

BEA (MPF) Master Trust Scheme (the "Master Trust")

DIS Pre-Implementation Notice to Participating Employers and Members

Attention: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. The Sponsor and the Trustee accept responsibility for the information contained in this document.

This notice only summarises the changes to the Master Trust with regard to Default Investment Strategy ("DIS"). Details of the DIS are set out in the First and Second Addenda of the Explanatory Memorandum of the Master Trust (the "Explanatory Memorandum"). Members should refer to the Explanatory Memorandum for details of the DIS. The Explanatory Memorandum and its addenda will be available on our website at <http://www.hkbea.com> or you may request copies of them by contacting our customer service hotline on (852) 2211 1777.

You should consider your own risk tolerance level and financial circumstances before investing in the DIS. You should note that the BEA (MPF) Core Accumulation Fund ("CAF") and the BEA (MPF) Age 65 Plus Fund ("A65F") (collectively the "DIS Funds") may not be suitable for you, and there may be a risk mismatch between the CAF and the A65F and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and / or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.

Dear participating employers and members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance will take effect on 1st April, 2017 ("Effective Date"). From the Effective Date, the default investment arrangement of the Master Trust will be the DIS replacing the Existing Default Fund (as defined below) of the Master Trust.

You should read this notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions. Capitalised terms not defined in this notice have the same meanings as ascribed to them in the Explanatory Memorandum of the Master Trust.

1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the Mandatory Provident Fund Schemes Ordinance. For members who do not make a fund choice for their MPF account, their accrued benefits and future investments (i.e. future contributions and accrued benefits transferred from another MPF scheme) (the "Future Investments") will be invested in the DIS. The DIS is also available as an investment choice itself for members.
- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the CAF and the A65F to automatically reduce the risk exposure as the member approaches retirement age. The DIS Funds will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). Details of the investment objectives and policies of each of the DIS Funds are set out in the Appendix to this notice. The DIS Funds are subject to fee and expense caps as imposed by the legislation.

2. How does DIS affect you?

If you have accounts in the Master Trust that are set up before the Effective Date ("pre-existing account"), depending on whether you have previously made any fund choices, it may affect you in different ways:

- If you have already given a valid investment instruction for the accrued benefits and Future Investments in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
- If all your accrued benefits in a pre-existing account are invested in the existing default fund (currently "BEA (MPF) Stable Fund" of the Master Trust) (the "Existing Default Fund") as at the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (i.e. the "DIS Re-Investment Notice") sent to you on or before the end of September 2017. The DIS Re-Investment Notice will explain that if you do not make an investment choice by replying within a specified period, your accrued benefits in the Existing Default Fund will be redeemed in whole and re-invested in accordance with the DIS. Therefore, if you receive the DIS Re-Investment Notice, please pay special attention to the contents and make appropriate arrangement. You should note that the risk of the Existing Default Fund may be different from that of the DIS and you may be exposed to market risks as a result of any reinvestment of your accrued benefits in the DIS.
- There are special circumstances. Where the accrued benefits in the pre-existing account are transferred from another account within the Master Trust (e.g. in the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Master Trust), your accrued benefits in the pre-existing account will be invested in the same manner as they were invested immediately before the transfer but your Future Investments

may be invested in the DIS after the implementation of the DIS, unless otherwise instructed. Please refer to the section headed "C. Implications for New and Pre-existing Accounts on or after DIS Implementation" below for further details.

3. Do you need to do anything?

- Apart from the above, there are other circumstances where your accrued benefits or Future Investments may be affected by the implementation of the DIS. If you have any query on how it will affect you and what actions you need to take, you should call the BEA (MPF) Hotline on (852) 2211 1777 or email BEAMPF@hkbea.com.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

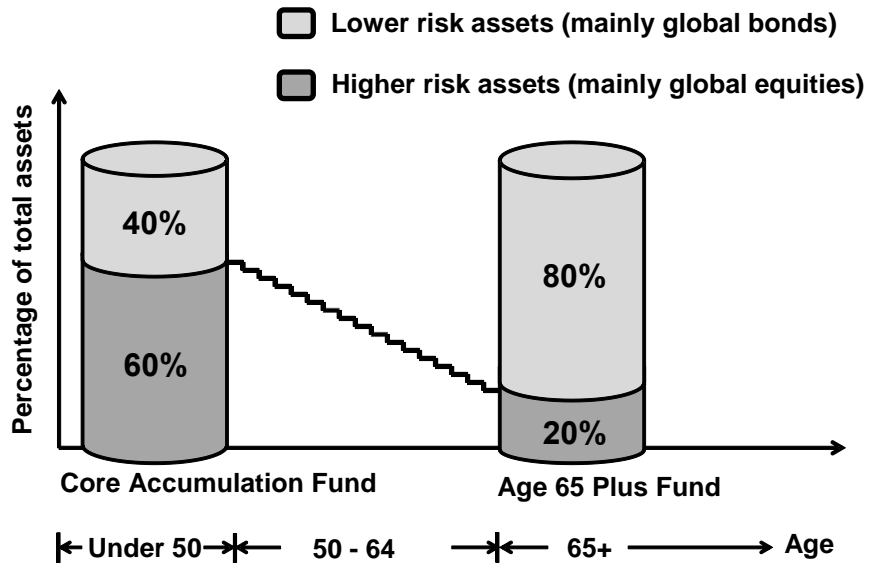
A. What is DIS?

DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their Future Investments will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

(a) Objective and Strategy

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the CAF and the A65F, according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

Diagram 1: Asset Allocation between the DIS Funds according to the DIS



Note: The exact proportion of the portfolio in higher / lower risk assets at any point in time may deviate from the target glide path due to market fluctuations.

(b) Annual de-risking

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by automatically reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the CAF and increasing the holding in the A65F over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

In summary, under the DIS:

- (1) When a member is below the age of 50, all existing accrued benefits and Future Investments will be invested in the CAF.
- (2) When a member is between the ages of 50 and 64, all existing accrued benefits and Future Investments will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table

(see Diagram 2 below). The de-risking of the existing accrued benefits and Future Investments will be automatically carried out as described above.

- (3) When a member reaches the age of 64, all existing accrued benefits and Future Investments will be invested in the A65F.
- (4) If the relevant member has reached 60 years of age before 1st April, 2017, unless the member has given a specific investment instruction (as defined in section F below), the member's accrued benefits (including Future Investments) will be invested in the same manner as at 31st March, 2017.
- (5) For a deceased member, de-risking will cease once the Trustee has received proof of the death of the member to the Trustee's satisfaction. If de-risking has already been taken place between the death of the member and the time at which the Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased member.

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

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a Business Day, the next available Business Day.
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a Business Day, the next available Business Day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65F with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	BEA (MPF) Core Accumulation Fund ("CAF")	BEA (MPF) Age 65 Plus Fund ("A65F")
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the CAF and A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

(c) Fees and out-of-pocket expenses of the CAF and A65F

The aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value ("NAV") of each of the DIS Funds divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Sponsor and / or the Investment Manager of the Master Trust and the underlying investment fund(s) of the respective DIS Funds, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

The total amount of all payments that are charged to or imposed on the DIS Funds or members who invest in DIS Funds, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Funds, shall not in a single year exceed 0.2% of the NAV of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the CAF and the A65F. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

(d) Key Risks Relating to the DIS

Members should note that the DIS is subject to various risks and limitations, including:

(i) Limitations on the strategy

- Age as the sole factor in determining the asset allocation under the DIS
The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances.
- Pre-set asset allocation
The CAF and A65F have to follow the prescribed allocation between higher risk assets and lower risk assets at all times. Such prescribed allocation will limit the ability of the Investment Manager of the CAF and A65F to adjust asset allocations in response to sudden market fluctuations.
- Annual de-risking between the CAF and A65F
Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.
- Potential rebalancing within each of the CAF and A65F
In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAF and A65F, the investments of each of the CAF and A65F may have to be continuously rebalanced.
- Additional transaction costs
Due to (a) the potential rebalancing of assets and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund / strategy with more static allocation.

(ii) General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds.

(iii) Risk on early withdrawal and switching

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

(iv) Impact on members keeping benefits in the DIS beyond the age of 64

The A65F holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

(e) Information on Performance of DIS Funds

The fund performance of the DIS Funds will be published in the fund fact sheets (one of which will be attached to annual benefit statement), members can visit <http://www.hkbea.com> or call the customer service hotline at (852) 2211 1777 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

B. Summary of the Existing Default Fund / Arrangement and the DIS

Please find below the key features of the Existing Default Fund / arrangement and the DIS for reference:

	Existing Default Fund / Arrangement	The DIS comprising CAF and A65F with a de-risking strategy	
Name	BEA (MPF) Stable Fund	BEA (MPF) Core Accumulation Fund	BEA (MPF) Age 65 Plus Fund
Fund Type	Mixed Assets Fund - Global	Mixed Assets Fund - Global	Mixed Assets Fund - Global
De-risking Feature	No	Yes	Yes
Total Management Fees	1.20% to 2.30% p.a. of NAV	0.75% p.a. of NAV	0.75% p.a. of NAV
Daily Fee Cap	No	Yes	Yes
Risk*	Low to medium	Medium to high	Low to medium
Guarantee Feature	No	No	No

* The risk profile is based on investment mix of the constituent fund and, where appropriate, through comparison among the risk profiles of the other relevant constituent funds under the Master Trust. The risk profile is for your reference only.

For details of the key features of the Existing Default Fund / arrangement and the DIS, please refer to the Explanatory Memorandum (or contact the Trustee).

C. Implications for New and Pre-existing Accounts on or after DIS Implementation

(a) Implications on accounts opened on or after 1st April, 2017

When members join the Master Trust or set up a new account in the Master Trust on or after 1st April, 2017, they have the opportunity to give a specific investment instruction (as described in section F below) for their Future Investments. If members fail to or do not want to submit to the Trustee a specific investment instruction at the time of their requests to join / set up a new account in the Master Trust, the Trustee shall invest any of their Future Investments into the DIS.

(b) Implications on accounts opened before 1st April, 2017

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on 1st April, 2017

- (1) For a member's pre-existing account with all accrued benefits being invested into the Existing Default Fund which was generally resulted from no investment instruction being given on the existing accrued benefits (known as "DIA account"):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be transferred to the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-investment Notice explaining the impacts on your pre-existing account and giving you an opportunity to give a specific investment instruction to the Trustee before the accrued benefits are invested into the DIS.

For details of the arrangement, members should refer to the DIS Re-investment Notice.

- (2) For a member's pre-existing account with part of the accrued benefits in the Existing Default Fund:

If part of the accrued benefits of your pre-existing account was invested in the Existing Default Fund immediately before 1st April, 2017 (as a result of no valid investment instruction being given in respect of that part of the accrued benefits), unless the Trustee has received any specific investment instructions, your accrued benefits (including Future Investments) will be invested in the same manner as immediately before 1st April, 2017.

- (3) For a member's pre-existing account which, as at 31st March, 2017, has all of the accrued benefits in it invested in constituent funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Master Trust being transferred to the pre-existing account) and no investment mandate has ever been given for the pre-existing account in respect of Future Investments, unless the Trustee has received any specific investment instructions, the member's accrued benefits will be invested in the same manner as they were invested immediately before 1st April, 2017, while the Future Investments paid to the member's pre-existing account on or after 1st April, 2017 will be invested in the DIS

D. Rules and Procedures Applicable to Investment through the DIS

(a) Fund Choice Combination

Members who join the Master Trust on or after the 1st April, 2017 may choose to invest their Future Investments into:

- (1) the DIS; or
- (2) one or more constituent funds of their own choice from the list under section headed "Constituent Funds" (including the CAF and the A65F as standalone investments) of the Explanatory Memorandum and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

Members should note that, if they choose the CAF and / or A65F as standalone investments, those investments / benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) CAF and/or A65F as standalone investments and (ii) the DIS (no matter by default or by member's specific investment instruction), accrued benefits invested under (i) will not be subject to the de-risking process whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates.

(b) Switching / transfer in and out of the DIS

Members can switch into or out of the DIS at any time, subject to the rules of the Master Trust. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. Where the relevant member's existing investment is under the DIS, he / she may only switch out of the DIS if he / she elects to have both the accrued benefits and Future Investments under all sub-accounts invested outside of the DIS. Conversely, where the relevant member wishes to transfer into the DIS, he / she can elect to have either (i) the accrued benefits, or (ii) Future

Investments, invested in the DIS. If a member only elects to switch the existing accrued benefits outside of the DIS without providing a new specific investment instruction, Future Investments will still be invested in the DIS. Also, Members may change their investment mandate to invest in the DIS at any time.

For the avoidance of doubt, where the member gives a switching instruction with regard to his / her existing investment, such instruction only applies to existing investments and not Future Investments.

E. Rules and Procedures of Annual De-Risking

The de-risking is to be achieved by annual adjustments of asset allocation gradually from CAF to A65F under the DIS. Save for the circumstances set out in this section, switching of the existing accrued benefits among CAF and A65F will be automatically carried out each year on a member's birthday and according to the allocation percentages as shown in the DIS De-risking Table as shown in Diagram 2 above. If the member's birthday is not on a Business Day, then the investments will be moved on the next available Business Day. Alternatively, if the member's birthday falls on 29th February and in the year which is not a leap year, then the investments will be moved on 1st March or the next available Business Day. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available Business Day.

If the relevant member notifies the Trustee of his / her updated birthday, then the Trustee will, as soon as practicable, and in any case within 2 weeks, after being so notified, adjust the allocation between the CAF and A65F according to his / her updated birthday, and effect the de-risking in the future years according to the DIS de-risking table in Diagram 2 above and his / her updated birthday. When one or more of the specified instructions (including but not limited to subscription, redemption, switching or withdrawal instructions) are being received prior to or on the annual date of de-risking for a relevant member and being processed on that date, the annual de-risking may be deferred and will only take place after completion of these specified instructions. The smallest amount of Units of each of the A65F and / or the CAF that can be issued in the annual de-risking under the DIS shall be a fraction of not less than one-thousandth of a Unit.

Members should be aware that the above de-risking will not apply where the member chooses CAF and A65F as standalone investments (rather than as part of the DIS).

F. Rules and Procedures relating to Investment Instructions

An instruction to invest accrued benefits and Future Investments, change investment mandate for Future Investments or switch investments for existing accrued benefits must be in a form of a specific investment instruction.

A specific investment instruction means:

- (I) an instruction for investment allocations which meets the following requirements:
 - each investment allocation is in a multiple of 10%; and
 - the aggregate (or in the case of any switching instruction, the switch-in total) of which is 100%; or
- (II) where the instruction is to invest in DIS, an instruction to invest 100% of: (A) existing accrued benefits and/or (B) Future Investments in the DIS; or
- (III) any confirmation (whether through hard copy submission, cyberbanking, mobile apps or IVRS (interactive voice response system)) by a member with regard to any investment arrangements of the existing accrued benefits and/or Future Investments.

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

Upon enrolment, a member who is an employee member may give a specific investment instruction for employer's mandatory and voluntary contributions and a different specific investment instruction for employee's mandatory and voluntary contributions.

Subsequent to enrolment, such a member may give different specific investment instructions to different types of contributions; to illustrate, the specific investment instruction for member's employer's mandatory contributions may be different from the specific investment instruction for the member's employer's voluntary contributions.

The following table sets out the different investment instructions and the consequences of each investment instruction given upon enrolment being invalid:

Investment instruction	Consequences
A. The total investment allocation is less than 100%.	The remaining percentage of Future Investments will be invested into DIS.
B. The total exceeds 100%.	The entire Future Investments will be invested into DIS.
C. The investment allocation is not in a multiple of 10%.	
D. The investment instruction is not legible and the Trustee is unable to process.	
E. No investment allocation is given.	

G. Means to obtain further Information

Members may obtain information about the DIS through calling our BEA (MPF) hotline at (852) 2211 1777 or emailing BEAMPF@hkbea.com.

This notice only gives a summary of features relating to the DIS. A copy of the latest deed of variation amending the trust deed constituting the Master Trust to reflect the DIS will be made available for inspection by the participating employers and members at our offices during normal office hours. In addition, you may visit our website as mentioned above for the Explanatory Memorandum (together with the First and Second Addenda) or obtain a copy of the Explanatory Memorandum (together with the First and Second Addenda) at the offices of the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

The Bank of East Asia, Limited

Bank of East Asia (Trustees) Limited

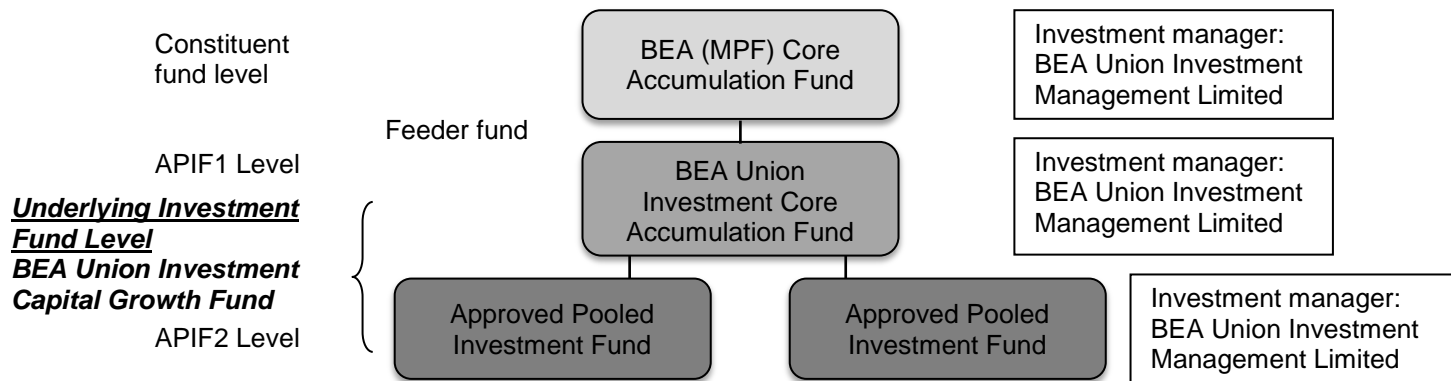
Appendix

BEA (MPF) Core Accumulation Fund

Investment Objective: To provide capital growth to Members by investing in a globally diversified manner.

Investment Strategy: The BEA (MPF) Core Accumulation Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Core Accumulation Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

Investment Policy: The BEA (MPF) Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA (MPF) Core Accumulation Fund:



Asset Allocation: Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA (MPF) Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, options contracts and securities lending: The BEA (MPF) Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

Hong Kong dollar currency exposure: Through the BEA (MPF) Core Accumulation Fund's investment in the BEA Union Investment Core Accumulation Fund, at least 30% of the assets of the BEA (MPF) Core Accumulation Fund will be held in Hong

Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

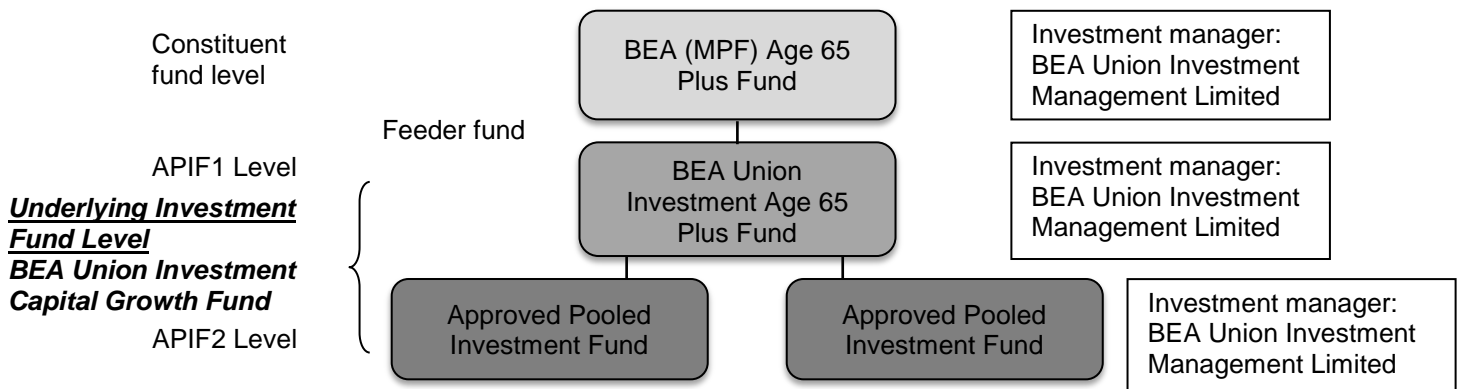
Risk and Return Profile: Investors should regard BEA (MPF) Core Accumulation Fund as a medium to high risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA (MPF) Core Accumulation Fund, which is for your reference only. The risk profile is based on relative exposure to equities / bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA (MPF) Core Accumulation Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA (MPF) Core Accumulation Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy" of the Explanatory Memorandum).

BEA (MPF) Age 65 Plus Fund

Investment Objective: To provide stable growth to scheme members by investing in a globally diversified manner.

Investment Strategy: The BEA (MPF) Age 65 Plus Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Age 65 Plus Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

Investment Policy: The BEA (MPF) Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA (MPF) Age 65 Plus Fund:



Asset Allocation: Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds), the BEA (MPF) Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, options contracts and securities lending: The BEA (MPF) Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

Hong Kong dollar currency exposure: Through the BEA (MPF) Age 65 Plus Fund's investment in the BEA Union Investment Age 65 Plus Fund, at least 30% of the assets of the BEA (MPF) Age 65 Plus Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

Risk and Return Profile: Due to its investments mainly in Lower Risk Assets (such as global bonds and money market instruments), investors should regard BEA (MPF) Age 65 Plus Fund as a low to medium risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA (MPF) Age 65 Plus Fund, which is for your reference only. The risk profile is based on relative exposure to equities / bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA (MPF) Age 65 Plus Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA (MPF) Age 65 Plus Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy" of the Explanatory Memorandum).

BEA (MPF) Value Scheme (the "Master Trust")

DIS Pre-Implementation Notice to Participating Employers and Members

Attention: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. The Sponsor and the Trustee accept responsibility for the information contained in this document.

This notice only summarises the changes to the Master Trust with regard to Default Investment Strategy ("DIS"). Details of the DIS are set out in the First and Second Addenda of the Explanatory Memorandum of the Master Trust (the "Explanatory Memorandum"). Members should refer to the Explanatory Memorandum for details of the DIS. The Explanatory Memorandum and its addenda will be available on our website at <http://www.hkbea.com> or you may request copies of them by contacting our customer service hotline on (852) 2211 1777.

You should consider your own risk tolerance level and financial circumstances before investing in the DIS. You should note that the BEA Core Accumulation Fund ("CAF") and the BEA Age 65 Plus Fund ("A65F") (collectively the "DIS Funds") may not be suitable for you, and there may be a risk mismatch between the CAF and the A65F and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and / or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.

Dear participating employers and members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance will take effect on 1st April, 2017 ("Effective Date"). From the Effective Date, the default investment arrangement of the Master Trust will be the DIS replacing the Existing Default Fund (as defined below) of the Master Trust.

You should read this notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions. Capitalised terms not defined in this notice have the same meanings as ascribed to them in the Explanatory Memorandum of the Master Trust.

1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the Mandatory Provident Fund Schemes Ordinance. For members who do not make a fund choice for their MPF account, their accrued benefits and future investments (i.e. future contributions and accrued benefits transferred from another MPF scheme) (the "Future Investments") will be invested in the DIS. The DIS is also available as an investment choice itself for members.
- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the CAF and the A65F to automatically reduce the risk exposure as the member approaches retirement age. The DIS Funds will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). Details of the investment objectives and policies of each of the DIS Funds are set out in the Appendix to this notice. The DIS Funds are subject to fee and expense caps as imposed by the legislation.

2. How does DIS affect you?

If you have accounts in the Master Trust that are set up before the Effective Date ("pre-existing account"), depending on whether you have previously made any fund choices, it may affect you in different ways:

- If you have already given a valid investment instruction for the accrued benefits and Future Investments in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
- If all your accrued benefits in a pre-existing account are invested in the existing default fund (currently "BEA Stable Fund" of the Master Trust) (the "Existing Default Fund") as at the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (i.e. the "DIS Re-Investment Notice") sent to you on or before the end of September 2017. The DIS Re-Investment Notice will explain that if you do not make an investment choice by replying within a specified period, your accrued benefits in the Existing Default Fund will be redeemed in whole and re-invested in accordance with the DIS. Therefore, if you receive the DIS Re-Investment Notice, please pay special attention to the contents and make appropriate arrangement. You should note that the risk of the Existing Default Fund may be different from that of the DIS and you may be exposed to market risks as a result of any reinvestment of your accrued benefits in the DIS.
- There are special circumstances. Where the accrued benefits in the pre-existing account are transferred from another account within the Master Trust (e.g. in the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Master Trust), your accrued benefits in the pre-existing account

will be invested in the same manner as they were invested immediately before the transfer but your Future Investments may be invested in the DIS after the implementation of the DIS, unless otherwise instructed. Please refer to the section headed "C. Implications for New and Pre-existing Accounts on or after DIS Implementation" below for further details.

3. Do you need to do anything?

- Apart from the above, there are other circumstances where your accrued benefits or Future Investments may be affected by the implementation of the DIS. If you have any query on how it will affect you and what actions you need to take, you should call the BEA (MPF) Hotline on (852) 2211 1777 or email BEAMPF@hkbea.com.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

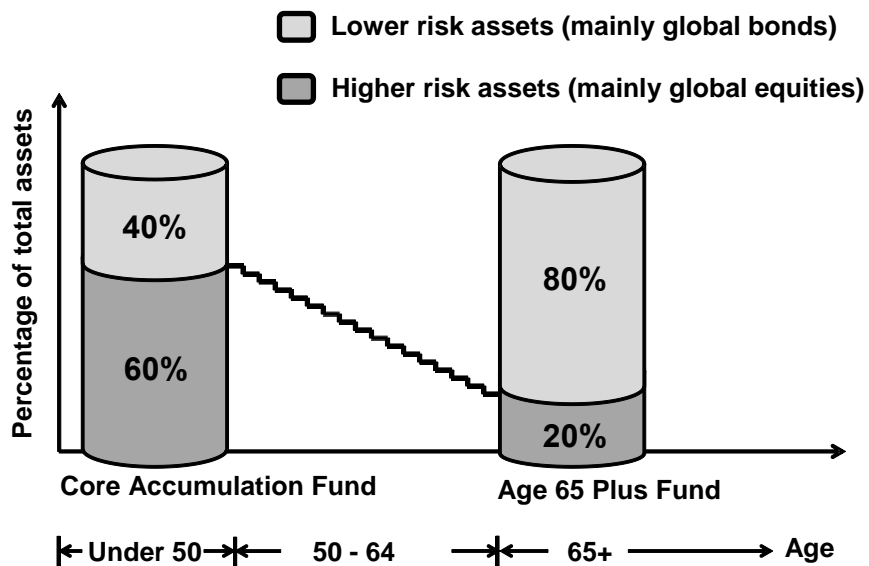
A. What is DIS?

DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their Future Investments will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

(a) Objective and Strategy

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the CAF and the A65F, according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

Diagram 1: Asset Allocation between the DIS Funds according to the DIS



Note: The exact proportion of the portfolio in higher / lower risk assets at any point in time may deviate from the target glide path due to market fluctuations.

(b) Annual de-risking

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by automatically reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the CAF and increasing the holding in the A65F over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

In summary, under the DIS:

- (1) When a member is below the age of 50, all existing accrued benefits and Future Investments will be invested in the CAF.
- (2) When a member is between the ages of 50 and 64, all existing accrued benefits and Future Investments will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table

(see Diagram 2 below). The de-risking of the existing accrued benefits and Future Investments will be automatically carried out as described above.

- (3) When a member reaches the age of 64, all existing accrued benefits and Future Investments will be invested in the A65F.
- (4) If the relevant member has reached 60 years of age before 1st April, 2017, unless the member has given a specific investment instruction (as defined in section F below), the member's accrued benefits (including Future Investments) will be invested in the same manner as at 31st March, 2017.
- (5) For a deceased member, de-risking will cease once the Trustee has received proof of the death of the member to the Trustee's satisfaction. If de-risking has already been taken place between the death of the member and the time at which the Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased member.

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

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a Business Day, the next available Business Day.
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a Business Day, the next available Business Day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65F with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	BEA Core Accumulation Fund ("CAF")	BEA Age 65 Plus Fund ("A65F")
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the CAF and A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

(c) Fees and out-of-pocket expenses of the CAF and A65F

The aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value ("NAV") of each of the DIS Funds divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Sponsor and / or the Investment Manager of the Master Trust and the underlying investment fund(s) of the respective DIS Funds, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

The total amount of all payments that are charged to or imposed on the DIS Funds or members who invest in DIS Funds, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Funds, shall not in a single year exceed 0.2% of the NAV of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the CAF and the A65F. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

(d) Key Risks Relating to the DIS

Members should note that the DIS is subject to various risks and limitations, including:

(i) Limitations on the strategy

- Age as the sole factor in determining the asset allocation under the DIS
The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances.
- Pre-set asset allocation
The CAF and A65F have to follow the prescribed allocation between higher risk assets and lower risk assets at all times. Such prescribed allocation will limit the ability of the Investment Manager of the CAF and A65F to adjust asset allocations in response to sudden market fluctuations.
- Annual de-risking between the CAF and A65F
Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.
- Potential rebalancing within each of the CAF and A65F
In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAF and A65F, the investments of each of the CAF and A65F may have to be continuously rebalanced.
- Additional transaction costs
Due to (a) the potential rebalancing of assets and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund / strategy with more static allocation.

(ii) General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds.

(iii) Risk on early withdrawal and switching

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

(iv) Impact on members keeping benefits in the DIS beyond the age of 64

The A65F holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

(e) Information on Performance of DIS Funds

The fund performance of the DIS Funds will be published in the fund fact sheets (one of which will be attached to annual benefit statement), members can visit <http://www.hkbea.com> or call the customer service hotline at (852) 2211 1777 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

B. Summary of the Existing Default Fund / Arrangement and the DIS

Please find below the key features of the Existing Default Fund / arrangement and the DIS for reference:

	Existing Default Fund / Arrangement	The DIS comprising CAF and A65F with a de-risking strategy	
Name	BEA Stable Fund	BEA Core Accumulation Fund	BEA Age 65 Plus Fund
Fund Type	Mixed Assets Fund - Global	Mixed Assets Fund - Global	Mixed Assets Fund - Global
De-risking Feature	No	Yes	Yes
Total Management Fees	0.90% p.a. of NAV	0.75% p.a. of NAV	0.75% p.a. of NAV
Daily Fee Cap	No	Yes	Yes
Risk*	Low to medium	Medium to high	Low to medium
Guarantee Feature	No	No	No

* The risk profile is based on investment mix of the constituent fund and, where appropriate, through comparison among the risk profiles of the other relevant constituent funds under the Master Trust. The risk profile is for your reference only.

For details of the key features of the Existing Default Fund / arrangement and the DIS, please refer to the Explanatory Memorandum (or contact the Trustee).

C. Implications for New and Pre-existing Accounts on or after DIS Implementation

(a) Implications on accounts opened on or after 1st April, 2017

When members join the Master Trust or set up a new account in the Master Trust on or after 1st April, 2017, they have the opportunity to give a specific investment instruction (as described in section F below) for their Future Investments. If members fail to or do not want to submit to the Trustee a specific investment instruction at the time of their requests to join / set up a new account in the Master Trust, the Trustee shall invest any of their Future Investments into the DIS.

(b) Implications on accounts opened before 1st April, 2017

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on 1st April, 2017

- (1) For a member's pre-existing account with all accrued benefits being invested into the Existing Default Fund which was generally resulted from no investment instruction being given on the existing accrued benefits (known as "DIA account"):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be transferred to the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-investment Notice explaining the impacts on your pre-existing account and giving you an opportunity to give a specific investment instruction to the Trustee before the accrued benefits are invested into the DIS.

For details of the arrangement, members should refer to the DIS Re-investment Notice.

- (2) For a member's pre-existing account with part of the accrued benefits in the Existing Default Fund:

If part of the accrued benefits of your pre-existing account was invested in the Existing Default Fund immediately before 1st April, 2017 (as a result of no valid investment instruction being given in respect of that part of the accrued benefits), unless the Trustee has received any specific investment instructions, your accrued benefits (including Future Investments) will be invested in the same manner as immediately before 1st April, 2017.

- (3) For a member's pre-existing account which, as at 31st March, 2017, has all of the accrued benefits in it invested in constituent funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Master Trust being transferred to the pre-existing account) and no investment mandate has ever been given for the pre-existing account in respect of Future Investments, unless the Trustee has received any specific investment instructions, the member's accrued benefits will be invested in the same manner as they were invested immediately before 1st April, 2017, while the Future Investments paid to the member's pre-existing account on or after 1st April, 2017 will be invested in the DIS.

D. Rules and Procedures Applicable to Investment through the DIS

(a) Fund Choice Combination

Members who join the Master Trust on or after the 1st April, 2017 may choose to invest their Future Investments into:

- (1) the DIS; or
- (2) one or more constituent funds of their own choice from the list under section headed "Constituent Funds" (including the CAF and the A65F as standalone investments) of the Explanatory Memorandum and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

Members should note that, if they choose the CAF and / or A65F as standalone investments, those investments / benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) CAF and / or A65F as standalone investments and (ii) the DIS (no matter by default or by member's specific investment instruction), accrued benefits invested under (i) will not be subject to the de-risking process whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates.

(b) Switching / transfer in and out of the DIS

Members can switch into or out of the DIS at any time, subject to the rules of the Master Trust. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. Where the relevant member's existing investment is under the DIS, he / she may only switch out of the DIS if he / she elects to have both the accrued benefits and Future Investments under all sub-accounts invested outside of the DIS. Conversely, where the relevant member wishes to transfer into the DIS, he / she can elect to have either (i) the accrued benefits, or (ii) Future Investments, invested in the DIS. If a member only elects to switch the existing accrued benefits outside of the DIS

without providing a new specific investment instruction, Future Investments will still be invested in the DIS. Also, Members may change their investment mandate to invest in the DIS at any time.

For the avoidance of doubt, where the member gives a switching instruction with regard to his / her existing investment, such instruction only applies to existing investments and not Future Investments.

E. Rules and Procedures of Annual De-Risking

The de-risking is to be achieved by annual adjustments of asset allocation gradually from CAF to A65F under the DIS. Save for the circumstances set out in this section, switching of the existing accrued benefits among CAF and A65F will be automatically carried out each year on a member's birthday and according to the allocation percentages as shown in the DIS De-risking Table as shown in Diagram 2 above. If the member's birthday is not on a Business Day, then the investments will be moved on the next available Business Day. Alternatively, if the member's birthday falls on 29th February and in the year which is not a leap year, then the investments will be moved on 1st March or the next available Business Day. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available Business Day.

If the relevant member notifies the Trustee of his / her updated birthday, then the Trustee will, as soon as practicable, and in any case within 2 weeks, after being so notified, adjust the allocation between the CAF and A65F according to his / her updated birthday, and effect the de-risking in the future years according to the DIS de-risking table in Diagram 2 above and his / her updated birthday. When one or more of the specified instructions (including but not limited to subscription, redemption, switching or withdrawal instructions) are being received prior to or on the annual date of de-risking for a relevant member and being processed on that date, the annual de-risking may be deferred and will only take place after completion of these specified instructions. The smallest amount of Units of each of the A65F and / or the CAF that can be issued in the annual de-risking under the DIS shall be a fraction of not less than one-thousandth of a Unit.

Members should be aware that the above de-risking will not apply where the member chooses CAF and A65F as standalone investments (rather than as part of the DIS).

F. Rules and Procedures relating to Investment Instructions

An instruction to invest accrued benefits and Future Investments, change investment mandate for Future Investments or switch investments for existing accrued benefits must be in a form of a specific investment instruction.

A specific investment instruction means:

- (I) an instruction for investment allocations which meets the following requirements:
 - each investment allocation is in a multiple of 10%; and
 - the aggregate (or in the case of any switching instruction, the switch-in total) of which is 100%; or
- (II) where the instruction is to invest in DIS, an instruction to invest 100% of: (A) existing accrued benefits and/or (B) Future Investments in the DIS; or
- (III) any confirmation (whether through hard copy submission, cyberbanking, mobile apps or IVRS (interactive voice recording system)) by a member with regard to any investment arrangements of the existing accrued benefits and/or Future Investments.

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

Upon enrolment, a member who is an employee member may give a specific investment instruction for employer's mandatory and voluntary contributions and a different specific investment instruction for employee's mandatory and voluntary contributions.

Subsequent to enrolment, such a member may give different specific investment instructions to different types of contributions; to illustrate, the specific investment instruction for member's employer's mandatory contributions may be different from the specific investment instruction for the member's employer's voluntary contributions.

The following table sets out the different investment instructions and the consequences of each investment instruction given upon enrolment being invalid:

Investment instruction	Consequences
A. The total investment allocation is less than 100%.	The remaining percentage of Future Investments will be invested into DIS.
B. The total exceeds 100%.	The entire Future Investments will be invested into DIS.
C. The investment allocation is not in a multiple of 10%.	
D. The investment instruction is not legible and the Trustee is unable to process.	
E. No investment allocation is given.	

G. Means to obtain further Information

Members may obtain information about the DIS through calling our BEA (MPF) hotline at (852) 2211 1777 or emailing BEAMPF@hkbea.com.

This notice only gives a summary of features relating to the DIS. A copy of the latest deed of variation amending the trust deed constituting the Master Trust to reflect the DIS will be made available for inspection by the participating employers and members at our offices during normal office hours. In addition, you may visit our website as mentioned above for the Explanatory Memorandum (together with the First and Second Addenda) or obtain a copy of the Explanatory Memorandum (together with the First and Second Addenda) at the offices of the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

The Bank of East Asia, Limited

Bank of East Asia (Trustees) Limited

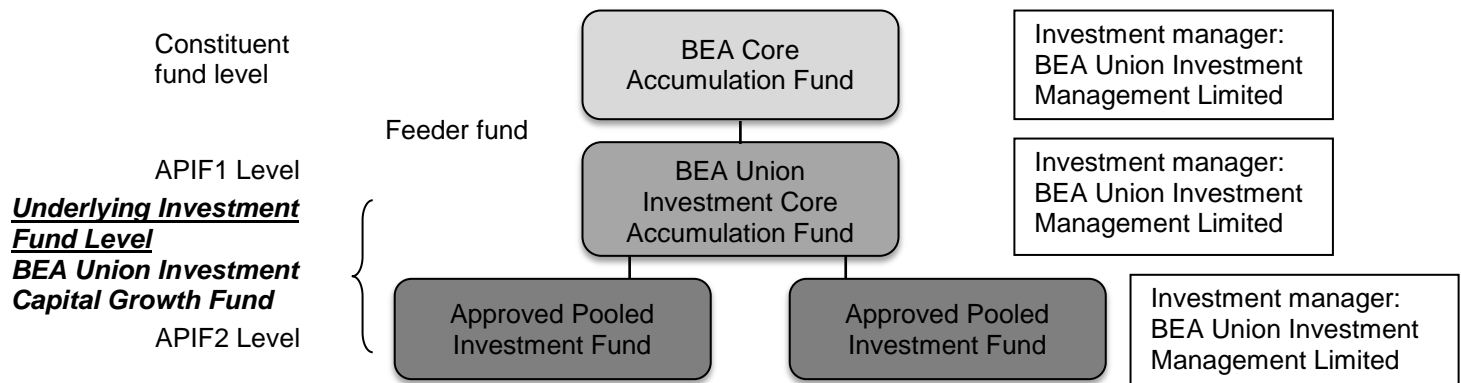
Appendix

BEA Core Accumulation Fund

Investment Objective: To provide capital growth to Members by investing in a globally diversified manner.

Investment Strategy: The BEA Core Accumulation Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Core Accumulation Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

Investment Policy: The BEA Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA Core Accumulation Fund:



Asset Allocation: Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, options contracts and securities lending: The BEA Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

Hong Kong dollar currency exposure: Through the BEA Core Accumulation Fund's investment in the BEA Union Investment Core Accumulation Fund, at least 30% of the assets of the BEA Core Accumulation Fund will be held in Hong Kong dollar

currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

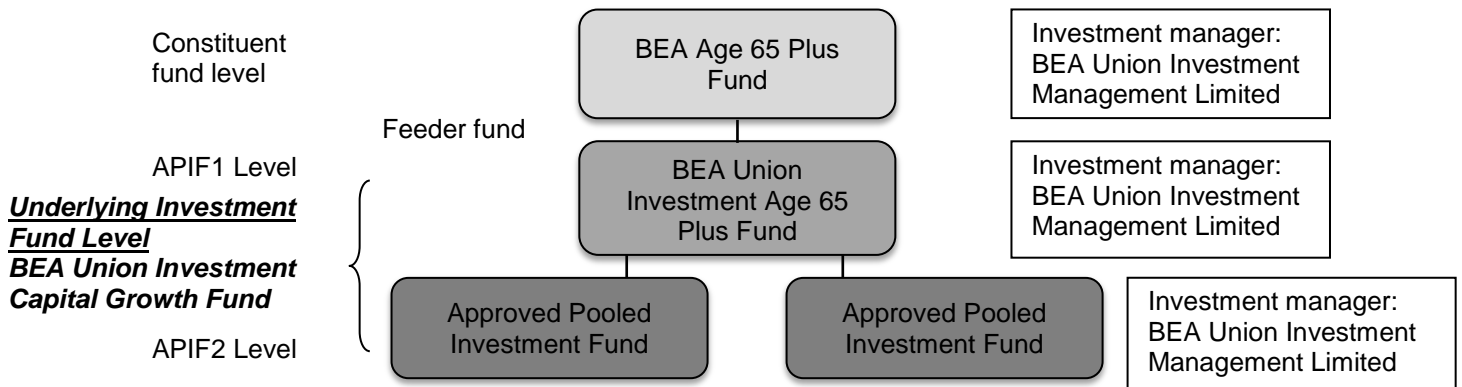
Risk and Return Profile: Investors should regard BEA Core Accumulation Fund as a medium to high risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA Core Accumulation Fund, which is for your reference only. The risk profile is based on relative exposure to equities / bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA Core Accumulation Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA Core Accumulation Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy" of the Explanatory Memorandum).

BEA Age 65 Plus Fund

Investment Objective: To provide stable growth to scheme members by investing in a globally diversified manner.

Investment Strategy: The BEA Age 65 Plus Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Age 65 Plus Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

Investment Policy: The BEA Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA Age 65 Plus Fund:



Asset Allocation: Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds),, the BEA Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, options contracts and securities lending: The BEA Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

Hong Kong dollar currency exposure: Through the BEA Age 65 Plus Fund's investment in the BEA Union Investment Age 65 Plus Fund, at least 30% of the assets of the BEA Age 65 Plus Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

Risk and Return Profile: Due to its investments mainly in Lower Risk Assets (such as global bonds and money market instruments), investors should regard BEA Age 65 Plus Fund as a low to medium risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA Age 65 Plus Fund, which is for your reference only. The risk profile is based on relative exposure to equities / bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA Age 65 Plus Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA Age 65 Plus Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy" of the Explanatory Memorandum).

BEA (MPF) Industry Scheme (the "Industry Scheme")

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Attention: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. The Sponsor and the Trustee accept responsibility for the information contained in this document.

This notice only summarises the changes to the Industry Scheme with regard to Default Investment Strategy ("DIS"). Details of the DIS are set out in the First and Second Addenda of the Explanatory Memorandum of the Industry Scheme (the "Explanatory Memorandum"). Members should refer to the Explanatory Memorandum for details of the DIS. The Explanatory Memorandum and its addenda will be available on our website at <http://www.hkbea.com> or you may request copies of them by contacting our customer service hotline on (852) 2211 1777.

You should consider your own risk tolerance level and financial circumstances before investing in the DIS. You should note that the BEA (Industry Scheme) Core Accumulation Fund ("CAF") and the BEA (Industry Scheme) Age 65 Plus Fund ("A65F") (collectively the "DIS Funds") may not be suitable for you, and there may be a risk mismatch between the CAF and the A65F and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and / or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.

Dear participating employers and members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance will take effect on 1st April, 2017 ("Effective Date"). From the Effective Date, the default investment arrangement of the Industry Scheme will be the DIS replacing the Existing Default Fund (as defined below) of the Industry Scheme.

You should read this notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions. Capitalised terms not defined in this notice have the same meanings as ascribed to them in the Explanatory Memorandum of the Industry Scheme.

1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the Mandatory Provident Fund Schemes Ordinance. For members who do not make a fund choice for their MPF account, their accrued benefits and future investments (i.e. future contributions and accrued benefits transferred from another MPF scheme) (the "Future Investments") will be invested in the DIS. The DIS is also available as an investment choice itself for members.
- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the CAF and the A65F to automatically reduce the risk exposure as the member approaches retirement age. The DIS Funds will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). Details of the investment objectives and policies of each of the DIS Funds are set out in the Appendix to this notice. The DIS Funds are subject to fee and expense caps as imposed by the legislation.

2. How does DIS affect you?

If you have accounts in the Industry Scheme that are set up before the Effective Date ("pre-existing account"), depending on whether you have previously made any fund choices, it may affect you in different ways:

- If you have already given a valid investment instruction for the accrued benefits and Future Investments in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
- If all your accrued benefits in a pre-existing account are invested in the existing default fund (currently "BEA (Industry Scheme) Stable Fund" of the Industry Scheme) (the "Existing Default Fund") as at the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (i.e. the "DIS Re-Investment Notice") sent to you on or before the end of September 2017. The DIS Re-Investment Notice will explain that if you do not make an investment choice by replying within a specified period, your accrued benefits in the Existing Default Fund will be redeemed in whole and re-invested in accordance with the DIS. Therefore, if you receive the DIS Re-Investment Notice, please pay special attention to the contents and make appropriate arrangement. You should note that the risk of the Existing Default Fund may be different from that of the DIS and you may be exposed to market risks as a result of any reinvestment of your accrued benefits in the DIS.
- There are special circumstances. Where the accrued benefits in the pre-existing account are transferred from another account within the Industry Scheme (e.g. in the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Industry Scheme), your accrued benefits in the pre-existing account will be invested in the same manner as they were invested immediately before the transfer but your Future Investments may be invested in the DIS after the implementation of the DIS, unless otherwise instructed. Please

refer to the section headed "C. Implications for New and Pre-existing Accounts on or after DIS Implementation" below for further details.

3. Do you need to do anything?

- Apart from the above, there are other circumstances where your accrued benefits or Future Investments may be affected by the implementation of the DIS. If you have any query on how it will affect you and what actions you need to take, you should call the BEA (MPF) Hotline on (852) 2211 1777 or email BEAMPF@hkbea.com.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

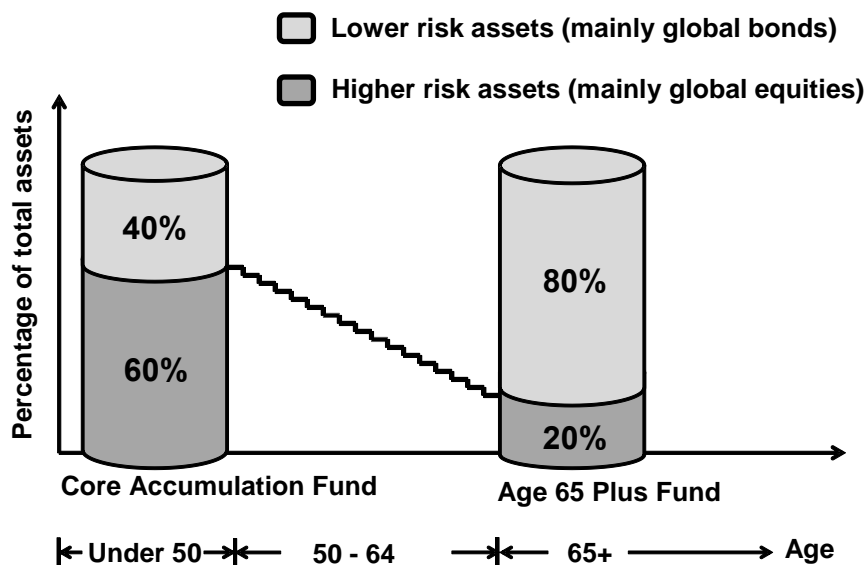
A. What is DIS?

DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their Future Investments will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

(a) Objective and Strategy

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the CAF and the A65F, according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

Diagram 1: Asset Allocation between the DIS Funds according to the DIS



Note: The exact proportion of the portfolio in higher/lower risk assets at any point in time may deviate from the target glide path due to market fluctuations.

(b) Annual de-risking

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by automatically reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the CAF and increasing the holding in the A65F over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

In summary, under the DIS:

- (1) When a member is below the age of 50, all existing accrued benefits and Future Investments will be invested in the CAF.
- (2) When a member is between the ages of 50 and 64, all existing accrued benefits and Future Investments will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table

(see Diagram 2 below). The de-risking of the existing accrued benefits and Future Investments will be automatically carried out as described above.

- (3) When a member reaches the age of 64, all existing accrued benefits and Future Investments will be invested in the A65F.
- (4) If the relevant member has reached 60 years of age before 1st April, 2017, unless the member has given a specific investment instruction (as defined in section F below), the member's accrued benefits (including Future Investments) will be invested in the same manner as at 31st March, 2017.
- (5) For a deceased member, de-risking will cease once the Trustee has received proof of the death of the member to the Trustee's satisfaction. If de-risking has already been taken place between the death of the member and the time at which the Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased member.

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

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a Business Day, the next available Business Day.
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a Business Day, the next available Business Day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65F with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	BEA (Industry Scheme) Core Accumulation Fund ("CAF")	BEA (Industry Scheme) Age 65 Plus Fund ("A65F")
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the CAF and A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

(c) Fees and out-of-pocket expenses of the CAF and A65F

The aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value ("NAV") of each of the DIS Funds divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Sponsor and / or the Investment Manager of the Industry Scheme and the underlying investment fund(s) of the respective DIS Funds, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

The total amount of all payments that are charged to or imposed on the DIS Funds or members who invest in DIS Funds, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Funds, shall not in a single year exceed 0.2% of the NAV of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the CAF and the A65F. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

(d) Key Risks Relating to the DIS

Members should note that the DIS is subject to various risks and limitations, including:

(i) Limitations on the strategy

- Age as the sole factor in determining the asset allocation under the DIS
The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances.
- Pre-set asset allocation
The CAF and A65F have to follow the prescribed allocation between higher risk assets and lower risk assets at all times. Such prescribed allocation will limit the ability of the Investment Manager of the CAF and A65F to adjust asset allocations in response to sudden market fluctuations.
- Annual de-risking between the CAF and A65F
Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.
- Potential rebalancing within each of the CAF and A65F
In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAF and A65F, the investments of each of the CAF and A65F may have to be continuously rebalanced.
- Additional transaction costs
Due to (a) the potential rebalancing of assets and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

(ii) General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds.

(iii) Risk on early withdrawal and switching

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

(iv) Impact on members keeping benefits in the DIS beyond the age of 64

The A65F holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

(e) Information on Performance of DIS Funds

The fund performance of the DIS Funds will be published in the fund fact sheets (one of which will be attached to annual benefit statement), members can visit <http://www.hkbea.com> or call the customer service hotline at (852) 2211 1777 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

B. Summary of the Existing Default Fund/Arrangement and the DIS

Please find below the key features of the Existing Default Fund/arrangement and the DIS for reference:

	Existing Default Fund / Arrangement	The DIS comprising CAF and A65F with a de-risking strategy	
Name	BEA (Industry Scheme) Stable Fund	BEA (Industry Scheme) Core Accumulation Fund	BEA (Industry Scheme) Age 65 Plus Fund
Fund Type	Mixed Assets Fund - Global	Mixed Assets Fund - Global	Mixed Assets Fund - Global
De-risking Feature	No	Yes	Yes
Total Management Fees	1.20% to 2.30% p.a. of NAV	0.75% p.a. of NAV	0.75% p.a. of NAV
Daily Fee Cap	No	Yes	Yes
Risk*	Low to medium	Medium to high	Low to medium
Guarantee Feature	No	No	No

* The risk profile is based on investment mix of the constituent fund and, where appropriate, through comparison among the risk profiles of the other relevant constituent funds under the Industry Scheme. The risk profile is for your reference only.

For details of the key features of the Existing Default Fund/arrangement and the DIS, please refer to the Explanatory Memorandum (or contact the Trustee).

C. Implications for New and Pre-existing Accounts on or after DIS Implementation

(a) Implications on accounts opened on or after 1st April, 2017

When members join the Industry Scheme or set up a new account in the Industry Scheme on or after 1st April, 2017, they have the opportunity to give a specific investment instruction (as described in section F below) for their Future Investments. If members fail to or do not want to submit to the Trustee a specific investment instruction at the time of their requests to join / set up a new account in the Industry Scheme, the Trustee shall invest any of their Future Investments into the DIS.

(b) Implications on accounts opened before 1st April, 2017

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on 1st April, 2017

- (1) For a member's pre-existing account with all accrued benefits being invested into the Existing Default Fund which was generally resulted from no investment instruction being given on the existing accrued benefits (known as "DIA account"):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be transferred to the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-investment Notice explaining the impacts on your pre-existing account and giving you an opportunity to give a specific investment instruction to the Trustee before the accrued benefits are invested into the DIS.

For details of the arrangement, members should refer to the DIS Re-investment Notice.

- (2) For a member's pre-existing account with part of the accrued benefits in the Existing Default Fund:

If part of the accrued benefits of your pre-existing account was invested in the Existing Default Fund immediately before 1st April, 2017 (as a result of no valid investment instruction being given in respect of that part of the accrued benefits), unless the Trustee has received any specific investment instructions, your accrued benefits (including Future Investments) will be invested in the same manner as immediately before 1st April, 2017.

- (3) For a member's pre-existing account which, as at 31st March, 2017, has all of the accrued benefits in it invested in constituent funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Industry Scheme being transferred to the pre-existing account) and no investment mandate has ever been given for the pre-existing account in respect of Future Investments, unless the Trustee has received any specific investment instructions, the member's accrued benefits will be invested in the same manner as they were invested immediately before 1st April, 2017, while the Future Investments paid to the member's pre-existing account on or after 1st April, 2017 will be invested in the DIS.

D. Rules and Procedures Applicable to Investment through the DIS

(a) Fund Choice Combination

Members who join the Industry Scheme on or after the 1st April, 2017 may choose to invest their Future Investments into:

- (1) the DIS; or
- (2) one or more constituent funds of their own choice from the list under section headed "Constituent Funds" (including the CAF and the A65F as standalone investments) of the Explanatory Memorandum and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

Members should note that, if they choose the CAF and / or A65F as standalone investments, those investments/benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) CAF and / or A65F as standalone investments and (ii) the DIS (no matter by default or by member's specific investment instruction), accrued benefits invested under (i) will not be subject to the de-risking process whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates.

(b) Switching / transfer in and out of the DIS

Members can switch into or out of the DIS at any time, subject to the rules of the Industry Scheme. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. Where the relevant member's existing investment is under the DIS, he/she may only switch out of the DIS if he/she elects to have both the accrued benefits and Future Investments under all sub-accounts invested outside of the DIS. Conversely, where the

relevant member wishes to transfer into the DIS, he/she can elect to have either (i) the accrued benefits, or (ii) Future Investments, invested in the DIS. If a member only elects to switch the existing accrued benefits outside of the DIS without providing a new specific investment instruction, Future Investments will still be invested in the DIS. Also, Members may change their investment mandate to invest in the DIS at any time.

For the avoidance of doubt, where the member gives a switching instruction with regard to his / her existing investment, such instruction only applies to existing investments and not Future Investments.

E. Rules and Procedures of Annual De-Risking

The de-risking is to be achieved by annual adjustments of asset allocation gradually from CAF to A65F under the DIS. Save for the circumstances set out in this section, switching of the existing accrued benefits among CAF and A65F will be automatically carried out each year on a member's birthday and according to the allocation percentages as shown in the DIS De-risking Table as shown in Diagram 2 above. If the member's birthday is not on a Business Day, then the investments will be moved on the next available Business Day. Alternatively, if the member's birthday falls on 29th February and in the year which is not a leap year, then the investments will be moved on 1st March or the next available Business Day. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available Business Day.

If the relevant member notifies the Trustee of his / her updated birthday, then the Trustee will, as soon as practicable, and in any case within 2 weeks, after being so notified, adjust the allocation between the CAF and A65F according to his / her updated birthday, and effect the de-risking in the future years according to the DIS de-risking table in Diagram 2 above and his / her updated birthday. When one or more of the specified instructions (including but not limited to subscription, redemption, switching or withdrawal instructions) are being received prior to or on the annual date of de-risking for a relevant member and being processed on that date, the annual de-risking may be deferred and will only take place after completion of these specified instructions. The smallest amount of Units of each of the A65F and / or the CAF that can be issued in the annual de-risking under the DIS shall be a fraction of not less than one-thousandth of a Unit.

Members should be aware that the above de-risking will not apply where the member chooses CAF and A65F as standalone investments (rather than as part of the DIS).

F. Rules and Procedures relating to Investment Instructions

An instruction to invest accrued benefits and Future Investments, change investment mandate for Future Investments or switch investments for existing accrued benefits must be in a form of a specific investment instruction.

A specific investment instruction means:

- (I) an instruction for investment allocations which meets the following requirements:
 - each investment allocation is in a multiple of 10%; and
 - the aggregate (or in the case of any switching instruction, the switch-in total) of which is 100%; or
- (II) where the instruction is to invest in DIS, an instruction to invest 100% of: (A) existing accrued benefits and/or (B) Future Investments in the DIS; or
- (III) any confirmation (whether through hard copy submission, cyberbanking, mobile apps or IVRS (interactive voice recording system)) by a member with regard to any investment arrangements of the existing accrued benefits and/or Future Investments.

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

Upon enrolment, a member who is an employee member may give a specific investment instruction for employer's mandatory and voluntary contributions and a different specific investment instruction for employee's mandatory and voluntary contributions.

Subsequent to enrolment, such a member may give different specific investment instructions to different types of contributions; to illustrate, the specific investment instruction for member's employer's mandatory contributions may be different from the specific investment instruction for the member's employer's voluntary contributions.

The following table sets out the different investment instructions and the consequences of each investment instruction given upon enrolment being invalid:

Investment instruction	Consequences
A. The total investment allocation is less than 100%.	The entire Future Investments will be invested into DIS.
B. The total exceeds 100%.	
C. The investment allocation is not in a multiple of 10%.	
D. The investment instruction is not legible and the Trustee is unable to process.	
E. No investment allocation is given.	

G. Means to obtain further Information

Members may obtain information about the DIS through calling our BEA (MPF) hotline at (852) 2211 1777 or emailing BEAMPF@hkbea.com.

This notice only gives a summary of features relating to the DIS. A copy of the latest deed of variation amending the trust deed constituting the Industry Scheme to reflect the DIS will be made available for inspection by the participating employers and members at our offices during normal office hours. In addition, you may visit our website as mentioned above for the Explanatory Memorandum (together with the First and Second Addenda) or obtain a copy of the Explanatory Memorandum (together with the First and Second Addenda) at the offices of the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

The Bank of East Asia, Limited

Bank of East Asia (Trustees) Limited

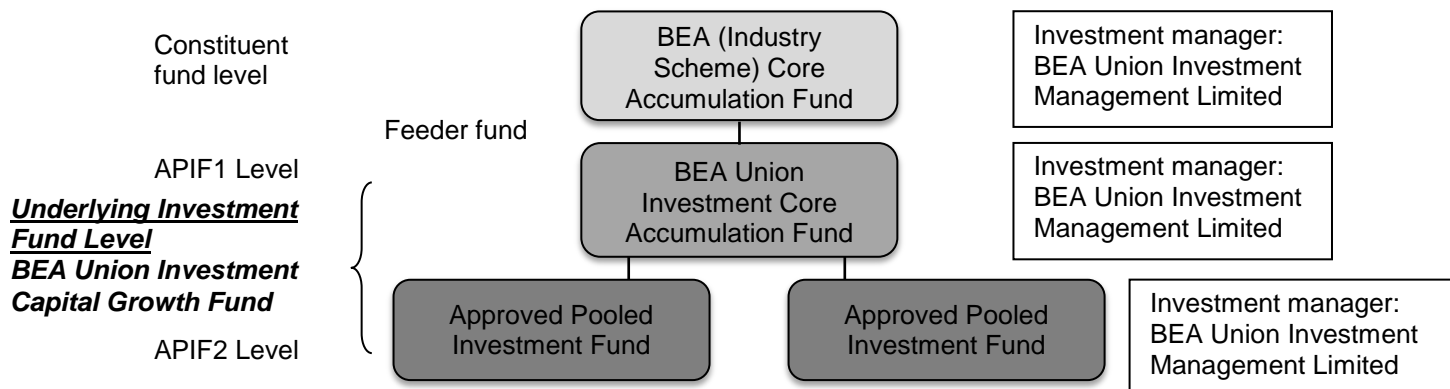
Appendix

BEA (Industry Scheme) Core Accumulation Fund

Investment Objective: To provide capital growth to Members by investing in a globally diversified manner.

Investment Strategy: The BEA (Industry Scheme) Core Accumulation Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Core Accumulation Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

Investment Policy: The BEA (Industry Scheme) Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA (Industry Scheme) Core Accumulation Fund:



Asset Allocation: Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA (Industry Scheme) Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, options contracts and securities lending: The BEA (Industry Scheme) Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

Hong Kong dollar currency exposure: Through the BEA (Industry Scheme) Core Accumulation Fund's investment in the BEA Union Investment Core Accumulation Fund, at least 30% of the assets of the BEA (Industry Scheme) Core Accumulation Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

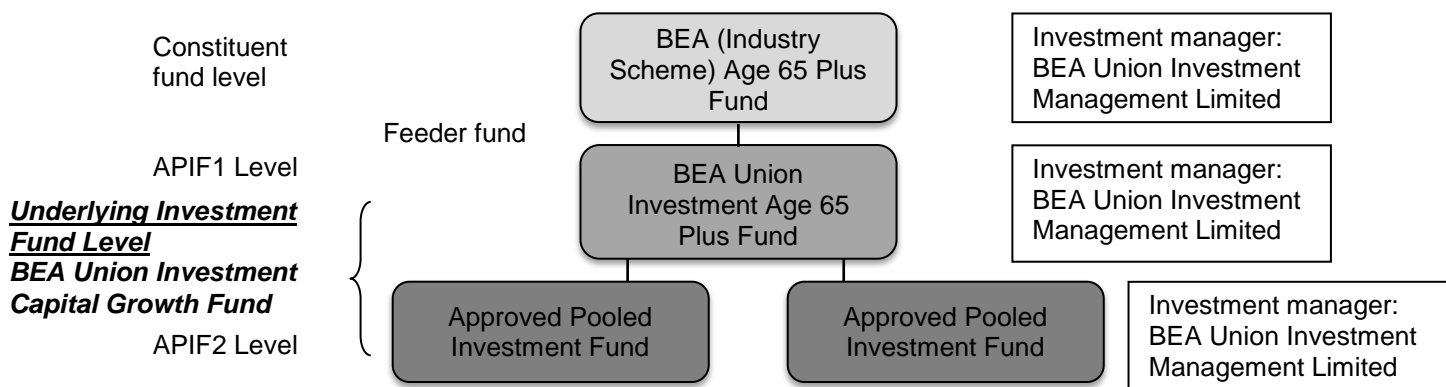
Risk and Return Profile: Investors should regard BEA (Industry Scheme) Core Accumulation Fund as a medium to high risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA (Industry Scheme) Core Accumulation Fund, which is for your reference only. The risk profile is based on relative exposure to equities/bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA (Industry Scheme) Core Accumulation Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA (Industry Scheme) Core Accumulation Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy" of the Explanatory Memorandum).

BEA (Industry Scheme) Age 65 Plus Fund

Investment Objective: To provide stable growth to scheme members by investing in a globally diversified manner.

Investment Strategy: The BEA (Industry Scheme) Age 65 Plus Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Age 65 Plus Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

Investment Policy: The BEA (Industry Scheme) Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA (Industry Scheme) Age 65 Plus Fund:



Asset Allocation: Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds), the BEA (Industry Scheme) Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, options contracts and securities lending: The BEA (Industry Scheme) Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

Hong Kong dollar currency exposure: Through the BEA (Industry Scheme) Age 65 Plus Fund's investment in the BEA Union Investment Age 65 Plus Fund, at least 30% of the assets of the BEA (Industry Scheme) Age 65 Plus Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

Risk and Return Profile: Due to its investments mainly in Lower Risk Assets (such as global bonds and money market instruments), investors should regard BEA (Industry Scheme) Age 65 Plus Fund as a low to medium risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA (Industry Scheme) Age 65 Plus Fund, which is for your reference only. The risk profile is based on relative exposure to equities/bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA (Industry Scheme) Age 65 Plus Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA (Industry Scheme) Age 65 Plus Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy" of the Explanatory Memorandum).