

BCT PREMIER POOLED ORSO RETIREMENT PLAN

NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional financial advice.

Bank Consortium Trust Company Limited (the “**Trustee**”), being the trustee of the BCT Premier Pooled ORSO Retirement Plan (the “**Plan**”), accepts responsibility for the information contained in this document as being accurate as at the date of this document.

Unless otherwise defined herein, terms used in this document bear the same meaning as in the explanatory memorandum of the Plan dated 22 May 2020, as amended (the “**Explanatory Memorandum**”).

27 April 2021

Dear Participating Employer / Member,

Thank you for your continued support of the Plan. We are writing to inform you that the BCT ORSO U.S. Equity Index Fund and BCT ORSO European Equity Index Fund (together “**BCT ORSO Vanguard ETF Series Portfolios**”) will be terminated with effect from 11 May 2021 (the “**Termination Date**”). **If you hold any units in the BCT ORSO Vanguard ETF Series Portfolios, we require your prompt action as further described in this Notice. In the event that the required action described in this Notice is not taken, your said units will be sold and the proceeds invested in another portfolio of the Plan (namely, BCT ORSO HK Dollar Cash Fund) as described below. If you are in doubt as to how you should respond to this Notice, please seek professional advice as appropriate in addition to making enquiries with us via the hotline referred at the end of this Notice.**

Summary of changes to the Plan:

Termination of BCT ORSO Vanguard ETF Series Portfolios with effect from the Termination Date.

A. Termination of BCT ORSO Vanguard ETF Series Portfolios

Each of the BCT ORSO U.S. Equity Index Fund and the BCT ORSO European Equity Index Fund is a feeder fund solely investing, respectively, in the Vanguard ETF Series — Vanguard S&P 500 Index ETF and the Vanguard ETF Series — Vanguard FTSE Developed Europe Index ETF (“**Vanguard Nominated Funds**”). The Vanguard Nominated Funds are index-tracking funds, and are sub-funds of the Vanguard ETF Series (“**Vanguard Unit Trust**”) managed by Vanguard Investments Hong Kong Limited (“**Vanguard**”). The Vanguard Nominated Funds are currently listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”) and authorized by the Securities and Futures Commission (“**SFC**”) pursuant to the SFC’s Code on Unit Trusts and Mutual Funds (“**Code**”).

Vanguard is exiting from its exchange traded funds business in Hong Kong. Further to their public statement last year about the exit and taking into account relevant factors (including the exhaustion of a process to identify a new investment manager), Vanguard has announced (“**Vanguard Announcement**”), amongst others, the proposed cessation of trading of units of the Vanguard Nominated Funds on the SEHK, proposed termination and voluntary deauthorisation of the Vanguard Unit Trust and the Vanguard Nominated Funds, and proposed delisting of the Vanguard Nominated Funds from the SEHK (“**Vanguard Nominated Funds Termination**”).

According to the Vanguard Announcement, the last trading day of units (“**Vanguard Units**”) of the Vanguard Nominated Funds on the SEHK will be 10 May 2021 (“**Last Trading Day**”) and the Vanguard Units will cease trading on 11 May 2021 (“**Trading Cessation Day**”).

Pursuant to Clause 7.11(b) of the trust deed of the Plan ("**Trust Deed**"), a portfolio shall be closed by the Trustee if the portfolio is invested solely in a Nominated Fund and that Nominated Fund shall be wound-up or cease to issue units, in which case the Trustee or the Sponsor shall give notice to Participating Employers (and if Members are entitled to give investment mandates or switching instructions, the relevant Participating Employer shall circulate the notice to relevant Members) specifying the effective date of closure of the portfolio.

In light of the forthcoming Vanguard Nominated Funds Termination, we believe that it would be in the best interest of the participants of the Plan that the BCT ORSO Vanguard ETF Series Portfolios are terminated with effect from the Termination Date. We are, however, also aware of the importance (to the interest of the said participants) for the Plan to maintain substantially the same number of fund choices going forward and, to that end, we are working on, after the said termination, adding back to the Plan two new portfolios to make up for it. Subject to our ironing out the details of such prospective new portfolios and, thereafter applying for and obtaining the requisite regulatory approval, we hope to be able to put the said addition into effect soon.

Currently, Participating Employers and / or Members who are entitled to make investment choices may give instructions to specify the percentage of Contributions and Deductions to be invested in one or more portfolios of the Plan ("**Mandate**") and give instructions for switching of units between portfolios of the Plan ("**Switching Instructions**").

New Mandate (for Contribution or Deduction (or other money received))

Participating Employers and / or Members who have given and have in effect a Mandate which provides for investment in the BCT ORSO Vanguard ETF Series Portfolios are required to give a new Mandate for allocation of future Contributions or Deductions to other portfolios ("**New Mandate**") to reach (by mail (to 18/F, Cosco Tower, 183 Queen's Road Central, Hong Kong (Attn: Pension Services (PS1)), fax (2992 0507) or online submission (see section B below)) the Trustee before 4:00 p.m. ("**Cut-off Time**") on 5 May 2021 ("**Change of Mandate Deadline**"). Any New Mandate given by the said Participating Employers / Members before the Cut-off Time on a business day on or before 5 May 2021 will be implemented on the next business day. Statements confirming a change in Mandate will be issued to the relevant Participating Employers and Members within 5 business days after the Mandate has been implemented (on the next business day after receipt).

Before the receipt of any New Mandate from the said Participating Employers / Members, Contributions and / or Deductions received in respect of the same will still be invested in the BCT ORSO Vanguard ETF Series Portfolios according to existing Mandate until and including 5 May 2021. If no New Mandate is received from the said Participating Employers / Members by the Trustee by the Change of Mandate Deadline in the manner described above, any Mandate to invest in the BCT ORSO Vanguard ETF Series Portfolios will cease to be valid on 6 May 2021. From 6 May 2021 and pending receipt of a New Mandate from the said Participating Employers / Members, the Trustee will invest any Contributions or Deductions (or other moneys received) otherwise to be invested in the BCT ORSO Vanguard ETF Series Portfolios, in units of the BCT ORSO HK Dollar Cash Fund. For a summary of the key features of the BCT ORSO Vanguard ETF Series Portfolios and the BCT ORSO HK Dollar Cash Fund, please refer to the Annexure to this Notice.

Please also note that any Mandate given after the date of this Notice to invest in the BCT ORSO Vanguard ETF Series Portfolios shall not be valid and will not be processed by the Trustee. However, new Mandates involving portfolios other than the BCT ORSO Vanguard ETF Series Portfolios can be given at any time in accordance with the procedures based on paragraph 12 of Section III "Operation of the Plan" in the Explanatory Memorandum.

Switching Instructions

In addition, if any units are held in the BCT ORSO Vanguard ETF Series Portfolios, the relevant Participating Employers and / or Members are required to give Switching Instructions to redeem all such units and invest the proceeds of redemption into other portfolio(s) of the Plan ("**Selected Portfolio(s)**") to reach (by mail (to 18/F, Cosco Tower, 183 Queen's Road Central, Hong Kong (Attn: Pension Services (PS1)), fax (2992 0507) or online submission (see section B below)) the Trustee before the Cut-off Time on 5 May 2021 ("**Redemption Deadline**"). Any Switching Instructions to redeem from the BCT ORSO Vanguard ETF Series Portfolios given before the Cut-off Time on a business day on or before 5 May 2021 will be implemented on the next business day. Statements confirming Switching Instructions will be issued to the relevant Participating Employers and Members within 5 business days after the completion of the Switching Instructions.

If no Switching Instructions to redeem from the BCT ORSO Vanguard ETF Series Portfolios are received by the Redemption Deadline, all units held in BCT ORSO Vanguard ETF Series Portfolios will be redeemed on 7 May 2021 and the proceeds of redemption will be invested into the BCT ORSO HK Dollar Cash Fund on 13 May 2021 (in such a way that the value of the subscription in the BCT ORSO HK Dollar Cash Fund will be, subject to rounding, the same as the value of the redeemed units in BCT ORSO Vanguard ETF Series Portfolios). For a summary of the key features of the BCT ORSO Vanguard ETF Series Portfolios and the BCT ORSO HK Dollar Cash Fund, please refer to the Annexure to this Notice. Please note that, at any time thereafter, Switching Instructions can be given in accordance with the procedures based on paragraph 12 of Section III “Operation of the Plan” in the Explanatory Memorandum to switch all or part of the account balance invested in the BCT ORSO HK Dollar Cash Fund to other portfolio(s) of the Plan.

Please also note that (i) any Switching Instructions given after the date of this Notice to invest in the BCT ORSO Vanguard ETF Series Portfolios shall not be valid and will not be processed by the Trustee, and (ii) Switching Instructions to redeem from the BCT ORSO Vanguard ETF Series Portfolios received by the Trustee after the Redemption Deadline shall not be valid and will not be processed by the Trustee.

B. Action Required

In connection with the termination of the BCT ORSO Vanguard ETF Series Portfolios, you may need to take the following steps before the deadlines set out in this section below:

- (1) If you are a Participating Employer (“**Affected Employer**”) who is entitled to make investment choices in respect of Contributions and Deductions, or only Contributions, and you have in effect a Mandate which provides for investment in the BCT ORSO Vanguard ETF Series Portfolios or you have given Switching Instructions to invest in the BCT ORSO Vanguard ETF Series Portfolios, you should, from the ORSO section of the BCT corporate website (www.bcthk.com), download and complete the “Employer Change of Investment Instruction for Future Contributions / Fund Switching for Existing Balance Form”, and submit the same to the Trustee to:
 - (a) give a New Mandate; and / or
 - (b) give Switching Instructions to redeem all units held in the BCT ORSO Vanguard ETF Series Portfolios and invest the proceeds of redemption into other portfolio(s).
- (2) If you are a Member (“**Affected Member**”) who is entitled to make investment choices in respect of Contributions and Deductions, or only Deductions, and you have in effect a Mandate which provides for investment in the BCT ORSO Vanguard ETF Series Portfolios or you have given Switching Instructions to invest in the BCT ORSO Vanguard ETF Series Portfolios, you should login to the member website for the Plan and go to “Investment Switching” and:
 - (a) select “Change Investment Mandate for Future Contributions”, to give a New Mandate; and / or
 - (b) select “Switch Fund for Existing Balance”, to give Switching Instructions to redeem all units held in the BCT ORSO Vanguard ETF Series Portfolios and invest the proceeds of redemption into other portfolio(s).

	Investment instruction	Deadline for action	Implementation
1.	Change of Mandate (for allocation of future Contributions and / or Deductions)	4:00 p.m., 5 May 2021	<p>New Mandate from an Affected Employer or Affected Member received by the Trustee <u>before the Change of Mandate Deadline (i.e. 4:00 p.m. on 5 May 2021)</u> will be implemented on the next business day.</p> <p>From 6 May 2021 and pending receipt of a New Mandate, any Contributions and / or Deductions (or other moneys received) otherwise to be invested in the BCT ORSO Vanguard ETF Series Portfolios will be invested in units of the BCT ORSO HK Dollar Cash Fund.</p> <p>Any Mandate given after the date of this Notice to invest in the BCT ORSO Vanguard ETF Series Portfolios shall not be valid and will not be processed by the Trustee.</p>

	Investment instruction	Deadline for action	Implementation
2.	Switching Instructions (for switching out from the BCT ORSO Vanguard ETF Series Portfolios)	4:00 p.m., 5 May 2021	<p>For Switching Instructions to redeem from the BCT ORSO Vanguard ETF Series Portfolios received by the Trustee <u>before the Redemption Deadline (i.e. 4:00 p.m., 5 May 2021)</u>, units in the BCT ORSO Vanguard ETF Series Portfolios will be redeemed and invested in the Selected Portfolio(s) in accordance with those instructions of Affected Employers / Affected Members on the next business day.</p> <p>If no such Switching Instructions are received by the Redemption Deadline, all units held in BCT ORSO Vanguard ETF Series Portfolios will be redeemed on 7 May 2021 and the proceeds of redemption will be invested into the BCT ORSO HK Dollar Cash Fund on 13 May 2021.</p> <p>Any Switching Instruction given after the date of this Notice to invest in the BCT ORSO Vanguard ETF Series Portfolios shall not be valid and will not be processed by the Trustee.</p> <p>Any Switching Instructions to redeem from BCT ORSO Vanguard ETF Series Portfolios received by the Trustee after the Redemption Deadline shall not be valid and will not be processed by the Trustee.</p>

Currently, other than the BCT ORSO Vanguard ETF Series Portfolios, there are 15 portfolios at the Plan level. You should refer to the Explanatory Memorandum for descriptions of all the portfolios. You should only make investment allocation decisions after having read and understood the Explanatory Memorandum and (where applicable) detailed information in the offering document of the relevant Nominated Fund, including its investment objectives, policies, risks and fees. The relevant offering document can be obtained from the Manager upon request.

C. Consequences of Failure to Take Action

(1) Change of Mandate

If no New Mandate is received by the Trustee by the Change of Mandate Deadline, the existing Mandate to invest in the BCT ORSO Vanguard ETF Series Portfolios will cease to be valid on 6 May 2021.

From 6 May 2021 and pending receipt of a New Mandate, the Trustee will invest any Contributions or Deductions (or other moneys received) otherwise to be invested in the BCT ORSO Vanguard ETF Series Portfolios in units of the BCT ORSO HK Dollar Cash Fund.

You may at any time give a new Mandate involving portfolios other than the BCT ORSO Vanguard ETF Series Portfolios in accordance with the procedures based on paragraph 12 of Section III “Operation of the Plan” in the Explanatory Memorandum.

(2) Switching Instructions for Redemption and Re-investment

If no Switching Instructions to redeem from the BCT ORSO Vanguard ETF Series Portfolios are received by the Trustee by the Redemption Deadline, all units held in BCT ORSO Vanguard ETF Series Portfolios will be redeemed on 7 May 2021 and the proceeds of redemption will be invested into the BCT ORSO HK Dollar Cash Fund on 13 May 2021.

You may at any time thereafter give Switching Instructions in accordance with the procedures based on paragraph 12 of Section III “Operation of the Plan” in the Explanatory Memorandum to switch all or part of the account balance invested in the BCT ORSO HK Dollar Cash Fund to other portfolio(s) of the Plan.

D. Payment of Benefits in respect of BCT ORSO Vanguard ETF Series Portfolios

For the avoidance of doubt, a request for payment of benefits invested in the BCT ORSO Vanguard ETF Series Portfolios received (with all information necessary for the processing of the request) on or before 12:00 noon on 5 May 2021 (and, where applicable, the relevant Member’s last day of employment falls on a day on or before 5 May 2021), will be processed by way of redemption from the BCT ORSO Vanguard ETF Series Portfolios. Redemption proceeds relating to such a request will be paid to the relevant Member in accordance with the Explanatory Memorandum, and such redemption proceeds will not be re-invested.

In respect of any request for payment of benefits invested in the BCT ORSO Vanguard ETF Series Portfolios which is received (with all information necessary for the processing of the request) after 12:00 noon on 5 May 2021 (or, where applicable, the relevant Member’s last date of employment falls on a day after 5 May 2021), the investments in the BCT ORSO Vanguard ETF Series Portfolios will be realised on 7 May 2021 and re-invested in the BCT ORSO HK Dollar Cash Fund on 13 May 2021. The Trustee will then continue to process the request for payment of benefits on the basis that such request is made in respect of the BCT ORSO HK Dollar Cash Fund.

E. Fees

No fees (including bid and offer spreads, service fee or switching fee) or charges will be levied for giving a new Mandate and Switching Instructions to switch from the BCT ORSO Vanguard ETF Series Portfolios.

F. General

Clause 5.2 of the Trust Deed provides that there shall be payable out of the trust asset all costs and expenses in relation to, among others, the overall administration of the Plan as a whole including but not limited to all legal and other professional or expert charges and out-of-pocket expenses incurred by the Trustee in the performance of their duties thereunder. Accordingly, the legal and professional costs and out-of-pocket expenses (for mailing / printing) incurred in giving effect to the termination of the BCT ORSO Vanguard ETF Series Portfolios (estimated to be about HKD200,000 in total) will be borne by the Plan.

A Participating Employer may terminate its participation in the Plan in accordance with the Trust Deed and the Rules applicable to such Participating Employer. In such case, the termination fee may be charged in accordance with the Trust Deed and the Rules applicable to such Participating Employer.

G. Amendment to the Explanatory Memorandum

The Explanatory Memorandum will be amended to reflect the termination of the BCT ORSO Vanguard ETF Series Portfolios with effect from the Termination Date, as well as other consequential amendments. The revised Explanatory Memorandum is expected to be available on or around the Termination Date.

Copies of the Explanatory Memorandum, as amended, may be obtained by scanning the QR Code as printed below or by calling the Hotline as stated below.

Explanatory Memorandum



H. Enquiries

Should you have any enquiries regarding this Notice, please contact our ORSO Plan Hotline at 2298 9389.

Yours faithfully,
Bank Consortium Trust Company Limited
銀聯信託有限公司

This is a computer-generated letter and no signature is required.

ANNEXURE – Summary of key features of BCT ORSO U.S. Equity Index Fund, BCT ORSO European Equity Index Fund and BCT ORSO HK Dollar Cash Fund

	BCT ORSO Vanguard ETF Series Portfolios		BCT ORSO HK Dollar Cash Fund
	BCT ORSO U.S. Equity Index Fund	BCT ORSO European Equity Index Fund	
Investment objective and strategy	Invests solely in the Vanguard S&P 500 Index ETF (“3140 HK”) (an ITCIS approved by the MPFA and authorized by the SFC, and a passive exchange traded fund), which uses either a replication strategy and / or a representative sampling strategy and aims to provide investment results, before the deduction of fees and expenses, that closely correspond to the performance of the S&P500 Index.	Invests solely in the Vanguard FTSE Developed Europe Index ETF (“3101 HK”) (an ITCIS approved by the MPFA and authorized by the SFC, and a passive exchanged traded fund), which uses either a replication strategy and / or a representative sampling strategy and aims to provide investment results, before the deduction of fees and expenses that closely correspond to the performance of the FTSE Developed Europe Index.	Invests solely in the Allianz Choice HK\$ Cash Fund, which aims to provide a convenient and easily realisable medium of investment for investors who require an income stream combined with a high degree of capital protection by investing in Hong Kong dollar denominated bank deposits and other high quality Hong Kong dollar denominated fixed interest and other monetary instruments.
Investment Manager	Amundi Hong Kong Limited	Amundi Hong Kong Limited	Allianz Global Investors Asia Pacific Limited
Level of risk	Only suitable for Participating Employers / Members who are willing to assume a relatively higher level of risk to achieve potentially higher long term returns.	Only suitable for Participating Employers / Members who are willing to assume a relatively higher level of risk to achieve potentially higher long term returns.	Suitable for Participating Employers / Members who are willing to assume the lowest level of risk.
Management fee*	0.98% p.a.	0.98% p.a.	Up to 0.77% p.a.

Please note that the above summary is provided for information only. Currently, other than the BCT ORSO Vanguard ETF Series Portfolios, there are 15 portfolios at the Plan level. You should refer to the Explanatory Memorandum for brief descriptions of all portfolios. You should only make investment allocation decisions after having read and understood the Explanatory Memorandum and / or detailed information in the offering document of the relevant Nominated Fund, including its investment objectives, policies, risks and fees. The relevant offering document can be obtained from the Manager upon request.

Remark

* “Management fees” includes the sponsor, trustee and administration fee, investment management fee, sub-trustee fee (if applicable) and Nominated Fund total expenses (if applicable).