transfer form completed by all relevant parties, including the transferee trustee and such other documents as the Trustee may reasonably request and (ii) submitted through the transferee trustee.*

3.4 The Affected CF(s) will cease to invest in the Existing APIFs from the Effective Date. To better protect scheme participants, the following arrangements will apply:

Instructions / mandates (regardless of whether the instructions / mandates involve also other Constituent Fund(s))	Treatment where the instructions / mandates are received after the relevant time (as indicated in the table in section 3.3) on the Cut-off Date and before the end of the Suspension Period
Subscription and member enrolment (including contributions and transfer-in monies)	The instructions will be processed on or after the Effective Date according to the normal service pledge of the Trustee.
Redemption (including withdrawal claims and transfer-out benefits)	The instructions will be processed on or after the Effective Date according to the normal service pledge of the Trustee.
Switching in/out	**Electronic instructions:** Rejected online immediately. **Paper instructions:** Rejected and the affected members will be notified by telephone call on the same day of rejection. Where we are unable to reach the affected scheme members that day, we will endeavour to contact them within the next two business days.
Change of investment mandate that involves investments in the Affected CFs	Processed on the Effective Date under the Trustee's normal benchmark

3.5 The suspension of dealing and valuation of the Affected CFs will not affect the other aspects of the scheme operation. In particular, our services in respect of the other Constituent Funds under the Scheme will be unaffected. Scheme participants, including those who have investments in the Affected CFs, may still access our normal services on the online platform, mobile app and IVRS with regard to the other Constituent Funds.

3.6 Under normal circumstances, all affected operations and services will resume normal on the Effective Date.

4. Actions required of the scheme participants

4.1 A scheme participant who is a participating employer, self-employed person, TVC member, SVC member or personal account member and who does not wish to be involved in the Changes may transfer out of the Scheme to another MPF scheme by completing the following forms:

Types of scheme participant	Form(s)
Participating employer	Notice of Scheme Termination (for Employer Only) [MY ER-SCH TERM] and Employer's Request for Fund Transfer Form [FORM MPF(S) - P(E)]
Self-employed person	Notice of Scheme Termination (for Self-employed Person Only) [MY SEP TERM] and Scheme Member's Request for Fund Transfer Form [FORM MPF(S) - P(M)]
TVC member	Notice of Change of Scheme Member's Regular Tax Deductible Voluntary Contributions [MY EE CHG RTVC] and Scheme Member's Request for Transfer of Tax Deductible Voluntary Contributions [FORM MPF(S) - P(T)]
SVC member	Special Voluntary Contribution Redemption Instruction [MY-SVC-REDEMPTION]
Personal account member	Scheme Member's Request for Fund Transfer Form [FORM MPF(S) - P(M)]

4.2 Any instructions to transfer out of the Scheme will be processed in accordance with the normal procedures set out in section 6.13 of the MPF Scheme Brochure applicable to transferring accrued benefits out of the Scheme.

4.3 However, an employee member will not be entitled to transfer out of the Scheme unless his participating employer elects to do so. However, an employee member may transfer his accrued benefits derived from employee mandatory contributions under his current employment to another MPF scheme of their choice once every year under the Employee Choice Arrangement.

4.4 Alternatively, a scheme participant who does not wish to be involved in the Changes may: (i) switch their existing investment in the Affected CF(s) to other Constituent Fund(s) under the Scheme, and/or (ii) change his investment mandate in respect of any new contributions and transfer-in benefits by submitting to the Trustee a validly completed fund switching form as follows:

- Fund Switching Instruction Form (for Existing Account Balance Only) [MY SWITCHING]
- Change of Investment Fund Instruction Form (for Future Contribution and/or Existing Account Balances) [MY MC RB]
- Change of Investment Fund Instruction of Tax Deductible Voluntary Contributions Form [MY TVC RB] (for TVC member only).

4.5 For any valid transfer out, switching and/or change of investment mandate instruction to be effected before the Effective Date, they must be received by the Trustee by the relevant time on the Cut-off Date indicated in the table in section 3.3 above.

4.6 No action is required of the scheme participants if they do not object to the Changes.

5. Costs of the Changes

5.1 All costs and expenses associated with the Changes will be borne by the Trustee and will not be borne by the Scheme or the scheme participants.

5.2 No fees or penalty, bid/offer spread or transfer fee will be imposed on any transfer out of the Scheme or switching existing investments out of the Affected CF(s).

***

The MPF Scheme Brochure of the Scheme will be amended to reflect the Changes and the ancillary changes. You may access the updated MPF Scheme Brochure and its addenda on our website at www.bocpt.com or request a copy of it by contacting our Customer Service Centre at 25/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong or call our Customer Services Representative at (+852) 2929 3366.
If you have any questions regarding the Changes, please do not hesitate to call our Customer Services Representative at (+852) 2929 3366.

***

Yours faithfully,
BOCI-Prudential Trustee Limited

Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the MPF Scheme Brochure.