

**BANK OF COMMUNICATIONS  
HONG KONG GENERAL PROVIDENT FUND  
- PART B**

**Important Notes**

1. Investment involves risks and not all Investment Portfolios available under the Fund would be suitable for everyone. There is no assurance on investment returns and your investments/accrued benefits may suffer significant loss.
2. The BOCOM Guaranteed Fund in the Fund is a capital and return guaranteed fund. Where participation to this Investment Portfolio is less than 36 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 this Investment Portfolio's asset. Your investments are subject to the credit risks of the Guarantor. Please refer to BOCOM Guaranteed Fund's Investment Portfolio Fact Sheet for details of the guarantee features and guarantee conditions.
3. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of Investment Portfolios, you are in doubt as to whether a certain Investment Portfolio is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the Investment Portfolio(s) most suitable for you taking into account your circumstances. If you are in any doubt about the contents of this Brochure, you should seek independent professional financial advice.
4. For further details including the product features, charges and risks involved, please refer to this Brochure.
5. The Product Provider has prepared and accepts responsibility for the accuracy of the information contained in this document. The Product Provider confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. This document is published on 25 October 2024 and the contents in this document are accurate as of 25 October 2024.

## **A. INTRODUCTION**

The Fund is aimed at providing financial security to employees upon retirement, resignation or permanent disability, enhancing staff loyalty by rewarding long term service, and attracts, retains and motivates competent staff with its comprehensive benefits programme.

This Brochure serves to give you a better understanding of the Fund. While this Brochure operates as a guide to the Fund, it does not, in itself, grant you any rights. Your rights under the Fund are governed by the provisions of the Deeds. Should there be any discrepancy between this Brochure and the Deeds, the provisions of the Deeds shall prevail.

The Fund is a pooled retirement scheme to meet the needs of employers of all sizes by providing the employers with a complete range of scheme implementation, administration and asset management services.

The Fund, which is structured as a trust, was set up by the Sponsor and the Trustee on 1 July 2008. The Fund is authorised by the SFC. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

### **(i) *Why join a pooled fund?***

We believe that in the rapidly changing business environment in Hong Kong, it is prudent and preferable to have a provident fund managed by independent professional trustees. This is especially true for a contributory scheme where employees' money is involved.

The pooled nature of the Fund represents an economical and convenient means for the provision of retirement benefits to employees. The Trustee will maintain staff and accounting records, provide year-end statements of accounts for the employers and employees as well as annual financial reports on the Fund at year-end. In addition, as a pooled fund the Fund will enjoy investment management costs relatively lower than those of a separate small fund.

For employees, a provident fund can provide a significant degree of financial security for their retirement and reward for long-term service. For employers, it can help to foster a good management/labour relationship, to attract and retain skilled employees, and to meet the increasingly important emphasis which employees attach to financial provision on retirement.

### **(ii) *ORSO and MPFSO***

All occupational retirement schemes in Hong Kong must be registered or exempted under ORSO.

Upon the coming into effect of the MPFSO on 1st December 2000, all employers and employees who are between age 18 and 64 and who have been employed for 60 days or more are required to join and make mandatory contributions to a mandatory provident fund scheme. The MPFSO exempts certain persons from these statutory obligations including those employers and employees who have participated in occupational retirement schemes which have been granted MPF exemption certificates. Employers and employees should note that participation in the Fund does not necessarily exempt their statutory obligations under the MPFSO.

Employers and employees should also note that even if an MPF exemption certificate has been granted for an occupational retirement scheme under the Regulation, that portion of an employee's interest (who joins the scheme after 1st December 2000) in the scheme equal to the "minimum MPF benefits" as defined in the Regulation must be preserved in a MPF scheme upon termination of the employee's employment. Such minimum MPF benefits can only be withdrawn upon the employee attains the age of 65, or retires earlier at the age of 60, or suffers from total incapacity, or terminal illness, or dies, or departs from Hong Kong permanently.

## **B. WHY JOIN THE FUND?**

The Fund has been designed to incorporate the key points that make a provident scheme successful. Please see below details of the Fund.

### **(i) Key operators**

<b>Operator</b>	<b>Name of Operator</b>	<b>Key Information</b>	<b>Address and Contact Information</b>
Trustee and Product Provider	Bank of Communications Trustee Limited (交通銀行信託有限公司)	<p>The Trustee, incorporated in 1981, is licensed to carry on Type 13 (Providing Depositary Services for Relevant CISs) Regulated Activity under Part V of the SFO. and is wholly owned by Bank of Communications Co. Ltd.</p> <p>The Trustee has many years of experience in the field of administering trusts. The Trustee also acts as the administrator of</p>	<p><u>Registered Address:</u></p> <p>1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong</p>

		<p>the Fund and is responsible for the safe keeping and custody of the assets, the calculation and payment of benefits to members.</p> <p>The Trustee, also being the Product Provider, is an MPF approved trustee approved by the MPFA pursuant to section 20 of the MPFSO. The Trustee will carry out its responsibilities as a Product Provider as provided under the PRF Code.</p>	
Sponsor	Bank of Communications Co., Ltd. Hong Kong Branch (交通銀行股份有限公司香港分行)	<p>The Sponsor is the first overseas branch of Bank of Communications Co., Ltd.. It commenced business 1934.</p> <p>The Sponsor is responsible for distribution, promotion and sponsoring of the Fund.</p>	<p><u>Registered Address:</u></p> <p>20 Pedder Street, Central, Hong Kong</p>
Management Company (in relation to the BOCOM Guaranteed Fund)	BCOM Finance (Hong Kong) Limited (交通財務有限公司)	<p>The Management Company, incorporated in 1979, is a SFC registered asset management company. The Management Company has been registered by the SFC for type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts ) and type 9 (asset management)</p>	<p><u>Registered Address:</u></p> <p>1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong</p>

		regulated activities since February 2006.  As the Management Company, it is responsible for managing the BOCOM Guaranteed Fund.	
Guarantor (in relation to the BOCOM Guaranteed Fund)	Bank of Communications Co., Ltd. Hong Kong Branch (交通銀行股份有限公司香港分行)	Bank of Communications Co., Ltd. Hong Kong Branch is the guarantor of the BOCOM Guaranteed Fund.	<u>Registered Address:</u>  20 Pedder Street, Central, Hong Kong

**(ii) Procedure for joining the Fund**

A company may join the Fund by executing a deed of adherence. Each company which establishes an employer scheme under the Fund will have to register the employer scheme under ORSO or apply for an ORSO exemption status for the employer scheme. A participating employer is also required to give certain indemnities and warranties to the Trustee on joining the Fund.

**(iii) Choice of Investment Portfolios**

To accommodate the investment needs of different employees, the Fund offers the following professionally managed Investment Portfolios:

Investment Portfolio	Year of Establishment
BOCOM HK Equity Fund	2008
BOCOM Growth Fund	2008
BOCOM Balanced Fund	2008
BOCOM HKD Cash Fund	2008
BOCOM Guaranteed Fund	2008

Members and/or their participating employers can decide how and where the contributions should be invested.

**C. THE FUND'S STANDARD RULES**

Although a participating employer may amend certain of the rules of the Fund to suit its particular requirements when entering into the deed of adherence by agreement with the Trustee, the following is an outline of the standard rules of the Fund. Only defined contribution type rules are permitted.

**(i) Who is eligible to join the Fund?**

All full time permanent staff of a participating employer are eligible to join the Fund upon completion of any probationary service period required by the employer.

**(ii) Normal retirement age**

60 for both males and females.

**(iii) Contribution scale**

Both the participating employer and the Member are to pay monthly contributions to the Fund in such manner as the Trustee may prescribe from time to time and notify the participating employers. The contribution is expressed as a percentage of the salary of each Member as follows:-

By a Member - 5%

By a participating employer - 5% to 10%

Member's contributions will form the member's balance, while a participating employer's contributions will form the employer's balance. Subject to the ongoing fees payable by the Investment Portfolios as detailed in section H(ii) of this Brochure, all of the Member's contributions and the employer's contributions will be applied for investment purposes. Contributions must be paid to the Fund in Hong Kong dollars.

**(iv) When are benefits payable?**

Benefits are payable upon:

~ normal retirement

~ early retirement

~ permanent disability

~ death while in the service of the participating employer

~ resignation

**(v) What are the benefits payable?**

Benefits are payable in one cash lump sum in Hong Kong and will, subject to 8.18 of the PRF Code, normally be paid within one month of the date on which the Trustee receives the written notice in a form prescribed by the Trustee (“**Notice**”) from the participating employer that a Member ceases to be save in the case of benefits on the death of a Member where time may be required to identify beneficiaries. In such case payment must be made within two years. No interest is payable from the date of termination of employment of a Member until the date of payment. Benefits will normally be paid in the currency of the Investment Portfolios.

For each Member the Trustee maintains two balances - a member's balance and an employer's balance. The member's balance shows the Member's own contributions and the investment returns on such contributions. The employer's balance shows the participating employer's contributions in respect of that Member and the investment returns on such contributions.

On *normal retirement* or on termination because of ill health or death of the Member, the amount of benefit payable is a lump sum amount equal to 100% of the member's balance and the employer's balance.

On *resignation*, the amount of benefit payable is equal to the sum of 100% of the member's balance and a percentage of the employer's balance in accordance with the vesting schedule below depending on years of service.

<u>Completed Years of Service</u>	<u>Vesting Percentage</u>
Less than 3	Nil
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

On *dismissal* of a Member in certain cases such as the Member's fraud or dishonesty then the Member is entitled only to 100% of his member's balance. All the employer's balance is forfeited except, in respect of a Member that portion being attributable to form part of the minimum MPF benefits as defined in the Regulation, if applicable.

The Trustee will redeem all that Member's units in the Investment Portfolios on a Valuation Date that falls within 30 days upon receipt of the Notice from the participating employer at the unit prices of the Investment Portfolios as at the relevant Valuation Date. That portion of the redemption proceeds representing the Member's vested benefits will then be paid to the Member through the employer as soon as practicable. The balance of the redemption proceeds, if any, will be paid back to the participating employer or be dealt with in accordance with the terms set out in the deed of adherence of that employer scheme.

**(vi) Forfeitures**

Apart from summary dismissal situation, a Member's benefits attributable to his or her participating employer's contributions may be forfeited if the Member is adjudicated bankrupt or if the Member purports to alienate or charge all or any part of his or her entitlements in the Fund.

If the whole balance of monies representing the employer's balance is not paid out for any reasons as summarised above, that part of the benefits will form part of the reserve balance and be used to offset the employer's future contributions

to the Fund, or at the discretion of the participating employer (who should notify the Trustee of its wish), refunded to the participating employer.

**(vii) *Indebtedness***

If the Member is indebted to his or her participating employer and has acknowledged the debt in writing or if the Member has caused his or her participating employer to have suffered a loss due to a dishonest act, his or her participating employer may require the Trustee to pay to his or her participating employer the amount of such indebtedness or loss from the moneys that are otherwise payable to the Member upon the Member's cessation of membership in the Fund.

**(viii) *Transfer to other schemes***

When a Member ceases to be employed by a participating employer and becomes a member of a retirement benefits scheme the participating employer may, upon application by that Member, request the Trustee in writing to transfer a sum representing that Member's vested benefits as at the date that Member ceases to be employed by the participating employer as determined by the Trustee to the trustee or administrator of the other retirement benefits scheme.

The Trustee will redeem all that Member's units in the Investment Portfolios on a Valuation Date that falls within 30 days upon receipt of the request from the participating employer at the unit prices of the Investment Portfolios as at the relevant Valuation Date. That portion of the redemption proceeds representing the Member's vested benefits will then be transferred as soon as practicable. The balance of the redemption proceeds, if any, will be paid back to the participating employer or be dealt with in accordance with the terms set out in the deed of adherence of that employer scheme.

**D. INVESTMENT PORTFOLIOS**

**(i) *Fund fact sheets of each Investment Portfolio***

Each Investment Portfolio is subject to different (i) investment objective and policy; (ii) risks; (iii) fees and charges; and (iv) valuation, pricing and dealing arrangements. The information of each Investment Portfolio is set out under the respective Investment Portfolio Fact Sheets in Appendix A to this Brochure.

**(ii) *Investment requirements and restrictions***

**1. Investment Portfolio requirements**

Except for the BOCOM Guaranteed Fund which is guaranteed fund, the other Investment Portfolios are funds investing in SFC-authorized fund(s). The Investment Portfolios are subject to the following investment requirements:

- Fund investing in SFC-authorized fund(s)



An Investment Portfolio that is in the form of a fund investing in SFC-authorised fund(s) may normally invest 90% or more of its total net asset value in one or more SFC-authorised fund(s) falling under Chapter 7 of the UT Code, and, where applicable, the specific investment requirements under 8.2, 8.6 or 8.10 of the UT Code. The remaining assets of such Investment Portfolio shall be held in cash or cash equivalents. Any underlying fund must be a non-derivative fund.

Moreover, to the extent applicable, where an Investment Portfolio that is in the form of a fund investing in SFC-authorised fund(s) invests in any SFC-authorised fund(s) issued by the Product Provider or its connected person(s) or delegate(s), all initial charges and redemption charges on such underlying fund(s) must be waived.

- **Guaranteed Fund**

The BOCOM Guaranteed Fund, being a guaranteed fund, must comply with the requirements under Chapter 9 of the PRF Code.

In addition, no moneys of an Investment Portfolio may be invested in the securities of, or lent to, as applicable, the Product Provider, the Management Company, the Guarantor, the Trustee or any of their connected persons except where any of these parties is a substantial financial institution or an insurance company. For the purpose of this paragraph, securities do not include interests in collective investment schemes, either authorised under section 104(1) of the SFC or recognized jurisdiction schemes pursuant to 1.2 of the UT Code.

For further details of each Investment Portfolio's investment restrictions, please refer to the Investment Portfolio Fact Sheets.

2. **Investment restrictions**

The Trustee shall procure that the Fund applicable to an employer scheme in respect of which an MPF exemption certificate has been granted shall be invested in accordance with section 4 of Schedule 3 to the Regulation.

3. **Borrowing**

Subject to the terms of the Trust Deed, the Trustee may engage in any lawful transaction (including, but not limited to, the borrowing of money) which is not expressly authorised by any of the provisions of the Trust Deed and which in its opinion would benefit the Beneficiaries or of the Fund.

In addition, an Investment Portfolio that is in the form of a fund investing in SFC-authorised fund(s) (i.e. all Investment Portfolios under the Fund excluding the BOCOM Guaranteed Fund) may borrow up to 10% (by total net asset value) of its underlying assets but only on a temporary basis

for the purpose of meeting redemptions or defraying operating expenses.

4. Rebate

With respect to an Investment Portfolio that is in the form of a fund investing in SFC-authorized fund(s) (i.e. all Investment Portfolios under the Fund excluding the BOCOM Guaranteed Fund), the Product Provider or its delegate(s) may not obtain a rebate on any fees or charges levied by the underlying fund(s) (or their management companies), or any quantifiable monetary benefits in connection with investments in the underlying fund(s), or a fund investing in SFC-authorized fund(s).

The Management Company, investment delegate or any of their connected persons must not retain cash rebates.

## E. RISK FACTORS

Investment involves risks. Past performance of investment asset or the Investment Portfolios does not reflect the future performance. Price of the Investment Portfolios and income therefrom may go down as well as up. The performance of the Investment Portfolios will be affected by a number of risk factors, including the following. In this section, the term “fund” is used to describe, as the case may be, any Investment Portfolio and/or its respective underlying fund(s).

- (i) **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.
- (ii) **General investment risk** – a fund’s investment portfolio may fall in value due to any of the key risk factors in this section and therefore the investment in the fund may suffer which may adversely impact the net asset value of the fund. There is no guarantee of the repayment of principal.
- (iii) **Equity market risk** – To the extent that a fund invests in equity securities, its investment in equity securities is subject to general market risks. The value of the relevant fund may fluctuate due to various factors, such as political and economic conditions, issuer-specific factors, changes in the general outlook for corporate earnings, changes in interest or currency rates or changes in investment sentiment, which are partially attributable to irrational factors. All these factors may adversely impact the net asset value of the relevant fund.

Securities exchanges typically have the right to suspend or limit trading in any

security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the relevant fund.

(iv) **Risks relating to fixed-interest securities –**

1. *Downgrading risk* – The credit rating of a debt instrument or fixed-interest security or its issuer may subsequently be downgraded. Investment grade securities invested by a fund may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a fund's investment value in such security (and in turn the net asset value of the fund) may be adversely affected. The management company may or may not be able to dispose of the debt instruments that are being downgraded.
2. *Sovereign debt risk* – A fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the relevant fund to participate in restructuring such debts. The relevant fund may suffer significant losses when there is a default of sovereign debt issuers.
3. *Valuation risk* – Valuation of a fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.

(v) **Company-specific risk** – The price development of the securities and money-market instruments held by a fund is also dependent on company-specific factors, for example, the issuer's business situation. If the company-specific factors deteriorate, the price of the respective security may drop significantly and for an extended period of time, possibly even without regard to an otherwise generally positive market trend.

(vi) **Asset allocation risk** – The performance of a fund is partially dependent on the success of the investment strategy (such as the asset allocation strategy) employed by the fund. There is no assurance that the strategy employed by a fund will be successful in achieving the desired results under all circumstances and market conditions and therefore the investment objective of the fund may not be achieved. The investments of a fund may be periodically rebalanced and therefore the fund may incur greater transaction costs than another fund with static allocation strategy.

(vii) **Political, economic and social risks** – Changes in political, social and economic conditions in any financial market in which the investments of a fund are made may adversely affect the value of investment assets.

(viii) **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 a fund, arising from devaluation of the foreign currencies. Some of the fund's 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.

Underlying investments of a fund may be denominated in currencies other than the base currency of a fund. If a fund holds assets denominated in foreign currencies, it is exposed to a currency risk if foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations. Any devaluation of the foreign currency against the base currency of a fund would cause the value of the assets denominated in the foreign currency to fall. Also, a class of units of a fund may be designated in a currency other than the base currency of the fund, which may expose unitholders to additional currency risk. The net asset value of a fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

- (ix) **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.
- (x) **Credit / credit rating 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. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- (xi) **Liquidity risk** – The 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 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.
- (xii) **Inflation risk** – Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in a fund as well as the intrinsic value of the investment. Different currencies are subject to different levels of inflation risk.
- (xiii) **Counterparty risk** – The 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 fund defaults, the value of the 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.

- (xiv) **Concentration risk** – Some of the funds 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 funds 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.
- (xv) **Custodial risk** – Custodians or sub-custodian may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the funds invest in markets where custodial and/or settlement systems are not fully developed, the assets of the funds may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the funds may take a longer time to recover its assets or, in extreme cases, be unable to recover its assets. The costs borne by the funds 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 funds and investors may as a result suffer loss.
- (xvi) **Risks relating to the nature of a fund of funds** – To the extent a fund is a fund of funds, it will be subject to the risks associated with the underlying funds. The investing fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may adversely impact to the net asset value of the investing fund.
- (xvii) **Risks relating to hedging by financial derivative investments** – Some of the funds 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, the time premium of the financial option contracts, the risk of the issuers or counterparties not being able to make payments on such transactions, the risk that the valuation of transactions may involve uncertainties and judgmental determinations, and the risks associated with over-the-counter transactions. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by a fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by a fund.
- (xviii) **Specific risks relating to the BOCOM Guaranteed Fund**
  - 1. *Dilution of performance risk* – Due to the guarantee structure of the BOCOM Guaranteed Fund, there may be dilution of performance. The upside potential of the BOCOM Guaranteed Fund is limited as the major part of the investment is put into fixed income instruments to support the

guarantee.

2. *Investment risks* – Potential returns of the BOCOM Guaranteed Fund in excess of the guaranteed amount are subject to investment risks and are not guaranteed.
3. *Credit risks* – The value of the BOCOM Guaranteed Fund is subject to the credit risk of the Guarantor not being able to meet the guarantee obligations.
4. *Risk of not being entitled to any guarantee* - The entitlement to the guarantee is conditional upon the Member's continuous investment in the BOCOM Guaranteed Fund for at least 36 months. Investments which fail to meet such condition are fully exposed to fluctuations in the value of the assets of the BOCOM Guaranteed Fund.

## **F. VALUATION AND DEALING**

### **(i) *Frequency***

All Investment Portfolios of the Fund are unitized. Valuation and dealing of each Investment Portfolio shall be carried out on the Valuation Date. Contributions and other money received (subject to clearance of cheque) before 12:00 noon if the day preceding the Valuation Date in respect of a member will be invested in the units of the Investment Portfolios in accordance with the choice of the relevant member on that Valuation Date. If it is not received before 12:00 noon of the day preceding the Valuation Date, units will only be issued on the next Valuation Date. In the instance the manner of such valuation or dealing is changed, the Trustee shall inform the participating employers and Members as soon as practicable. For unit price of an Investment Portfolio, please visit the Trustee's website: [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk).

### **(ii) *Deferral and Suspension***

#### **Investment Portfolios (excluding the BOCOM Guaranteed Fund)**

Each Investment Portfolio (excluding the BOCOM Guaranteed Fund) is valued in such manner (including but not limited to following the valuation at the underlying investment level of such Investment Portfolio) as the Trustee may from time to time determine. With respect to such Investment Portfolio, the Trustee may therefore follow (i) the suspension or deferral of issuance or redemption of units of the underlying investments; and/or (ii) the delay of payment of any moneys in respect of the realization of units of the underlying investments. For details of the matters under (i) and (ii) above with respect to the underlying investments of such Investment Portfolio, please refer to the relevant offering documents which can be obtained free of charge by contacting the Trustee at the address as set out in section B(i) above.

#### **BOCOM Guaranteed Fund**

The Trustee may at any time suspend or defer the issue or redemption of units

relating to BOCOM Guaranteed Fund and/or may delay the payment of any moneys in respect of the realisation of units of BOCOM Guaranteed Fund only during the following periods:-

- any period when any market on which a substantial part of the securities or other property for the time being comprised in BOCOM Guaranteed Fund is quoted, listed or dealt in is closed otherwise than for ordinary holidays;
- any period when dealings on any such market are restricted or suspended;
- during the existence of any state of affairs as a result of which disposal of any of the securities or other property for the time being comprised in BOCOM Guaranteed Fund cannot, in the reasonable opinion of the Trustee, be effected normally or without seriously prejudicing the interests of Beneficiaries;
- during any breakdown in the means of communications normally employed in determining the net asset value of BOCOM Guaranteed Fund or when for any other reason the net asset value of any securities or other property for the time being comprised in BOCOM Guaranteed Fund cannot be promptly and accurately ascertained;
- any period when the realisation of securities or other property for the time being comprised in BOCOM Guaranteed Fund or the transfer of funds involved in such realisation cannot, in the reasonable opinion of the Trustee be effected at normal prices or normal rates of exchange;
- any period, in the reasonable opinion of the Trustee, when the payment or receipt of the proceeds of the realisation of any securities or other property comprised in BOCOM Guaranteed Fund is the subject of delay due to exceptional circumstances;
- any period where there exists exceptional circumstances such that it would, in the reasonable opinion of the Trustee, be detrimental to the Beneficiaries to continue dealing in the units of BOCOM Guaranteed Fund.

## **G. PROCEDURES FOR INVESTMENT**

Save for any restrictions imposed in the relevant deed of adherence entered into between a particular participating employer and the Trustee, a member will normally have the following rights:

### **(i) *How can a Member make an investment option?***

A Member must complete the relevant investment mandate in the Application of Participation Form and return it to his or her employer (which will then forward it to the Trustee) at least one month (or such shorter period as the Trustee may agree) before making the first contribution to the Fund.

(ii) ***What if a Member fails to submit the valid investment mandate within the prescribed time?***

If a Member fails to submit the valid investment mandate within the prescribed time, the Member will be deemed to have elected to instruct the Trustee to invest all of his or her accrued benefits in BOCOM Balanced Fund.

(iii) ***Can a Member change his or her investment options?***

- In respect of existing investment balance

A Member can switch at any time all or part of his or her existing investment balance (subject to the minimum or maximum level as the Trustee may determine from time to time) from one Investment Portfolio (except for BOCOM Guaranteed Fund, only switching of the whole portion is allowed) to another within the Fund up to 4 times in each financial year by completing a form specified by the Trustee and returning it to the Trustee. A handling charge of HK\$200 will be imposed by the Trustee on every change thereafter.

A switching between Investment Portfolios shall only be done on a Valuation Date. A valid request for switching must be received by the Trustee not later than 12:00 noon of two day preceding the Valuation Date (i.e. Thursday). Any notice received after such time will be processed on the next Valuation Date. The Trustee will process the redemption and subscription requests for the purpose of switching within a timeline determined by the Trustee, subject to 8.18 of the PRF Code.

For the avoidance of doubt, redemption and subscription for the purpose of switching may not take place on the same Valuation Date. Also, if the redemption money is not received before 12:00 noon on the day preceding the relevant Valuation Date, the subscription will only take place on the Valuation Date following that relevant Valuation Date.

Please note that there is no bid/offer spread when a Member chooses to switch from one Investment Portfolio to another, and a Member's investment option in relation to the investment balance as per the switching instruction form will not affect his or her investment option in relation to any future contributions.

- In respect of future contributions

A Member can change at any time his or her investment mandate of all future contributions up to 4 times in each financial year by completing a form specified by the Trustee and returning it to the Trustee. A handling charge of HK\$200 will be imposed by the Trustee on every change thereafter.



The change is valid with effect from the later of the Valuation Date falling on or immediately after the effective date intended by the Member and the first Valuation Date falling no less than 7 Business Days after receipt by the Trustee.

Please note that the Members will bear all the investment risks of their benefits under the Fund. If a Member's selected investment performs well, his or her benefits will increase. If his or her investment performs poorly, his or her benefits will reduce.

## H. FEES AND CHARGES

### (i) *Charges which may be payable by the participating employers and Members*

Types of fees	Item	Amount	Payable By
Change of investment mandate	First 4 changes in a financial year	Free of charge	Member
	Additional change of investment mandate	HK\$200 per transaction	
Switch existing investment balance	First 4 changes in a financial year	Free of charge	Member
	Additional Investment Portfolio switching	HK\$200 per transaction	
Registration fee	Payment to the Authority for the employer scheme established under the Fund to be registered or exempted under ORSO	For details, please contact the Trustee. Please refer to section B(i) for the Trustee's contact details.	Participating employer
Annual fees	Annual fees to the Authority		Participating employer
Auditor's and solicitor's fees	<ul style="list-style-type: none"> <li>Costs of the participating employer's own auditor in giving any certificate in connection with its participation in the Fund</li> <li>Costs of the auditors of the Fund in preparing the audited accounts required for the participating</li> </ul>		Participating employer

	employer's participation in the Fund <ul style="list-style-type: none"> <li>Fees of any legal advisers appointed by the participating employer and the costs of the solicitor's statement and, if applicable, costs of the auditors statement</li> </ul>		
--	--	--	--

(ii) *Ongoing fees payable by the Investment Portfolios*

The following fees and charges will be paid out of the Investment Portfolio.

Fee	Annual rate (as a % of the investment portfolio's net asset value)
<b><i>Investment Portfolio Level</i></b>	
<b>Trustee &amp; Administration Fee</b>	Please refer to each Investment Portfolio Fact Sheet for details.
<b>Investment Management Fee</b>	
<b>Other Expenses</b>	Other costs and expenses reasonably incurred including but not limited to safe-keeping and custody fees, auditor's fees, registrar's fees, publishing fee, investment transaction fees, and legal expenses
<b><i>Underlying Fund Level</i></b>	
<b>Trustee Fee</b>	Please refer to each Investment Portfolio Fact Sheet for details.
<b>Investment Management Fee</b>	
<b>Other Expenses</b>	Other costs and expenses reasonably incurred including but not limited to safe-keeping and custody fees, auditor's fees, registrar's fees, publishing fee, investment transaction fees, and legal expenses

For any increase of fees and charges from the level stated herein or any subsequent increase, the Trustee will give at least three months prior notice to the participating employer.

## I. TAX

### (i) *Tax position*

All provident fund schemes must be registered or exempt under the ORSO and are then treated as approved for the purposes of the Inland Revenue Ordinance (Cap. 112 of the laws of Hong Kong).

- ***For a participating employer***

Employer's contributions towards a provident fund will be allowed as a trading expense in reporting profits tax.

Tax relief on employers' normal monthly contributions including contributions to mandatory provident fund scheme, if any in respect of future service will be allowed up to a maximum of 15% of the total emoluments of individual employees who are members of a provident fund.

Tax relief on special initial contributions which may be made to a provident fund by employers in respect of service prior to the employer joining the Fund will be allowed at the rate of 1/5th in that financial year and 1/5th in each of the four succeeding financial years.

- ***For the Employee***

Leaving service benefit received on retirement (on or after reaching age 45), death or incapacity will not be subject to any salaries tax. However, in any other case, on leaving employment, the leaving service benefit will then be taxed by reference to the proportionate benefit (the "**PB**") rule (section 8(4) of the Inland Revenue Ordinance). If the PB is exceeded, the amount in excess will be taxable. The PB, as defined in section 8(5) of the Inland Revenue Ordinance, is

$$\begin{array}{rcl} \text{accrued benefit} & & \text{Completed months of service} \\ \text{(as represents} & \text{x} & \text{-----} \\ \text{the employer's} & & 120 \\ \text{contributions)} & & \end{array}$$

The tax position may vary from time to time. The Product Provider's understanding of the tax implications for participating employers and employees is based on expert advice received by the Product Provider. We recommend that you seek professional advice regarding your own particular tax circumstances.

### (ii) *Applicable Laws and Obligations*

The Fund and the Trustee may from time to time be required to comply with any applicable laws and obligations which include: (a) any tax withholding

and reporting related treaty, law, regulation, or other official guidance enacted in any jurisdiction, or relating to an intergovernmental agreement or any other agreement between the governments or regulatory authorities of two or more jurisdictions; (b) any tax withholding and reporting related agreement with any government or tax authority in any jurisdiction according to or in consequence of (a); and (c) any rules, codes of practice, and/or guidelines of a binding nature in any jurisdiction (“**Applicable Laws and Obligations**”).

Applicable Laws and Obligations include the Foreign Account Tax Compliance Act 2010 (“**FATCA**”) enacted by the US Government and the US Treasury Regulations promulgated thereunder, which impose a due diligence, reporting and withholding regime effective from 1 July 2014. Under FATCA, a foreign financial institution (“**FFI**”) is required to report to the US Internal Revenue Service (“**IRS**”) certain information on US persons that hold accounts with that FFI. An FFI which does comply with the requirements of an agreement with the IRS in respect of FATCA (“**FFI Agreement**”) and is not exempt from doing so will face a 30% withholding tax on all “withholdable payments” (as defined under FATCA) derived from US sources (including dividends, interest, certain derivative payments, and certain gross proceeds). Withholding may also apply in the future to certain “foreign passthru payments” made to FFIs that do not comply with FATCA. “Foreign passthru payments” have not yet been defined by the US Treasury. The US and Hong Kong have signed an inter-governmental agreement (“**IGA**”) to facilitate FATCA compliance by FFIs in Hong Kong. FATCA applies to the Trustee and the Fund as they are FFIs. The Fund and the Trustee have each registered on the IRS FATCA registration website as a reporting FFI and each has complied and intends to continue complying with FATCA.

For the purpose of complying with the Applicable Laws and Obligations by the Fund and the Trustee, any participating employer, Member, beneficiary, Dependant and other recipient of any benefits, payments or entitlements from, or any rights under, the Fund) (each, an “Account Holder”) is required to provide to the Trustee, in such form and in such manner, as the Trustee may from time to time reasonably require, the Tax Information (and any update to any such Tax Information) in respect of itself, himself, herself or any other Account Holder(s) and Controlling Person(s) of certain Account Holders.

For the purposes of complying with the Applicable Laws and Obligations by the Fund and the Trustee, and to the extent not prohibited by law, the Fund and Trustee may:

- process, transfer and/or disclose to any judicial, administrative or regulatory body, any government, or public or government agency, instrumentality or authority, any domestic or foreign tax, revenue, fiscal or monetary or other authorities, court or law enforcement body, or any agents thereof the Tax Information and the account information in respect of any Account Holder (including but not limited to the account balance, account value, account number, contributions paid to account, and amounts withdrawn or paid from account, attributable to the account through which an Account Holder may receive or claim benefits or payments from the Fund); and

- take such actions required for the Fund and the Trustee to comply with the Applicable Laws and Obligations, if the relevant Account Holder fails to provide the Tax Information in respect of any Account Holder as the Trustee may reasonably require; or the Tax Information is inaccurate, incomplete or not promptly updated to the extent that the Trustee reasonably form a view that the Tax Information it has may not be sufficient for the Fund and the Trustee to comply with the Applicable Laws and Obligations; or the Trustee is for whatever reason prevented from disclosing any Tax Information and account information reasonably required by the Trustee to disclose for the Fund and the Trustee to comply with the Applicable Laws and Obligations.

Each participating employer and member must, before providing the Tax Information of any other Account Holder (not being the participating employer or member (as the case may be) itself / himself / herself) to the Trustee: (i) inform that Account Holder of the Trustee's powers and the obligations of each Account Holder given under this section "II Applicable Laws and Obligations" upon collection of that Account Holder's Tax Information; or (ii) obtain that Account Holder's consent to the Fund's and Trustee's powers under the first bullet point of the preceding paragraph.

The Trustee intends that the Fund will comply with the Applicable Laws and Obligations including FATCA. If the Fund does not comply with the Applicable Laws and Obligations, the Fund may be subject to certain withholding taxes on certain types of payments received by the Fund and other penalties. The application of withholding taxes and penalties due to any failure to comply with the Applicable Laws and Obligations may cause the Fund to suffer a material loss.

It is important for each participating employer and Member to understand, and to inform any other Account Holder of, the Trustee's powers, and each Account Holder's obligations, under the Fund. Each Account Holder should consult with its / his / her own tax advisors as to the potential impact of the Applicable Laws and Obligations in its / his / her own tax situation or on its / his / her investment in the Fund.

For the purpose of this sub-section, the following terms shall have the following meanings:

*"Controlling Person"* generally means any individual who exercises control over an entity and includes any person in equivalent or similar positions of control.

*"Dependant"* means, in relation to a Member,

- (i) the Member's widow or widower,
- (ii) any natural person whom the Member may have nominated in writing to the Employer during his lifetime,
- (iii) the following relatives of the Member, namely any child, parent, brother

or sister of the Member or the spouse or any child of such child, parent or any child, parent, brother or sister. For the purpose of (iii), a relationship acquired by process of legal adoption shall as valid as a blood relationship, and child shall include step-child and father and mother shall include step-father and step-mother,

- (iv) any natural person who in the opinion of the employer was at the time of the Member's death financially dependent on him.

"*Substantial Owner*" means any individual or entity entitled to more than 10% of the profits of or with an interest of more than 10% in an entity either directly or indirectly.

"*Tax Information*", in respect of an Account Holder, means any documentation or information (and accompanying statements, waivers and consents) relating, directly or indirectly, to the tax status of the Account Holder and without prejudice to the above provisions: (i) where the Account Holder is an individual, "Tax Information" includes, but is not limited to, his/her full name, date of birth, place of birth, residential address, mailing address, tax identification number, all of his/her citizenships, residencies and tax residencies; (ii) where the Account Holder is an entity or corporate, "Tax Information" includes, but is not limited to, its full name, place of incorporation or formation, registered address, address of place of business, tax identification number, tax status, tax residency and such information as the Trustee may reasonably require regarding each of its Substantial Owners, Controlling Persons, beneficiaries and settlors (if applicable).

## **J. MISCELLANEOUS**

### **(i) *Fund documents***

A copy of the Deeds is available for inspection free of charge at 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong. Participating employers and Members may view the latest Brochure, circulars, notices, announcements and the latest available offer and redemption prices or net asset value at [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk). Please note that the website has not been reviewed by the SFC.

### **(ii) *Amendments***

The Trustee may by deed amend all or any of the provisions of the Trust Deed and rules of the Fund, subject to the restrictions contained in ORSO.

Each participating employer will be notified of the changes to the Trust Deed and rules of the Fund which should then notify its employees who are Members of the Fund.

### **(iii) *Accounts***

1. Annual accounts of the Fund

The financial year ends on 30th June. Audited accounts of the financial transactions of the Fund will be prepared for each financial year. These will be issued as soon as reasonably practicable.

2. Employer scheme accounts

ORSO may require audited accounts relating to a participating employer's participation in the Fund to be prepared. The Fund's auditors may for this purpose require a certificate from the relevant participating employer's auditors. These accounts are filed with the Registrar of Occupational Retirement Schemes but are not available to other participating employers. Each participating employer will be sent a copy of the accounts relating to it. Members will be entitled to inspect the accounts relevant to them at the offices of the Trustee and to obtain a copy from the Trustee at a reasonable charge.

3. Member statements

The Trustee will send each Member an unaudited statement as at the 30th June of each year showing the contributions made by his or her participating employer and by himself or herself in the period since the previous statement.

**(iv) *Governing law and jurisdiction***

The Fund and the Investment Portfolios are governed by the laws of the Hong Kong and it is acknowledged that the parties concerned have the right to bring legal action in a Hong Kong court of law as well as in any court elsewhere which has a relevant connection to the Fund.

**(v) *Duration and termination of the Fund***

- The Fund will continue to be in force until the earlier of (i) the expiration of a period of 80 years from the date of establishment or such longer period as may be allowed by law; and (ii) the termination or wind-up of the Fund under the circumstances detailed in the following bullet below.
- In accordance with the Trust Deed, the Fund may be terminated or wound-up under the following circumstances:
  - the Fund appears in the opinion of the Trustee to be unable to fulfil its function;
  - a court order being made or an effective resolution being passed for the winding-up of the Trustee;
  - the Sponsor may provide six months' notice to the Trustee that the Fund is to be wound up; or
  - if within such time as the Trustee considers to be reasonable after the

removal of the Sponsor pursuant to any provisions of the Trust Deed the Trustee is unable to find a qualified corporation acceptable to the Trustee to act as the new Sponsor.

The Trustee will notify the participating employers and the Members that the Fund has been terminated as soon as is practicable after the date of termination, in such manner and within such reasonable time as it may determine having regard to the interest of the participating employers and Members. Where the Trustee decides to terminate the Scheme, the unclaimed proceeds of scheme participants during the termination process may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

(vi) ***Termination of an Investment Portfolio***

The Trustee may determine the termination of any of the Investment Portfolios (the "**Terminating Investment Portfolio**"). In accordance with the Trust Deed, the Trustee must, or must procure that, all Members shall be notified in writing of such determination within such reasonable period as the Trustee may decide.

Any Member whose balances is wholly, or partly, invested in the Terminating Investment Portfolio (a "**Terminating Investment Portfolio Member**") shall, following the giving of the notice stated in the above paragraph, be given the option (by means of completing an Investment Option) to elect to transfer the whole or the part (as applicable) of his balances to some other Investment Portfolio(s) on such date (the "**Termination Date**") and in such manner as the Trustee may determine and notify to such Terminating Investment Portfolio Member.

The whole or the part of the balance of a Terminating Investment Portfolio Member who fails to sign and return a valid Investment Option as stated above prior to the Termination Date shall, with effect from the Termination Date, cease to be invested in the Terminating Investment Portfolio and shall be invested in such manner as the Trustee may determine and notify to the Member.

(vii) ***Termination of a participating employer's participation in the Fund***

1. ***By a participating employer***

A participating employer may give not less than six months' (or such other period as agreed by the participating employer and the Trustee) written notice to the Trustee to cease making contributions to the Fund with effect from the date of expiry of the notice or some other later date stated in such notice. The employer scheme may then continue without either the participating employer or the Members making further contributions until all the Members employed by the participating employer have received their benefits due under the Fund.

If a participating employer is wound-up or a similar event occurs, it will be deemed to have given notice to cease making contributions on the date



of the winding-up. If the participating employer is subject to any amalgamation then with the consent of the Trustee, arrangements can be made so that the new company is treated as the participating employer.

## **2. *By the Trustee***

The Trustee may terminate the participation of an employer scheme where:

- the participating employer of that employer scheme has failed to comply with any obligations under the Trust Deed and/or under the relevant deed of adherence or make payment due to the Trustee;
- the Trustee considers it in the best interest of the Members to terminate the participation of that participating employer; or
- the Trustee give the participating employer six months' notice in writing of such termination.

## **3. *Consequence of termination***

Following the termination of the employer scheme, the Trustee will deal with the assets of the Fund in relation to that employer scheme in accordance with the provisions of the Trust Deed applicable to the appropriate participating employer.

Where a participating employer ceases to contribute to the Fund or to admit new members then it may at any time thereafter, with the prior approval of the Trustee, re-commence making contributions or begin to admit new members again.

## **(viii) *Liquidity risk management***

### **Liquidity risk**

The Fund may not buy or sell an investment asset at the desired time or price, or the 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. As such, the Fund may incur significant transaction costs impacted by a large bid and offer spread or may not be able to sell or buy such currencies and debt securities until the market returns to a normal state.

### **Liquidity risk management policy and process**

The Fund integrates liquidity risk management in investment decisions, taking into account the Fund's investment strategy, liquidity profile, underlying assets and obligations, and contribution and redemption pattern of the Fund. The liquidity risk management policy involves monitoring the profile of investments held by the Fund on an on-going basis to ensure that the liquidity profile of the

investments of the Fund will facilitate compliance with the Fund's obligation to meet redemption requests. Where appropriate, liquidity risk management tools will be employed to achieve fair treatment of all Fund investors/members in case of sizeable redemption.

#### Liquidity risk management tools

The Fund's liquidity risk management tools include conducting regular assessments of liquidity of the assets and liabilities of the Fund, including stressed situations or extreme market situations.

### **K. GLOSSARY**

For the purposes of this Brochure, unless otherwise specifically expressed, the following terms shall have the following meanings:

"*Authority*" means the Mandatory Provident Fund Schemes Authority established under the MPFSO.

"*Beneficiary*" means any person entitled to benefits from the Fund in accordance with the terms of the Fund from time to time.

"*Brochure*" means this principal brochure.

"*Business Day*" means a day, other than a Saturday and a Sunday, on which banks are open for business in Hong Kong.

"*Deeds*" means the Trust Deed and the deed of adherence by which participating employers join the Fund.

"*Fund*" means Bank of Communications Hong Kong General Provident Fund - Part B.

"*Guarantor*" means Bank of Communications Co., Ltd. Hong Kong Branch (交通銀行股份有限公司香港分行).

"*HKD*" or "*HK Dollar*" means the currency of Hong Kong.

"*Hong Kong*" means the Hong Kong Special Administrative Region of the People's Republic of China.

"*Investment Option*" means a document (which may be in electronic form) to be completed by a Member for the purposes of an election under Clause 3 of the Deeds and in such form as the Trustee may from time to time agree.

"*Investment Portfolio*" means an investment portfolio under the Fund.

"*Investment Portfolio Fact Sheet*" means a fact sheet setting out information of an Investment Portfolio in Appendix A to this Brochure.

"*Management Company*" means BCOM Finance (Hong Kong) Limited (交通財務有限公司).

"*Member*" means an eligible employee who has been admitted to membership under a deed of adherence and has not ceased to be a member under such deed of adherence.

"*MPF*" means the Mandatory Provident Fund.

"*MPF exemption certificate*" means an exemption certificate granted under section 16 or section 5 of the Regulation with respect to an occupational retirement scheme.

"*MPFSO*" means the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong).

"*ORSO*" means the Occupational Retirement Schemes Ordinance (Cap. 426 of the laws of Hong Kong).

"*PRF Code*" means the Code on Pooled Retirement Funds issued by the SFC.

"*Product Provider*" has the same meaning ascribed to it in the PRF Code.

"*Registrar of Occupational Retirement Schemes*" means the registrar of Occupational Retirement Schemes. The Authority assumes the role of the Registrar of Occupational Retirement Schemes.

"*Regulation*" means the Mandatory Provident Fund Schemes (Exemption) Regulation (Cap. 485B of the laws of Hong Kong).

"*RMB*" means the currency of the People's Republic of China.

"*SFC*" means the Securities and Futures Commission of Hong Kong.

"*SFO*" means the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong)

"*Sponsor*" means Bank of Communications Co., Ltd. Hong Kong Branch (交通銀行股份有限公司香港分行).

"*Trust Deed*" means the trust deed (including the rules of the Fund), as amended from time to time, which established the Fund.

"*Trustee*" means Bank of Communications Trustee Limited (交通銀行信託有限公司).

"US" means the United States of America.

"*Valuation Date*" means Thursday of each week and if that day is not a Business Day, the first Business Day thereafter and may be subject to change from time to time by the Trustee.

## Appendix A

### BOCOM HK Equity Fund

#### Quick facts

<b>Product Provider:</b>	Bank of Communications Trustee Limited
<b>Management Company:</b>	N/A
<b>Base currency:</b>	HKD
<b>Dealing frequency:</b>	Weekly

#### Objective and investment policy

##### Objective

BOCOM HK Equity Fund (the "**Investment Portfolio**") aims to achieve long term capital growth by investing primarily in Hong Kong equities, including Chinese securities listed in Hong Kong.

##### Investment policy

The Investment Portfolio will directly invest into Allianz Global Investors Choice Fund - Allianz Choice Hong Kong Fund (the "**Underlying Fund**"), an underlying fund managed by Allianz Global Investors Asia Pacific Limited. The remaining assets (if any) of the Investment Portfolio will be held in cash or cash equivalents.

The Investment Portfolio is suitable for participating employers/Members who are willing to assume a relatively higher level of risk to achieve potentially higher long term returns.

##### Investment and borrowing restrictions

The Investment Portfolio may use financial derivative investments such as financial futures contracts, financial option contracts and/or currency forward contracts for hedging purposes only.

#### What are the key risks?

Investment involves risks. In particular, the Investment Portfolio is subject to the risks inherent in the Underlying Fund. Please refer to section E of the Brochure for details including the risk factors.

- Market risk
- General investment risk
- Equity market risk
- Company-specific risk
- Asset allocation risk
- Political, economic and social risks
- Liquidity risk
- Counterparty risk
- Concentration risk
- Custodial risk
- Risks relating to hedging by financial derivatives investments

## What are the fees and charges?

### Charges which may be payable by you

Please refer to section H of the Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

### Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the investment portfolio's net asset value)
<i>Investment Portfolio Level</i>	
<b>Trustee &amp; Administration Fee</b>	1.05%
<b>Investment Management Fee</b>	Nil
<b>Other Expenses</b>	Please refer to section H of the Brochure for details
<i>Underlying Fund Level</i>	
<b>Trustee Fee</b>	Up to 0.07%
<b>Investment Management Fee</b>	0.45%
<b>Other Expenses</b>	Please refer to section H of the Brochure for details

For any increase of fees and charges from the level stated herein or any subsequent increase, the Trustee will give at least three months prior notice to the participating employers.

## Valuation, pricing and dealing arrangements

### 1. Valuation arrangement

Please refer to section F of the Brochure for details.

### 2. Pricing arrangement

The fees are calculated and accrued on each valuation date of the Investment Portfolio and are payable quarterly in arrears.

### 3. Dealing arrangement

Please refer to section F of the Brochure for details.

## Additional information

Unit prices of the Investment Portfolio will be published weekly on [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk). Please note that the website has not been reviewed by the SFC.

For more information about the Fund, please visit [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk).

## Important

Further details of the investment objective and policy, latest composition and the risk factors of the Underlying Fund are set out in its offering document (including the Product Key Facts Statement),

which can be obtained free of charge at 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.

If you are in doubt, you should seek professional advice.

## BOCOM Growth Fund

### Quick facts

<b>Product Provider:</b>	Bank of Communications Trustee Limited
<b>Management Company:</b>	N/A
<b>Base currency:</b>	HKD
<b>Dealing frequency:</b>	Weekly

### Objective and investment policy

#### Objective

BOCOM Growth Fund (the "**Investment Portfolio**") aims to maximize long term overall returns by investing primarily in global equities.

#### Investment policy

The Investment Portfolio will directly invest into Allianz Global Investors Choice Fund - Allianz Choice Growth Fund (the "**Underlying Fund**"), an underlying fund managed by Allianz Global Investors Asia Pacific Limited, which 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. The remaining assets (if any) of the Investment Portfolio will be held in cash or cash equivalents.

The Investment Portfolio is suitable for participating employers/Members who are willing to assume a relatively higher level of risk to achieve potentially higher long term returns.

#### Investment and borrowing restrictions

The Investment Portfolio may use financial derivative investments such as financial futures contracts, financial option contracts and/or currency forward contracts for hedging purposes only.

### What are the key risks?

Investment involves risks. In particular, the Investment Portfolio is subject to the risks inherent in the Underlying Fund. Please refer to section E of the Brochure for details including the risk factors.

- Market risk
- General investment risk
- Equity market risk
- Company-specific risk
- Asset allocation risk
- Political, economic and social risks
- Currency risk
- Liquidity risk
- Counterparty risk
- Concentration risk
- Custodial risk
- Risks relating to the nature of a fund of funds



- Risks relating to hedging by financial derivatives investments

## What are the fees and charges?

### Charges which may be payable by you

Please refer to section H of the Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

### Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the investment portfolio's net asset value)
<i><b>Investment Portfolio Level</b></i>	
<b>Trustee &amp; Administration Fee</b>	1.05%
<b>Investment Management Fee</b>	Nil
<b>Other Expenses</b>	Please refer to section H of the Brochure for details
<i><b>Underlying Fund Level</b></i>	
<b>Trustee Fee</b>	Up to 0.07%
<b>Investment Management Fee</b>	0.45%
<b>Other Expenses</b>	Please refer to section H of the Brochure for details

For any increase of fees and charges from the level stated herein or any subsequent increase, the Trustee will give at least three months prior notice to the participating employers.

## Valuation, pricing and dealing arrangements

### 1. Valuation arrangement

Please refer to section F of the Brochure for details.

### 2. Pricing arrangement

The fees are calculated and accrued on each valuation date of the Investment Portfolio and are payable quarterly in arrears.

### 3. Dealing arrangement

Please refer to section F of the Brochure for details.

## **Additional information**

Unit prices of the Investment Portfolio will be published weekly on [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk). Please note that the website has not been reviewed by the SFC.

For more information about the Fund, please visit [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk).

## **Important**

Further details of the investment objective and policy, latest composition and the risk factors of the Underlying Fund are set out in its offering document (including the Product Key Facts Statement), which can be obtained free of charge at 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong..

If you are in doubt, you should seek professional advice.

## BOCOM Balanced Fund

### Quick facts

<b>Product Provider:</b>	Bank of Communications Trustee Limited
<b>Management Company:</b>	N/A
<b>Base currency:</b>	HKD
<b>Dealing frequency:</b>	Weekly

### Objective and investment policy

#### Objective

BOCOM Balanced Fund (the "**Investment Portfolio**") aims to achieve a high level of overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities.

#### Investment policy

The Investment Portfolio will directly invest into Allianz Global Investors Choice Fund - Allianz Choice Balanced Fund (the "**Underlying Fund**"), an underlying fund managed by Allianz Global Investors Asia Pacific Limited, which is expected to invest 70% of its assets in equities and 30% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the Underlying Fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the manager, in other Asian countries and emerging markets. The remaining assets (if any) of the Investment Portfolio will be held in cash or cash equivalents.

The Investment Portfolio is suitable for participating employers/Members who are willing to assume an above average level of risk.

#### Investment and borrowing restrictions

The Investment Portfolio may use financial derivative investments such as financial futures contracts, financial option contracts and/or currency forward contracts for hedging purposes only.

### What are the key risks?

Investment involves risks. In particular, the Investment Portfolio is subject to the risks inherent in the Underlying Fund. Please refer to section E of the Brochure for details including the risk factors.

- Market risk
- General investment risk
- Equity market risk
- Risks relating to fixed-interest securities
- Company-specific risk
- Asset allocation risk
- Credit / credit rating risk
- Liquidity risk
- Counterparty risk
- Concentration risk
- Custodial risk

- Political, economic and social risks
- Currency risk
- Interest rate risk
- Risks relating to the nature of a fund of funds
- Risks relating to hedging by financial derivatives investments

## What are the fees and charges?

### Charges which may be payable by you

Please refer to section H of the Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

### Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the investment portfolio's net asset value)
<b><i>Investment Portfolio Level</i></b>	
<b>Trustee &amp; Administration Fee</b>	1.05%
<b>Investment Management Fee</b>	Nil
<b>Other Expenses</b>	Please refer to section H of the Brochure for details
<b><i>Underlying Fund Level</i></b>	
<b>Trustee Fee</b>	Up to 0.07%
<b>Investment Management Fee</b>	0.45%
<b>Other Expenses</b>	Please refer to section H of the Brochure for details

For any increase of fees and charges from the level stated herein or any subsequent increase, the Trustee will give at least three months prior notice to the participating employers.

## Valuation, pricing and dealing arrangements

### 1. Valuation arrangement

Please refer to section F of the Brochure for details.

### 2. Pricing arrangement

The fees are calculated and accrued on each valuation date of the Investment Portfolio and are payable quarterly in arrears.

### 3. Dealing arrangement

Please refer to section F of the Brochure for details.

## **Additional information**

Unit prices of the Investment Portfolio will be published weekly on [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk). Please note that the website has not been reviewed by the SFC.

For more information about the Fund, please contact visit [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk).

## **Important**

Further details of the investment objective and policy, latest composition and the risk factors of the Underlying Fund are set out in its offering document (including the Product Key Facts Statement), which can be obtained free of charge at 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong..

If you are in doubt, you should seek professional advice.

## BOCOM HKD Cash Fund

### Quick facts

<b>Product Provider:</b>	Bank of Communications Trustee Limited
<b>Management Company:</b>	N/A
<b>Base currency:</b>	HKD
<b>Dealing frequency:</b>	Weekly

### Objective and investment policy

#### Objective

BOCOM HKD Cash Fund (the "**Investment Portfolio**") aims to provide a convenient and easily realizable medium of investment for investors who require an income stream combined with a high degree of capital protection by investing in HK dollar denominated bank deposits and other high quality HK dollar denominated fixed interest and other monetary instruments.

#### Investment policy

The Investment Portfolio will directly invest into Allianz Global Investors Choice Fund - Allianz Choice HK\$ Cash Fund (the "**Underlying Fund**"), an underlying fund managed by Allianz Global Investors Asia Pacific Limited. The remaining assets (if any) of the Investment Portfolio will be held in cash or cash equivalents.

The Investment Portfolio is a low-risk investment option which protects investors against investment losses arising from market fluctuations or volatility; therefore it is more suitable for participating employers/Members who are willing to assume lowest level of risk..

#### Investment and borrowing restrictions

The Investment Portfolio may use financial derivative investments such as financial futures contracts, financial option contracts and/or currency forward contracts for hedging purposes only.

### What are the key risks?

Investment involves risks. In particular, the Investment Portfolio is subject to the risks inherent in the Underlying Fund. Please refer to section E of the Brochure for details including the risk factors.

- General investment risk
- Political, economic and social risks
- Currency risk
- Interest rate risk
- Risks relating to hedging by financial derivatives investments
- Credit / credit rating risk
- Liquidity risk
- Inflation risk
- Counterparty risk
- Custodial risk

## What are the fees and charges?

### Charges which may be payable by you

Please refer to section H of the Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

### Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the investment portfolio's net asset value)
<i>Investment Portfolio Level</i>	
<b>Trustee &amp; Administration Fee</b>	0.45%
<b>Investment Management Fee</b>	Nil
<b>Other Expenses</b>	Please refer to section H of the Brochure for details
<i>Underlying Fund Level</i>	
<b>Trustee Fee</b>	Up to 0.07%
<b>Investment Management Fee</b>	0.25%
<b>Other Expenses</b>	Please refer to section H of the Brochure for details

For any increase of fees and charges from the level stated herein or any subsequent increase, the Trustee will give at least three months prior notice to the participating employers.

## Valuation, pricing and dealing arrangements

### 1. Valuation arrangement

Please refer to section F of the Brochure for details.

### 2. Pricing arrangement

The fees are calculated and accrued on each valuation date of the Investment Portfolio and are payable quarterly in arrears.

### 3. Dealing arrangement

Please refer to section F of the Brochure for details.

## Additional information

Unit prices of the Investment Portfolio will be published weekly on [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk). Please note that the website has not been reviewed by the SFC.

For more information about the Fund, please visit [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk).

## Important

Further details of the investment objective and policy, latest composition and the risk factors of the Underlying Fund are set out in its offering document (including the Product Key Facts Statement),

which can be obtained free of charge at 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong..

If you are in doubt, you should seek professional advice.



## BOCOM Guaranteed Fund

### Quick facts

<b>Product provider:</b>	Bank of Communications Trustee Limited
<b>Trustee:</b>	Bank of Communications Trustee Limited
<b>Management company:</b>	BCOM Finance (Hong Kong) Limited
<b>Guarantor</b>	Bank of Communications Co. Ltd.
<b>Base currency:</b>	HKD
<b>Dealing frequency:</b>	Weekly

### Objective and investment policy

#### Objective

BOCOM Guaranteed Fund (the "**Investment Portfolio**") aims to obtain a high income whilst preserving the capital of the Investment Portfolio.

#### Investment policy

The Investment Portfolio is expected to invest 50% to 80% in cash and deposits and debt securities, and 20% to 30% in equities. The Investment Portfolio may hold Hong Kong authorized unit trusts and mutual funds. Not more than 15% of the net asset of the Investment Portfolio may hold mortgage loans.

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

#### Investment and borrowing restrictions

The Investment Portfolio may use financial derivative investments such as financial futures contracts, financial option contracts and/or currency forward contracts for hedging purposes only.

### What is the interest guarantee mechanism?

#### 1. Definitions

"*Accounting Date*" means the last calendar day of the financial year which shall be 30th June in each year commencing on the date hereof or such other date as decided by the Trustee from time to time.

"*Guaranteed Account*" means in respect of any Member a notional account maintained by the Trustee. The Guaranteed Account does not represent the value of assets held by the 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 Investment Portfolio and no part of the Investment Portfolio shall 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 Trustee in such manner as the Trustee may determine) of contributions made by or in respect of the Member credited to the Member's Guaranteed Account, having taken account of, any Guaranteed

Rate of Return or, as the case may be, any Interim Guaranteed Rate of Return, credited to the Guaranteed Account Balance from time to time.

*"Guaranteed Rate of Return"* means 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 Member who applies for withdrawal of his benefits invested in the Investment Portfolio in accordance with the provisions of the Trust Deed provided that in no event shall the Interim Guaranteed Rate be less than 0% per annum. In the event of any change to the Interim Guaranteed Rate of Return, participating employers and Members will be given not less than 1 month's notice in writing. 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.

*"Member Fund Account"* means in respect of a Member an account kept by the Trustee in respect of the Investment Portfolio.

## **2. Key terms and conditions of the guarantee**

### ***Accounts***

The Trustee will maintain a separate Member Fund Account and a notional Guaranteed Account in respect of each Member.

On each Valuation Date, the Trustee shall credit into a Member's Member Fund Account with units representing the contributions made by or in respect of that Member divided by the offer price of a unit. For the avoidance of doubt, any contributions due but unpaid shall not be credited.

On each Accounting Date, the Trustee shall notionally credit to the appropriate Guaranteed Account in respect of each Member the Guaranteed Rate of Return.

For illustrations, please refer to the first crediting example (i.e. the illustration regarding Financial Year<sub>1</sub> set out in Appendix B to the Brochure).

### ***Guaranteed Rate of Return***

The Guaranteed Rate of Return will be declared by the Guarantor on each Accounting Date of a financial year of the Fund, but will never be less than 0%. The Guaranteed Rate of Return will apply backwards in respect of the financial year in which the relevant Accounting Date falls.

## **3. Withdrawal value - entitlement of Members**

### ***Withdrawal before 36 months' continuous investment:***

In respect of each Member Fund Account which has been maintained continuously for less than 36 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 the Member Fund Account.

### ***Withdrawal after having 36 months' continuous investment:***

In respect of a Member Fund Account which has been maintained continuously for 36 months or more, the withdrawal value on any Valuation Date shall be the greater of:

- the aggregate lump sum value as shown by multiplying the redemption price by the number of units outstanding in the Member Fund Account, and
- the Guaranteed Account Balance held in the Guaranteed Account.

In respect of a Member who withdraws from the Investment Portfolio before the Accounting Date of a financial year, the Trustee shall notionally credit in respect of that Member an Interim Guaranteed Rate of Return to the Guaranteed Account of that Member for that financial year up to the date of withdrawal. For illustrations, please refer to the second crediting example (i.e. the illustration regarding Financial Year<sub>2</sub> set out in Appendix B of the Brochure).

For the avoidance of doubt, Members should note that all the units of the Investment Portfolio have to be redeemed for the purpose of switching, no partial switching is allowed under the Investment Portfolio.

Note that the Guarantor's liability in respect of any guarantee provided by the Investment Portfolio shall be limited to 25% of the paid-up capital and reserves from time to time of the Guarantor as stated in the Guarantor's latest audited accounts as at the date of demand by the Trustee.

## What are the key risks?

Investment involves risks. Please refer to section E of the Brochure for details including the risk factors.

- Market risk
- General investment risk
- Equity market risk
- Political, economic and social risks
- Currency risk
- Interest rate risk
- Liquidity risk
- Counterparty risk
- Concentration risk
- Custodial risk
- Risks relating to hedging by financial derivative instruments
- Specific risks relating to the BOCOM Guaranteed Fund

## What are the fees and charges?

### Charges which may be payable by you

Please refer to section H of the Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

### Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the investment portfolio's net asset value)
<b><i>Investment Portfolio Level</i></b>	
<b>Trustee &amp; Administration Fee</b>	0.875%
<b>Investment Management Fee</b>	0.375%
<b>Guarantor Fee</b>	0.25%

<b>Other Expenses</b>	Please refer to section H of the Brochure for details
<b><i>Underlying Fund Level</i></b>	
<b>Trustee Fee</b>	Nil
<b>Investment Management Fee</b>	Nil
<b>Other Expenses</b>	Nil

*\*Given the Investment Portfolio does not invest in any underlying fund, there are no fees or expenses charged at the underlying fund level.*

For any increase of fees and charges from the level stated herein or any subsequent increase, the Trustee will give at least three months prior notice to the participating employers.

## **Valuation, pricing and dealing arrangements**

### **1. Valuation arrangement**

Please refer to section F of the Brochure for details.

### **2. Pricing arrangement**

The fees are calculated and accrued on each valuation date of the Investment Portfolio and are payable quarterly in arrears.

### **3. Dealing arrangement**

Please refer to section F of the Brochure for details.

## **Additional information**

Unit prices of the Investment Portfolio will be published weekly on [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk). Please note that the website has not been reviewed by the SFC.

For more information about the Fund, please visit [www.bocomtrust.com.hk](http://www.bocomtrust.com.hk).

## **Important**

If you are in doubt, you should seek professional advice.

## Appendix B

### Illustration of crediting the Guaranteed Rate of Return to members' notional Guaranteed Accounts of the BOCOM Guaranteed Fund

General Assumption of the notional Guaranteed Account of a member:-

1. Opening Guaranteed Account Balance brought forward to the first day of Financial Year<sub>1</sub>: 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 this Investment Portfolio.
4. No partial withdrawal nor switching processed during the financial year
5. “Time Factor” in the Examples means the portion of a Financial Year for which the guaranteed return at the applicable Guarantee Rate for Return (“GR”) or IGR is calculated and accrued.

\*Currently a Financial Year of the Scheme is from 1st July of each year to 30th June of next year.

#### Financial Year<sub>1</sub>

Particular                      Guarantee Rate of Return declared on the Accounting Date of  
Assumption:-                  Financial Year<sub>1</sub> is 4% p.a.

#### Monthly Contributions for the Financial Year<sub>1</sub>

Contribution Period	Contribution Dealing Date	Employer Contribution	Employee Contribution	No. of Days for which GR applies
1 - 30 Jun	1 <sup>st</sup> Jul	\$1,000.00	\$1,000.00	365
1 - 31 Jul	1 <sup>st</sup> Aug	\$1,000.00	\$1,000.00	334
1 - 31 Aug	1 <sup>st</sup> Sep	\$1,000.00	\$1,000.00	303
1 - 30 Sep	1 <sup>st</sup> Oct	\$1,000.00	\$1,000.00	273
1 - 31 Oct	1 <sup>st</sup> Nov	\$1,000.00	\$1,000.00	242
1 - 30 Nov	1 <sup>st</sup> Dec	\$1,000.00	\$1,000.00	212
1 - 31 Dec	1 <sup>st</sup> Jan	\$1,000.00	\$1,000.00	181
1 - 31 Jan	1 <sup>st</sup> Feb	\$1,000.00	\$1,000.00	150
1 - 28 Feb	1 <sup>st</sup> Mar	\$1,000.00	\$1,000.00	122
1 - 31 Mar	1 <sup>st</sup> Apr	\$1,000.00	\$1,000.00	91
1 - 30 Apr	1 <sup>st</sup> May	\$1,000.00	\$1,000.00	61
1 - 31 May	1 <sup>st</sup> Jun	\$1,000.00	\$1,000.00	30

Credit GR of 4%p.a. to the Guarantee Account on the Accounting Date

New Guaranteed Account Balance at the end of Financial Year <sub>1</sub>	=	Opening Guaranteed Account Balance x [ 1 + GR ] + Σ{ Monthly Contribution x [ 1 + ( GR x Time Factor ) ] }
--	---	--

$$\begin{aligned}
 \text{i.e. New Guaranteed Account} &= \text{HK\$10,000.00} \times [ 1 + 4\% ] \\
 \text{Balance at the end of the} &+ \text{HK\$2,000.00} \times [ 1 + ( 4\% \times 365/365 ) ] \\
 \text{Financial Year}_1 &+ \text{HK\$2,000.00} \times [ 1 + ( 4\% \times 334/365 ) ]
 \end{aligned}$$

$$\begin{aligned}
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 303/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 273/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 242/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 212/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 181/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 150/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 122/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 91/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 61/365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 4\% \times 30/365 ) ] \\
= & \underline{\text{HK\$}35,147.67}
\end{aligned}$$

## Financial Year<sub>2</sub>

Particular      Withdrawal processed on 31 October of Financial Year<sub>2</sub>  
Assumption:-    (No. of days for which IGR applies = 123 days)

### Monthly Contributions for the Financial Year<sub>2</sub>

Contribution Period	Contribution Dealing Date	Employer Contribution	Employee Contribution	No. of Days for which IGR applies
1- 30 Jun	1 <sup>st</sup> Jul	\$1,000.00	\$1,000.00	123
1- 31 Jul	1 <sup>st</sup> Aug	\$1,000.00	\$1,000.00	92
1- 31 Aug	1 <sup>st</sup> Sep	\$1,000.00	\$1,000.00	61
1- 30 Sep	1 <sup>st</sup> Oct	\$1,000.00	\$1,000.00	31

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

Guaranteed Account Balance upon withdrawal	=	Guaranteed Account Balance at the end of Financial Year <sub>2</sub> x [ 1 + ( IGR x 123 / 365 ) ] + Σ{ Monthly Contribution x [ 1 + ( IGR x Time Factor ) ] }
--	---	--

$$\begin{aligned}
& \text{HK\$}35,147.67 \times [ 1 + ( 1\% \times 123 / 365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 1\% \times 123 / 365 ) ] \\
\text{i.e. Guaranteed Account Balance upon withdrawal} & = + \text{HK\$}2,000.00 \times [ 1 + ( 1\% \times 92 / 365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 1\% \times 61 / 365 ) ] \\
& + \text{HK\$}2,000.00 \times [ 1 + ( 1\% \times 31 / 365 ) ] \\
& = \underline{\text{HK\$}43,282.94}
\end{aligned}$$

