I. Amendments taking effect from 1st August, 2015

Pursuant to the Mandatory Provident Fund Schemes (Amendment) Ordinance 2015, among other changes, a new ground “Terminal Illness” shall be granted for claim for payment on 1st August, 2015. In this respect, the Explanatory Memorandum shall be amended as follows with effect from 1st August, 2015:

1. Terminal Illness

a) Page 24 – the first and second paragraphs under the sub-sections headed “Entitlement to Benefits” shall be deleted in its entirety and replaced with the following:-

“A Member will become entitled to benefits in respect of mandatory contributions to the Industry Scheme in the circumstances set out in the MPF Ordinance. Currently, these circumstances include where the Member (i) reaches the age of 65, (ii) permanently ceases employment or self-employment after reaching the age of 60 or ceases employment or self-employment as a result of total incapacity, (iii) has a terminal illness, (iv) permanently departs from Hong Kong, (v) dies or (vi) has the right to claim a small balance pursuant to the MPF Ordinance.

A Member will become entitled to benefits in respect of voluntary contributions to the Industry Scheme in the circumstances set out in the Trust Deed and the relevant Participation Agreement and/or Supplement to the Participation Agreement, subject to such vesting conditions as described above in the “Voluntary Contributions” section. Unless the Participation Agreement and/or Supplement to the Participation Agreement states otherwise, a Member will become entitled to benefits in respect of voluntary contributions in the same circumstances as those noted in the preceding paragraph in respect of mandatory contributions, subject to, in the case of a Member who is an employee of a participating employer, the cessation of employment of the relevant Member.”

b) Page 38 – the first and second paragraphs under the sub-section headed “For Employees” shall be deleted in its entirety and replaced with the following:-
“Benefits on retirement or earlier in the case of incapacity, terminal illness or death are generally not subject to salaries tax in the hands of the employee. For tax purposes, “retirement” is defined as meaning:-
– retirement from the service of the employer at a specified age of not less than 45 years;
– retirement after a period of service with the employer of not less than 10 years; or
– attainment of a specified age of retirement or 60 years, whichever is later (whether or not the employee has in fact retired from his employment at such age).”

2. Payment of Benefits

Page 25 – the first paragraph under the sub-sections headed “Payment of Benefits” shall be deleted in its entirety and replaced with the following:-

“Subject as noted below, lump sum benefits (including amounts attributable to voluntary contributions) will be paid as soon as reasonably practicable and in any event not later than (i) 30 days after the date on which the claim is lodged or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged, whichever is later. Payment may be delayed in certain circumstances pursuant to the MPF Ordinance, including where the Industry Scheme is being audited or investigated at the instigation of the Authority. Pending the payment of benefits, the Trustee will hold the realisation proceeds of Units in an interest bearing account with The Bank of East Asia, Limited. Interest earned will be credited to the Constituent Fund(s) in which such amounts were invested immediately prior to the realisation of Units.”

3. Notice of Participation

a) Page 34 – the reference to “Membership Certificate” and “Notice of Acceptance” in the Fee Table headed “(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES – Copying Services for Member” shall be replaced by “Notice of Participation”.

b) Page 35 – the reference to “Notice of Acceptance” in the Fee Table headed “(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES – Copying Services for Employers” shall be replaced by “Notice of Participation”.

c) Page 39 – the references to “membership certificate” in the fifth paragraph in the sub-section headed “Accounts, Reports and Statements” under the section titled “General Information” shall be replaced by “notice of participation”.

II. Amendments taking effect from 1st February, 2016

Pursuant to the Mandatory Provident Fund Schemes (Amendment) Ordinance 2015, with effect from 1st February, 2016, members who become entitled to benefits in respect of mandatory contributions and, where applicable, voluntary contributions upon reaching the age of 65 or permanently ceasing employment or self–employment after reaching the age of 60, may elect to have their benefits paid in a lump sum or by instalments. In this respect, the Explanatory Memorandum shall be amended as follows with effect from 1st February, 2016:

Phased withdrawal
a) Page 24 – The first sentence in the first paragraph under the sub-section headed “Realisation of Units” under the section headed “Benefits” shall be deleted and replaced with the following:

“Where a Member becomes entitled to benefits and a claim is submitted for such benefits, the Trustee will realise the Units credited to the account of the Member to meet such claim for benefits.”

b) Page 24 – The last sentence in the second paragraph under the sub-section headed “Realisation of Units” under the section headed “Benefits” shall be deleted and replaced with the following:

“In any event, in respect of a transfer of accrued benefits (i) from the Industry Scheme to another registered scheme; (ii) from an account within the Industry Scheme to another account within the Industry Scheme; (iii) in the same account within the Industry Scheme, from a Constituent Fund to another Constituent Fund, and in respect of payment of accrued benefits, to the extent required by the General Regulation, no bid spread shall be charged other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, in selling or purchasing investments in order to give effect to such transfer or payment.”

c) Page 25 – the first and second paragraphs under the sub-sections headed “Payment of Benefits” shall be deleted in its entirety and replaced with the following:-

“Lump sum payment

Subject as noted below, lump sum benefits (including amounts attributable to voluntary contributions) will be paid as soon as reasonably practicable and in any event not later than (i) 30 days after the date on which the claim is lodged or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged, whichever is later.

Withdrawal by instalments

A Member (“Eligible Member”) who becomes entitled to benefits in respect of mandatory contributions and, where applicable, voluntary contributions upon reaching the age of 65 or permanently ceasing employment or self–employment after reaching the age of 60, may elect to have his benefits derived from mandatory contributions and, where applicable, voluntary contributions (together “Eligible Benefits”) paid in a lump sum or by instalments (i.e. partial withdrawal). Such election is not available in other circumstances when a Member becomes entitled to benefits in respect of mandatory and/or voluntary contributions and the benefits will be paid in a lump sum only.

If an Eligible Member elects to have his Eligible Benefits paid by instalments, for each instalment, he is required to give instructions to the Trustee by submitting a separate claim form (available from the Trustee and the Sponsor) specifying the amount of withdrawal.

Such withdrawal instructions will apply to benefits both in respect of mandatory contributions and, where applicable, voluntary contributions, on a pro-rata basis. For example if an Eligible Member is entitled to accrued benefits of HK$80,000 which are
derived from mandatory contributions ("Mandatory Benefits") and HK$20,000 which are derived from voluntary contributions ("Voluntary Benefits"), and the Eligible Member wishes to withdraw HK$5,000, then HK$4,000 will be withdrawn from the Mandatory Benefits, and HK$1,000 will be withdrawn from the Voluntary Benefits, in proportion to the benefits attributable to mandatory contributions and voluntary contributions, respectively.

Unless otherwise agreed between the Trustee and the Eligible Member, and subject as noted below, the Trustee will pay each withdrawal to such Eligible Member no later than 30 days after the date on which the Eligible Member instructs the Trustee to pay that withdrawal.

In respect of withdrawal by instalments, the first 4 instalments (or such further number of instalments as determined by the Trustee) in any calendar year (the period from 1st January to 31st December in a year) will be paid free of charge (other than any necessary transaction costs permitted under the General Regulation). Thereafter, each additional withdrawal by instalment in the same calendar year is subject to a fee of HK$100, which shall be paid to a bank account designated by the Trustee as specified in the claim form. Please note that bank charges may apply to Members’ banking accounts if Members choose to be paid the withdrawal amount directly to their bank account.

To meet each withdrawal request, the Eligible Benefits in all of the Constituent Funds held by the Eligible Member will be realised, so far as practicable, on a pro-rata basis.

Members should note that in the case of withdrawal of benefits by instalments, any balance remaining in a Member’s account will continue to be invested in the relevant Constituent Fund(s) and therefore subject to investment risks.

Other points to note

Benefits will be paid in HK dollars to the relevant recipient at the recipient’s risk by cheque unless otherwise agreed between the Trustee and the relevant recipient.

Save as disclosed above, no fees or financial penalties shall be charged or imposed for payment of benefits (in a lump sum or by instalments for the first 4 instalments in a calendar year) other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the payment and are payable to a party other than the Trustee. Such necessary transaction costs would include, but are not limited to, items such as brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses, etc. Any amount of such fees and charges imposed and received must be used to reimburse the relevant Constituent Fund.

Payment may be delayed in certain circumstances pursuant to the MPF Ordinance, including where the Industry Scheme is being audited or investigated at the instigation of the Authority. Pending the payment of benefits, the Trustee will hold the realisation proceeds of Units in an interest bearing account with The Bank of East Asia, Limited. Interest earned will be credited to the Constituent Fund(s) in which such amounts were invested immediately prior to the realisation of Units."
d) Page 35 – the term “Final Benefit Statement” in the Fee Table headed “(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES – Copying Services for Member” shall be deleted and replaced with “Benefit Payment Statement.”

e) Page 36 – a new item shall be added to the Fee Table headed “(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES”:-

<table>
<thead>
<tr>
<th>Payment of benefits from mandatory or voluntary contributions (as the case may be) by withdrawal by instalments, if applicable</th>
<th>Charges (HKD)</th>
<th>Payable By</th>
<th>Receivable By</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 4 instalments (or such further number of instalments as determined by the Trustee) in any calendar year (the period from 1st January to 31st December in a year)</td>
<td>Free of charge (other than any necessary transaction costs payable to a party other than the Trustee as permitted under the General Regulation)</td>
<td>Member</td>
<td>Trustee</td>
</tr>
<tr>
<td>Each additional instalment after the first 4 instalments (or such further number of free instalments as determined by the Trustee) in the same calendar year (the period from 1st January to 31st December in a year)</td>
<td>$100 per instalment (in addition to any necessary transaction costs payable to a party other than the Trustee as permitted under the General Regulation)</td>
<td>Member</td>
<td>Trustee</td>
</tr>
</tbody>
</table>

f) Page 36 – the sub-section headed “Definitions” under the section headed “Charges and Expenses” shall be amended as follows:

i) the definition of “Offer spread” shall be replaced with the following:

“4. **Offer spread** is charged by the trustee/sponsor upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to the BEA (Industry Scheme) MPF Conservative Fund. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the trustee.”
ii) the definition of “Bid spread” shall be replaced with the following:

“5. “Bid spread” is charged by the trustee/sponsor upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to the BEA (Industry Scheme) MPF Conservative Fund. Bid spread for a transfer of benefits, or withdrawal of benefits in a lump sum, or the first 4 instalments (or such other number of instalments as may be prescribed by the General Regulation) of withdrawal of benefits in a calendar year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.”

iii) the definition of “Withdrawal charge” shall be replaced with the following:

“6. “Withdrawal charge” means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the BEA (Industry Scheme) MPF Conservative Fund. A withdrawal charge for withdrawal of benefits in a lump sum, or the first 4 instalments (or such other number of instalments as may be prescribed by the General Regulation) of withdrawal of benefits in a calendar year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.”