

NOTICE TO PARTICIPANTS

BEA (MPF) MASTER TRUST SCHEME

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional financial advice. The Bank of East Asia, Limited (the "**Sponsor**") and Bank of East Asia (Trustees) Limited (the "**Trustee**") of the BEA (MPF) Master Trust Scheme ("**Scheme**") accept responsibility for the information contained in this document. Capitalised terms not defined in this document have the same meaning as in the MPF scheme brochure of the Scheme ("**MPF Scheme Brochure**").

This table summarises the changes to the Scheme, which are elaborated in the main body of this notice:

What is the Termination (as defined below)?

(a) Termination of the BEA (MPF) Long Term Guaranteed Fund

The BEA (MPF) Long Term Guaranteed Fund (the "**BEA LTGF**" or the "**Terminating CF**") currently solely invests into the Principal Guaranteed Umbrella Fund - Principal Long Term Guaranteed Fund ("**BEA LTGF APIF**") under the Principal Guaranteed Umbrella Fund Policy (the "**Policy**") issued by Principal Insurance Company (Hong Kong) Limited (the "**Insurer**"). The Trustee has been informed by the Insurer that it has decided to terminate the Policy as part of its internal restructuring to demise its guaranteed fund offerings, as suggested by the Insurer's internal assessment of solvency and sustainability. After being notified of the Insurer's decision to terminate the Policy, the Trustee has researched and tried to find other alternative. Unfortunately, there is no similar insurance policy with guaranteed elements provided by other insurance companies in the market. The Trustee therefore has concluded that terminating the Terminating CF (the "**Termination**") is the only viable option.

The Termination is permitted under clause 4.1 of the Trust Deed. Pursuant to clause 4.1, the Trustee may with the consent of the Sponsor (and shall at the request of the Sponsor) at any time and from time to time determine that any Constituent Fund shall cease to be such by giving not less than one month's notice to each participating employer and Member (collectively, the "**Scheme Participants**"). The Sponsor has provided the requisite consent for the Termination in accordance with clause 4.1 of the Trust Deed., and the Trustee is hereby giving such requisite notice to the Scheme Participants informing them of the Termination. The Termination will take effect on **23rd November, 2023** (the "**Effective Date**"). On the Effective Date, your holdings in the Terminating CF will be withdrawn and such withdrawal proceeds will be used to purchase the units in the BEA (MPF) Age 65 Plus Fund (the "**Default CF**") whereby the Default CF has similar asset allocation and has a lower management fee compared to that of the Terminating CF. For details of the Termination, please refer to section 1 of this notice.

(b) One-Off Arrangement

IF SCHEME PARTICIPANTS:

- (i) APPLY FOR WITHDRAWAL, SWITCHING AND/OR TRANSFER OF ALL ACCRUED BENEFITS UNDER THE BEA LTGF IN FULL TO OTHER CONSTITUENT FUND(S) UNDER THE SCHEME OR TO ANOTHER REGISTERED SCHEME BETWEEN 23RD AUGUST, 2023 AND 17TH NOVEMBER, 2023 (BOTH DATES INCLUSIVE); OR**
- (ii) REMAIN INVESTING IN THE TERMINATING CF IMMEDIATELY BEFORE THE EFFECTIVE DATE,**

THE SCHEME PARTICIPANTS WILL BE ENTITLED TO THE HIGHER OF THE QUALIFYING BALANCE AND THE NORMAL ACCOUNT BALANCE. THIS IS A ONE-OFF ARRANGEMENT ("ONE-OFF ARRANGEMENT") SPECIALLY OFFERED BY THE INSURER IN RESPONSE TO THE TERMINATION.

How will the Termination impact the Scheme Participants?

- (c) We are of the view that the Termination will not have an adverse impact on the Scheme Participants, and that the interests of the Scheme Participants will be adequately protected and will not be prejudiced by the Termination.
- (d) The cost of the Termination will be borne by us. As such, no expenses relating to the Termination will be borne by the Scheme Participants or the Scheme. Upon the Termination, no guarantee fund will be offered under the Scheme.

Action to be taken

- (e) No action is required of the Scheme Participants to effect the Termination. However:
 - (i) a Scheme Participant other than employee members who does not wish to be involved in the Termination may transfer out of the Scheme;
 - (ii) a Scheme Participant who is an employee member may transfer his accrued benefits derived from the employee's mandatory contributions under the employee choice arrangement once in every calendar year; and
 - (iii) a Scheme Participant who does not wish to be involved in the Termination may (a) switch their existing investment in the Terminating CF to other Constituent Fund(s), and/or (b) change his/her investment mandate in respect of any new contributions and transfer-in benefits relating to the Terminating CF.

For details, please refer to section 6.

- (f) Scheme Participants may also wish to attend the seminars to be organised by us. Such seminars will take place at least one month before the Effective Date.
- (g) If you have any enquiries relating to the contents of this notice, please contact our BEA (MPF) Hotline (operated by the Trustee) on 2211 1777 or email to BEAMPF@hkbea.com.

Thank you for your continuous support to the Scheme.

1. Termination of the Terminating CF

- 1.1 The Terminating CF currently invests into the BEA LTGF APIF under the Policy issued by the Insurer. Pursuant to clause 14.4 of the insurance policy constituting the Policy, the Insurer may terminate the Policy by giving the policyholder (i.e. the Trustee) at least three months' prior notice in writing.
- 1.2 The Trustee has received the requisite notice from the Insurer for the termination of the Policy. The Trustee has been informed by the Insurer that it has decided to terminate the Policy as part of its internal restructuring to demise its guaranteed fund offerings, as suggested by the Insurer's internal assessment of solvency and sustainability. As a result of the termination of the Policy, the Trustee has considered alternative arrangements for the Terminating CF, namely, (a) potential replacement of the APIF for the Terminating CF; and (b) termination of the Terminating CF. After considering these alternatives from various angles and their potential impacts on the Scheme Participants, the Trustee has concluded that the Termination is the only viable option. Pursuant to clause 4.1 of the Trust Deed, the Trustee hereby gives the requisite notice to the Scheme Participants in relation to the Termination, which will take effect on the Effective Date.

2. Default fund arrangement

- 2.1 The Trustee has decided to adopt BEA (MPF) Age 65 Plus Fund as the Default CF of BEA LTGF because it has the similar risk profile, fund structure and a similar asset allocation as BEA LTGF. In addition, the management fees of the Default CF are lower than BEA LTGF's. The Trustee therefore considers that the Default CF would offer a comparable alternative to the Members.

- 2.2 On the Effective Date, the Trustee will withdraw all units relating to the Terminating CF in cash and use the withdrawal proceeds to purchase the units in the Default CF. Please refer to **Appendix A** to this notice which sets out a more detailed comparison between the Terminating CF and the Default CF and **Appendix B** to this notice which sets out the conversion mechanism and illustrative example for details.
- 2.3 According to clauses 4.3.3 and 4.3.4 of the Trust Deed, if the Members do not exercise their rights to switch to other Constituent Fund(s) (the "**Transferee CF(s)**") or change their investment mandate to other Transferee CF(s) by the relevant cut-off time on the Relevant Cut-off Deadlines (as defined below), their existing accrued benefits and any future contribution payment/transfer-in benefits received in respect of such Members that would have been invested in the Terminating CF will be invested in the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund per the DIS under the Scheme. However, for the reasons set out in section 2.1 above, the Trustee is of the view that the Default CF is more preferable in this circumstance. The Trust Deed will therefore be amended to cater for the present arrangement and any similar circumstances in the future.

3. **One-Off Arrangement**

- 3.1 The BEA LTGF offers the guarantee of capital and return ("**GCR**"), as detailed in Appendix I to the MPF Scheme Brochure (in particular, you may refer to the subsection headed "Calculation of amount payable under guarantee" under the section headed "Guarantee mechanism" in Appendix I and the illustrative examples therein for the information relating to the calculation of GCR). Under the current guarantee mechanism of the BEA LTGF, the GCR will only be offered to Scheme Participants if the accrued benefits attributable to contributions in the BEA LTGF are withdrawn upon the occurrence of either one of the following exceptional circumstances (i.e. (i) transfer to personal account on retirement or death, (ii) transfer to personal account on termination of employment; or (iii) intra-group transfer of employment; for details, please refer to pages 91 and 92 of the MPF Scheme Brochure) (the "**Exceptional Circumstance**") or a qualifying event (the "**Qualifying Event**"). The Qualifying Events are:

- Attainment of the normal retirement age or retirement at or after the early retirement age but before the normal retirement age;
- Total incapacity;
- Death;
- Permanent departure from Hong Kong;
- Claim of "small balance";
- Termination of the Member's employment and the continuous period for which the Member has been investing in the Policy (through the BEA LTGF) up to and including the last date of his/her employment ("**qualifying period**") is at least 36 complete months. (*This only applies if the Member is employed in a company participating in the Scheme*). Such qualifying period is determined at the scheme account level. The qualifying period may also be reset to zero if the Member effects a withdrawal, switching out or withdrawal of investments from the BEA LTGF other than upon the occurrence of a Qualifying Event. For the avoidance of doubt, this condition does not apply to self-employed persons, personal account holders, special voluntary contribution account Members or tax deductible voluntary contributions account holders; or
- Terminal illness.

- 3.2 The Insurer has put in place a One-Off Arrangement at the underlying fund level (i.e. BEA LTGF APIF) such that the Scheme Participants will remain entitled to the GCR offered (i.e. this essentially means the higher of the normal account balance and the qualifying balance (please refer to Appendix I to the MPF Scheme Brochure)), under the BEA LTGF. Under the One-Off Arrangement, if Scheme Participants:

- (i) apply for withdrawal, switching or transfer out of their accrued benefits under the BEA LTGF in full to other Constituent Fund(s) under the Scheme or to another registered scheme between 23rd August, 2023 and 17th November, 2023 (both dates inclusive); or

(ii) remain investing in the BEA LTGF immediately before the Effective Date,

the Scheme Participants will be entitled to the higher of the qualifying balance and the normal account balance. For avoidance of doubt, in order to remain entitled to the GCR offered under the BEA LTGF as per the One-Off Arrangement, any withdrawal, switching or transfer out of the BEA LTGF by a Scheme Participant must be of 100% of the accrued benefits investing in the BEA LTGF in the relevant account of the Scheme Participant. This is the One-Off Arrangement specially made by the Insurer in response to the Termination subject to the conditions set out below:

(a) Full fund switching

If a Scheme Participant effects fund switching to switch his/her accrued benefits investing in BEA LTGF in the relevant account of the Scheme Participant in full to other Constituent Funds, the Scheme Participant will be entitled to the GCR offered under the One-Off Arrangement.

(b) Full transfer out/withdrawal

If a Scheme Participant effects transfer out in respect of his/her accrued benefits investing in BEA LTGF in the relevant account of the Scheme Participant in full to other registered scheme(s), i.e. withdrawing such benefits in full, the Scheme Participant will be entitled to GCR in respect of the accrued benefits so transferred out/withdrawn under the One-Off Arrangement.

For the avoidance of doubt, absent the Qualifying Events or Exceptional Circumstances, Scheme Participants will not be entitled to the GCR offered under the BEA LTGF if the withdrawal, switching or transfer out does not fall within the above scenarios. For illustrative examples for the One-Off Arrangement, please see **Appendix C** to this notice.

4. Transitional arrangements

4.1 The cut-off date of all instructions related to the Terminating CF, including subscription, withdrawal, change of investment mandate and fund switching will be the Relevant Cut-off Deadlines. The details of the transitional arrangement of instructions involving the Terminating CF will be as follows:

| Types of instructions that involve the Terminating CF | Instructions received at or before the relevant cut-off time on the Relevant Cut-off Deadlines (i.e. the deadlines as indicated below) | Instructions received after the relevant cut-off time on the Relevant Cut-off Deadlines |
|---|---|---|
| Subscriptions (including Member enrolment): Contributions and transfer-in monies that involve the Terminating CF | The valid and duly completed instruction will be processed under the Trustee's normal service benchmark if it is received at or before 4 p.m. 17 th November, 2023 | Such instructions that relate to the Terminating CF will be deemed and processed as instructions with respect to the corresponding Transferee CF(s) under the Trustee's normal service benchmark. Instructions that relate to the Constituent Fund(s) other than the Terminating CF will be processed under the Trustee's normal service benchmark. |

| | | |
|--|--|--|
| <p>Withdrawals: Withdrawal claims and transfer-out benefits that involve the Terminating CF</p> | <p>The valid and duly completed instruction will be processed under the Trustee's normal service benchmark if it is received at or before 4 p.m., 17th November, 2023.</p> | <p>Such instructions that relate to the Terminating CF will be deemed and processed as instructions with respect to the corresponding Transferee CF(s) on or after the Effective Date under the Trustee's normal service benchmark.</p> |
| <p>Fund switching that involves the Terminating CF</p> | <p>The following relevant valid and duly completed instruction received at or before the following respective Relevant Cut-off Deadlines will be processed under the Trustee's normal service benchmark:</p> <ul style="list-style-type: none"> • where the instruction is for switching-in (regardless of whether it is via online service portal, Interactive Voice Response System, email or paper form (including fax): 4 p.m. on 13th November, 2023 • where the instruction is for switching-out (regardless of whether it is via online service portal, Interactive Voice Response System, email or paper form (including fax): 4 p.m. on 17th November, 2023 | <p>Fund switching instructions involving the Terminating CF will be rejected, except with respect to fund switching instruction not involving Terminating CF which will be processed under the Trustee's normal service benchmark.</p> <p>The Trustee will endeavour to call affected Scheme Participants and issue rejection letter to the affected Scheme Participants, save for those untraceable Scheme Participants whom the Trustee is unable to contact.</p> |
| <p>Change of investment mandate instructions that involve the Terminating CF</p> | <p>The following relevant valid and duly completed instruction received at or before the following respective Relevant Cut-off Deadlines will be processed under the Trustee's normal service benchmark:</p> <ul style="list-style-type: none"> • where the instruction is via online service portal, Interactive Voice Response System: 11 p.m. on 16th November, 2023 • where the instruction is via email or paper form (including fax): 4 p.m. on 17th November, 2023 | <p>Change of investment mandate instructions involving the Terminating CF will be rejected, except with respect to change of investment mandate instructions to a Constituent Fund not being the Terminating CF which will be processed under the Trustee's normal service benchmark.</p> <p>The Trustee will endeavour to call affected Scheme Participants and issue rejection letter to the affected Scheme Participants, save for those untraceable Scheme Participants whom the Trustee is unable to contact.</p> |

- 4.2 Paper submission of instructions should be posted to the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong; instructions through fax can be submitted to (+852) 3608 6003, where applicable.
- 4.3 All subscription for and withdrawal from the Terminating CF (other than for the purpose of withdrawal as described in section 4 of this notice) will be suspended from 20th November, 2023 to 23rd November, 2023 (both dates inclusive) in order to process and settle all the dealing instructions to the Terminating CF, as well as settle all liabilities and finalise the books of the Terminating CF for the Termination. However, the determination of the NAV of the Terminating CF will continue and will not be affected during such period. Separately, in order to complete the tasks to be carried out for the transition (as indicated in the table below), Scheme Participants investing in the Terminating CF cannot effect any fund switching with respect to the withdrawal proceeds from the Terminating CF to any other Constituent Funds during 20th November, 2023 to 24th November, 2023. The Trustee believes that such suspension period of five Business Days is necessary and reasonable to ensure the transitional arrangements can be accurately and properly carried out in the interests of the Scheme Participants. For the avoidance of doubt, Scheme Participants who are not investing in the Terminating CF as of 20th November, 2023 will not be affected by the above arrangement.

The table below sets out the chronology of events of the suspension period from 20th November, 2023 to 24th November, 2023:

| Suspension Period | Activities |
|---------------------------------|--|
| 20 th November, 2023 | Place withdrawal/subscription instructions in respect of any withdrawal/subscription requests received on 17 th November, 2023 in relation to the Terminating CF to withdraw or subscribe (as the case may be) such units relating to any such withdrawal/subscription requests |
| 21 st November, 2023 | Reconcile the details of the withdrawal/subscription instructions placed on 20 th November, 2023 with the contract notes |
| 22 nd November, 2023 | Receive the withdrawal money/subscription units for the withdrawal or subscription (as the case may be) of the Terminating CF that is to be placed on 20 th November, 2023 and reconcile the cash balance of the Terminating CF |
| 23 rd November, 2023 | <ul style="list-style-type: none"> • Place withdrawal order for ALL outstanding units in the Terminating CF • Place switch in instructions to the Default CF with respect to all withdrawal proceeds (derived from the withdrawal of the Terminating CF in the bullet point above) attributable to ALL outstanding units in the Terminating CF immediately before the Effective Date |
| 24 th November, 2023 | <ol style="list-style-type: none"> i. Settle payment of the switch in instructions placed on 23rd November, 2023 with the investment manager of the Default CF ii. Reconcile the details of the switch in instructions placed on 23rd November, 2023 with the contract notes provided by the investment manager of the Default CF |

For the avoidance of doubt, this suspension relates only to the Terminating CF and does not affect Members with no accrued benefits in or investment mandate in the Terminating CF.

- 4.4 Under clauses 6.1 and 6.4 of the Trust Deed and 7.1(d) of the MPF Scheme Brochure, the suspension of subscription for and withdrawal from a Constituent Fund may only occur together with the suspension of determination of the net asset value of the Constituent Fund. However, in effecting the Termination, all subscription for and withdrawal from the Terminating CF will be suspended while the determination of the net asset value of the Terminating CF will continue (please refer to section 4.3 above for details). The Trust Deed and the MPF Scheme Brochure will therefore be amended to provide the Trustee the flexibility to declare a suspension of issuance, realization or switching of units

relating to a Constituent Fund without a suspension of the determination of the net asset value of the Constituent Fund.

- 4.5 For the avoidance of doubt, immediately after the Relevant Cut-off Deadlines, the Terminating CF will cease to be available for selection on the fund list for fund switching via online service portal and Interactive Voice Response System. In addition, Scheme Participants investing in the Terminating CF cannot effect any fund switching during the suspension period.
- 4.6 Following the completion of the Termination on the Effective Date, the Trustee will perform checking procedures (e.g. reconciliation of affected scheme participants' unitholdings) from the Effective Date to 28th November, 2023 (both dates inclusive) for the protection of Scheme Participants' interests. From the Effective Date to 26th November, 2023 (both dates inclusive), with respect to the use of online service portal and Interactive Voice Response System, while Scheme Participants with accrued benefits and/or investment mandate in the Terminating CF immediately prior to the Effective Date may continue to access the online service portal and Interactive Voice Response System, they may only do so to enquire the total balance at member account level. All functions of the online service portal and Interactive Voice Response System will resume from 27th November, 2023. For the avoidance of doubt, requests received via any avenue (be it online service portal, Interactive Voice Response System or paper form (including fax)) from 27th November, 2023, i.e. after the expiry of the suspension period on 24th November, 2023 (25th and 26th November, 2023 fall on weekends), will be processed as per usual practice.

5. Consequence of the Termination and impact on the Scheme Participants

- 5.1 The Scheme Participants investing in the Terminating CF immediately before the Effective Date (i.e. those who do not exercise their rights to switch out of the Terminating CF) will become investing in the Default CF on and after the Effective Date.
- 5.2 In addition, if the Scheme Participants do not exercise their rights to change their investment mandate by the relevant time on the Cut-off Deadline under section 4.1 above, any future contribution payment/transfer-in benefits received in respect of such Scheme Participants that would have been invested in the Terminating CF (had it not been transferred to the corresponding Default CF) will be invested in the Default CF.
- 5.3 If the Scheme Participants exercise their rights to switch or change their investment mandate to other Transferee CF(s) by the Relevant Cut-off Deadlines under section 4, such instruction will be processed under the Trustee's normal service benchmark.
- 5.4 On the Effective Date, the number of units (including any fraction of units calculated and rounded off in accordance with the Trust Deed) in the Default CF to be allocated in respect of each such employer or Member concerned will be calculated by dividing the total value of holdings of the Terminating CF attributable to the Scheme Participants as at the Effective Date by the unit price of the Default CF as at the Effective Date. Because the unit price of the Terminating CF may differ from that of the Default CF, the number of units in the Default CF to be allocated in respect of the Scheme Participant concerned immediately after the Effective Date may not be the same as the number of units in the Terminating CF attributable to such Scheme Participant immediately before the Effective Date. Rest assured that the switch out amount of a Scheme Participant investing in the Terminating CF on the Effective Date will be the same as the switch in amount of the Default CF immediately after the Effective Date. For details, please refer to **Appendix B** to this notice for the illustrative example of the conversion.
- 5.5 Scheme Participants who have investment mandate and/or any holding of units in the Terminating CF immediately prior to the Effective Date will receive the following statement(s):
- (i) a statement showing: (A) the amount of accrued benefits as at the Effective Date being transferred and/or investment mandates being updated from the Terminating CF to the Default CF; and (B) the unitholdings thereof; and
 - (ii) a statement showing: (A) the difference between the qualifying balance and the normal account balance, where the One-Off Arrangement applies and where the qualifying balance exceeds the

normal account balance; and (B) the number of units, valued as at the Effective Date, in the Default CF subscribed by applying such difference.

The above statements will be sent by post within one month after the Effective Date.

- 5.6 We will liaise with all related service providers including the custodian and administrator of the Scheme and those of the BEA LTGF APIF to ensure there will be a smooth transition and proper transfer of accrued benefits of the Scheme Participants from the Terminating CF to the Default CF.
- 5.7 There will be no fees or penalty, bid/offer spread or transfer fee imposed on any transfer out of the Scheme or switching/change of investment mandate instruction described in sections 4, 5 or 6. The cost of the Termination is estimated to be around HK\$2,902,800 and will be borne by the Trustee. As such, no expenses relating to the Termination will be borne by the Scheme Participants or the Scheme.
- 5.8 The Trustee will provide and make available new versions of administrative forms (with the Terminating CF removed) from the Effective Date onwards. If an individual on becoming a Member submits the old version of an administrative form after the Effective Date and chooses to invest in the Terminating CF, the Trustee will treat it as an incomplete investment option and all the future mandate will be allocated to the DIS under the Scheme unless and until the Member subsequently varies his/her investment options. If a Member submits the old version of an administrative form to change his/her investment mandate or to effect a fund switching and chooses to invest in the Terminating CF, the Trustee will treat it as an incomplete instruction, and such instruction will be rejected, and the existing investment (in respect of the existing accrued benefits) will remain unchanged. That said, for the avoidance of doubt, the Trustee will proceed with setting up future mandate for Members who have not selected the Terminating CF in the completed old versions of administrative forms they submitted.

6. Opt out of the Scheme

- 6.1 No action is required of the Scheme Participants to effect the Termination.
- 6.2 Scheme Participants other than employee members who do not wish to be involved in the Termination may transfer out of the Scheme. However, a Member who is an employee member will not be entitled to transfer out of the Scheme unless his/her participating employer elects to do so. Nevertheless, a Scheme Participant who is an employee member may transfer his accrued benefits derived from the employee's mandatory contributions under the employee choice arrangement once in every calendar year.
- 6.3 Alternatively, a Scheme Participant who does not wish to be involved in the Termination may (i) switch their existing investment in the Terminating CF to other Constituent Fund(s), and/or (ii) change his/her investment mandate in respect of any new contributions and transfer-in benefits relating to the Terminating CF by submitting to us a validly completed instruction.
- 6.4 There will be no fees or penalty, bid/offer spread or transfer fee imposed on any transfer out of the Scheme or switching/change of investment mandate instruction described in this section 6. The Scheme Participants should review all terms and conditions under the Scheme and Constituent Funds before making any decision.

This notice only summarises the Termination. From the Effective Date, you may visit our website at <http://www.hkbea.com> for the frequently asked questions, updated MPF Scheme Brochure, key scheme information document of the Scheme and the amended Trust Deed (per sections 2.3 and 4.4 above) of the Scheme or obtain a copy of it at the office of the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

Should you have any enquiries relating to the contents of this notice, please contact our BEA (MPF) Hotline (operated by the Trustee) on 2211 1777 or email to BEAMPF@hkbea.com.

The Bank of East Asia, Limited and Bank of East Asia (Trustees) Limited

23rd August, 2023

Appendix A

| | BEA LTGF | Default CF |
|--|---|--|
| Fund type | Guaranteed fund | Mixed assets fund |
| Fund structure | Feeder fund | Feeder fund |
| Investment objective | The objective of the BEA LTGF is to provide a competitive long-term total rate of return, while also providing a minimum guaranteed average annual return over the career of the Members (i.e. long term guarantee). | The investment objective of the Default CF is to provide stable growth by investing in a globally diversified manner. |
| Investment policy | The BEA LTGF solely invests into the BEA LTGF APIF under the Policy issued by the Insurer. The BEA LTGF APIF will invest in two or more APIFs and/or approved ITCISs and, in selecting these APIFs and approved ITCISs, the investment manager of the BEA LTGF APIF will seek to achieve the objectives of the BEA LTGF. The underlying investments will consist of debt and equity securities. | The Default CF will invest in a single APIF, namely the BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two APIFs 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 APIFs. The Default CF 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 APIF(s) at its discretion. |
| Asset allocation | 10 – 55% in equity securities 25 – 90% in debt securities 0 – 20% in cash and short-term investments | Around 20% in Higher Risk Assets Around 80% in Lower Risk Assets |
| Risk profile | Moderate | Low to medium |
| Management fees (as a percentage of net asset value per annum) | Up to 1.5% | 0.75% |
| Guarantee charge | 1% | N/A |
| Size of asset under management (as of 30th June, 2023) | HK\$628,237,072.76 | HK\$207,137,745.83 |
| Estimated fund expense ratio (as of 30th June, 2023) | 2.52% | 0.80% |

Appendix B

Illustrative example of the conversion mechanism

Withdrawal date: 23rd November, 2023

| As at the Effective Date immediately BEFORE the transfer to the Default CF | | | | | |
|--|--------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | Unit Price (HK\$)* | Account Balance - | | Account Balance - | |
| | | Employer Mandatory Contribution | Member Mandatory Contribution | Employer Mandatory Contribution | Member Mandatory Contribution |
| | | No. of units* | HK\$ | No. of units* | HK\$ |
| LTGF | 12.7741 | 10.000 | 127.74 | 10.000 | 127.74 |
| | | Total: | 127.74 | Total: | 127.74 |
| As at the Effective Date immediately AFTER the transfer to the Default CF | | | | | |
| | Unit Price (HK\$)* | Account Balance - | | Account Balance - | |
| | | Employer Mandatory Contribution | Member Mandatory Contribution | Employer Mandatory Contribution | Member Mandatory Contribution |
| | | No. of units* | HK\$ | No. of units* | HK\$ |
| Default CF | 10.9514 | 11.664 | 127.74 | 11.664 | 127.74 |
| | | Total: | 127.74 | Total: | 127.74 |

*The number of units is hypothetical, while the unit prices adopted are as of 8th June, 2023.

Appendix C

Illustrative example for One-Off Arrangement

- Assumption:** Member makes full fund switching or transfer out or withdrawal of his/her investment in the BEA LTGF on 23rd August, 2023, which is within the notice period (i.e. between 23rd August, 2023 and 22nd November, 2023 (both dates inclusive)).

Fund position before making any fund switching or transfer out or withdrawal:

| Date | Normal Balance (“NB”) (reflects actual investments) | Qualifying Balance (“QB”) |
|-------------------------------|---|---------------------------|
| 23 rd August, 2023 | HK\$5,000 | HK\$6,000 |

Example below illustrates how guarantee will apply under the One-Off Arrangement when the Member switches out or transfers out or withdraws the full amount during the notice period.

Since One-Off Arrangement applies to full fund switching or transfer out or withdrawal during the notice period, the greater of (i) the total QB and (ii) the NB will be paid.

QB = HK\$6,000

NB = HK\$5,000

Therefore, HK\$6,000 will be paid.

- Assumption:** Member applies for transfer out of his/her investments in the BEA LTGF under the employee choice arrangement (“ECA”) on 23rd August, 2023, which is within the notice period (i.e. between 23rd August, 2023 and 22nd November, 2023 (both dates inclusive)).

Fund position before making any transfer out:

| Date | Normal Balance in the employee member’s mandatory contribution account (“NB”) (reflects actual investments) | Qualifying Balance (“QB”) |
|-------------------------------|---|---------------------------|
| 23 rd August, 2023 | HK\$3,000 | HK\$4,000 |

Example below illustrates how guarantee will apply under the One-Off Arrangement when the Member applies for transfer out under the ECA during the notice period.

Since One-Off Arrangement applies to full transfer out of the employee member’s mandatory contribution account in the case of ECA during the notice period, the greater of (i) the total QB and (ii) the NB will be paid.

QB = HK\$4,000

NB = HK\$3,000

Therefore, HK\$4,000 will be paid.

- Assumption:** Member applies for partial withdrawal of HKD1,500 (“**Partial Withdrawal Amount**”) of his/her investments in the BEA LTGF on the grounds of attaining the retirement age of 65 or early retirement at age 60 (“**Retirement Partial Withdrawal Request**”) on 23rd August, 2023, which is within the notice period (i.e. between 23rd August, 2023 and 22nd November, 2023 (both dates inclusive)).

Fund position before making any fund switching or transfer out or withdrawal:

| Date | Normal Balance (“NB”) (reflects actual investments) | Qualifying Balance (“QB”) |
|-------------------------------|---|---------------------------|
| 23 rd August, 2023 | HK\$5,000 | HK\$6,000 |

Example below illustrates how guarantee will apply under the One-Off Arrangement when the Member applies for a Retirement Partial Withdrawal Request during the notice period.

The Member's entire account balance at the time of the Retirement Partial Withdrawal Request will be taken into account when determining the QB (as if the Retirement Partial Withdrawal Request were a 100% fund switching or transfer out or withdrawal from the relevant account). In the present scenario, after the payment of the Partial Withdrawal Amount of HK\$1,500:

- the post partial withdrawal QB will be HK\$4,500 (HK\$6,000 – HK\$1,500);
- the post partial withdrawal NB will be HK\$3,500 (HK\$5,000 – HK\$1,500).

In the next determination of the Member's entitlement to the GCR offered under the Terminating CF, the determination will be based on the above post partial withdrawal QB and NB.