

Annual Report (Audited)

For the year ended 31 December 2016

BEA Union Investment Capital Growth Fund

BEA Union Investment Asia Strategic Growth Fund

BEA Union Investment Global Bond Fund

BEA Union Investment Hong Kong Growth Fund

BEA Union Investment Greater China Growth Fund

BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund

BEA Union Investment Global Equity Fund

BEA Union Investment Asia Pacific Investment Grade Bond Fund

BEA UNION INVESTMENT CAPITAL GROWTH FUND

YEAR ENDED 31 DECEMBER 2016

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BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

MARKET COMMENTARY

BEA UNION INVESTMENT ASIA STRATEGIC GROWTH FUND

The fund recorded a positive return and outperformed peer group average (Asia ex Japan Equity as classified by Morningstar) in the year of 2016.

The U.S. Federal Reserve raised its benchmark rate by 25 basis points and signalled that there are likely to be two to three further hikes in 2017. This is likely to result in further strengthening of the U.S. dollar and continued pressure on Asian equities.

The People's Bank of China continued to incrementally tighten liquidity. Higher rates reflect higher inflation prospects and should be positive for the financial sector, even as they will likely add another headwind for the real estate market and consumer sentiment.

The Shenzhen-Hong Kong Stock Connect was launched, although volumes have so far been light. The central government's current focus on stemming capital outflows is likely to rule out much support for 'southbound' trading in the direction of the Hong Kong market.

In Taiwan, President Tsai announced that her government will release a comprehensive infrastructure blueprint in March as a guide for fiscal stimulus. While exports will continue to be the country's overall economic driver, this support will be a boost for domestic sectors such as materials.

BEA UNION INVESTMENT GLOBAL BOND FUND

The fund recorded a positive return and outperformed peer group average (Global Bond as classified by Morningstar) in the year of 2016.

Global government yields continued to rise during the quarter, led by the rising U.S. Treasury yield, as investors expect higher inflation rates for the U.S. and a more hawkish stance by the Federal Reserve in the near future.

Due to rising global bond yields in December, overall market sentiment has weakened and in general bonds recorded negative returns globally. We expect the market will continue to be volatile ahead of various referendum votes and presidential elections in the European Union, and the rate hike decision by the Federal Reserve in 2017.

On the currency front, spurred by December's rate hike and a more hawkish stance by the Federal Reserve, the U.S. dollar continued to strengthen against the major developed market and emerging market currencies. The Japanese yen was the worst performer, although Asian currencies were relatively resilient overall.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

MARKET COMMENTARY (CONTINUED)

BEA UNION INVESTMENT HONG KONG GROWTH FUND

The fund recorded a negative return and underperformed peer group average (Hong Kong Equity as classified by Morningstar) in the year of 2016.

The U.S. Federal Reserve raised its benchmark rate by 25 basis points and signalled that there are likely to be two to three further hikes in 2017. This is likely to result in a further strengthening of the U.S. dollar and continued pressure on Asian equities.

The strength of the U.S. dollar has further weakened the renminbi, increasing the pressure on China's macro outlook. The People's Bank of China is ratcheting up enforcement of capital controls in order to stem capital flight. However, the prospect of further U.S. rate hikes will make this a challenge throughout 2017.

The Shenzhen-HK Stock Connect launched although volumes have so far been light. The central government's current focus on stemming capital outflows is likely to rule out much support for 'southbound' trading in the direction of the Hong Kong market.

BEA UNION INVESTMENT GREATER CHINA GROWTH FUND

The fund recorded a positive return and outperformed peer group average (Greater China Equity as classified by Morningstar) in the year of 2016.

The People's Bank of China continued to incrementally tighten liquidity. Higher rates reflect higher inflation prospects and should be positive for the financial sector, even as they will likely add another headwind for the real estate market and consumer sentiment.

The Shenzhen-Hong Kong Stock Connect was launched, although volumes have so far been light. The central government's current focus on stemming capital outflows is likely to rule out much support for 'southbound' trading in the direction of the Hong Kong market.

In Taiwan, President Tsai announced that her government will release a comprehensive infrastructure blueprint in March as a guide for fiscal stimulus. While exports will continue to be the country's overall economic driver, this support will be a boost for domestic sectors such as materials.

BEA UNION INVESTMENT HONG KONG DOLLAR (HK\$) BOND FUND

The fund recorded a negative return and underperformed peer group average (HKD Bond as classified by Morningstar) in the year of 2016.

Following the rate hike decision by the Federal Reserve, the Hong Kong Monetary Authority also raised its benchmark rate by 25 basis points. HKD10-year government bond yields rose sharply during the month, partly because they had lagged behind rising U.S. Treasury yields in the previous few months.

The Hong Kong dollar weakened slightly against the USD during the month due to capital outflows.

We expect the HKD bond market to be fairly resilient compared to other Asian local bond markets due to Hong Kong's currency peg with a strengthening USD.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

MARKET COMMENTARY (CONTINUED)

BEA UNION INVESTMENT GLOBAL EQUITY FUND

The fund recorded a positive return in and outperformed peer group average (Global Large-Cap Blend Equity as classified by Morningstar) in the year of 2016.

The U.S. presidential election saw the surprise victory of Republican candidate Donald Trump as the country's 45th president. His pro-growth policy agenda should be positive for equities and create the right conditions for a rotation into cyclical industries such as financials and materials.

In Europe, the Italian government lost in its referendum on constitutional reform, leading Prime Minister Renzi to resign and a new government to be appointed. The growing wave of populism is creating risks for Eurozone equities and will next come to the fore during the French presidential election in April.

The U.S. Federal Reserve raised its benchmark rate by 25 basis points and signalled that there are likely to be two to three further hikes in 2017. This is likely to result in a further strengthening of the U.S. dollar and continued pressure on Asian equities.

BEA UNION INVESTMENT ASIA PACIFIC INVESTMENT GRADE BOND FUND

The fund recorded a positive return and outperformed peer group average (Asia Bond as classified by Morningstar) in the year of 2016.

Sentiment on the Asian investment grade bond market has weakened with the growing expectation of increased U.S. inflation and a more hawkish stance by the Federal Reserve. The investment grade market corrected itself, supported mainly the surge in U.S. Treasury yields and the widening credit spread after the Federal Reserve's rate hike decision in December.

We expect that the Asian investment grade bond market will continue to be volatile ahead of the rate decision of the Federal Reserve in 2017 as well as various referendums and presidential elections in the European Union. Nevertheless, we remain positive on the medium-term outlook as capital continues to flow into Asian markets and signs of healthy economic growth are seen in the major Asian economies, including China.

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BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT OBJECTIVES AND POLICIES OF THE FUND AND THE SUB-FUNDS

BEA Union Investment Capital Growth Fund was established by the Trust Deed dated 22 September 2000, as amended. The Fund offers 7 Sub-funds with different investment policies. The Sub-funds of the Fund are BEA Union Investment Asia Strategic Growth Fund, BEA Union Investment Global Bond Fund, BEA Union Investment Hong Kong Growth Fund, BEA Union Investment Greater China Growth Fund, BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund, BEA Union Investment Global Equity Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund.

Separate and distinct investment policies are applied in the investments of each Sub-funds. The respective investment objectives and policies are set out below.

BEA UNION INVESTMENT ASIA STRATEGIC GROWTH FUND

Investment objective

To provide investors with long-term capital growth in HK dollar terms through investing in a diversified portfolio primarily consisting of securities that are either (a) listed in the Asia Pacific region or (b) issued by companies that are incorporated in the Asia Pacific region or companies which have significant operations in or derive a significant portion of revenue or profits from the Asia Pacific region but excluding Japan.

Investment policy

The Manager intends to adopt a “top-down” approach to first determine the asset allocation in each country according to the Manager’s analysis of the market and economic trends and then select suitable investments within each country by applying fundamental analysis. Corporate earnings growth and funds flow analysis will also be an integral part of the investment decision-making process.

The Manager anticipates that the maximum exposure to any one of the Singapore, Malaysia, Korea, Taiwan and China markets will not exceed 50% of the Sub-fund’s assets and the maximum exposure to any one of the Thailand, Indonesia, the Philippines and India markets will not exceed 30% of the Sub-fund’s assets.

At least 60% of the assets of the Sub-fund other than cash or deposits may be invested in equity securities, which may include securities from initial public offering. Up to 10% of the assets of the Sub-fund may be invested in other securities (as permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation). The Sub-fund’s portfolio may also include cash, deposits, fixed interest securities, instruments with floating interest rates and short-term paper such as Treasury Bills, certificates of deposit, bankers’ acceptances and short-term commercial paper. If the Manager considers that conditions so require and it is in the interests of unitholders to do so, a substantial portion of the portfolio may be held in cash or such instruments.

Subject to the restrictions imposed by the MPF Ordinance, financial futures and options contracts may be entered into for the Sub-fund for hedging purposes to protect and enhance asset value, consistent with the investment objective of the Sub-fund. Currency forward contracts may be used for the purposes of hedging into HK dollars.

The Manager expects the return of the Sub-fund over the long-term to reflect movements in the stock markets of the Asian region.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT OBJECTIVES AND POLICIES OF THE FUND AND THE SUB-FUNDS (CONTINUED)

BEA UNION INVESTMENT GLOBAL BOND FUND

Investment objective

To provide investors with total investment return over the medium to long-term through investing into a diversified range of global bonds denominated in various major currencies (including but not limited to, US dollars, Euro, British pounds, Japanese yen and Hong Kong dollars).

Investment policy

The Sub-fund’s assets will normally be invested between 20% to 100% in short to long-term government bonds and 0% to 80% in short to long-term corporate bonds. Investments will be made mainly in the United States, Europe and Asia, but may include other markets. However, the actual allocation may vary as market and other conditions change.

Subject to the restrictions imposed by the MPF Ordinance, the Manager and its delegates may acquire financial futures contracts for the Sub-fund for hedging purposes to reduce risk and enhance asset value, consistent with the investment objective of the Sub-fund.

The Manager expects the return of the Sub-fund over the long-term to reflect movements in the global bond market.

BEA UNION INVESTMENT HONG KONG GROWTH FUND

Investment objective

To provide investors with long-term capital growth in Hong Kong dollar terms through investing in a diversified portfolio consisting primarily of securities of companies, either listed or with operations or interests principally in Hong Kong.

Investment policy

The Sub-fund’s portfolio will consist primarily of Hong Kong listed securities, and may include securities from initial public offering. Up to 100% of the assets of the Sub-fund may be invested in equity securities. Up to 10% of the assets of the Sub-fund may be invested in other securities (as permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation). Investments will be selected based on their expected long-term capital growth. The weighting of the portfolio between sectors may change according to economic circumstances.

The Sub-fund’s portfolio may also include cash, deposits, fixed interest securities, instruments with floating interest rates and short-term paper such as Treasury Bills, certificates of deposit, bankers’ acceptances and short-term commercial paper. If the Manager considers that conditions so require and it is in the interests of unitholders to do so, a substantial portion of the portfolio may be held in cash or such instruments.

The Manager intends to adopt a “top-down” approach to first determine the sector allocation of the portfolio according to the Manager’s analysis of the market and economic trends, and then select suitable investments within each sector.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT OBJECTIVES AND POLICIES OF THE FUND AND THE SUB-FUNDS (CONTINUED)

BEA UNION INVESTMENT HONG KONG GROWTH FUND (CONTINUED)

Investment policy (continued)

Subject to the restrictions imposed by the MPF Ordinance, the Manager may acquire financial futures and options contracts for the Sub-fund for hedging purposes to protect and enhance asset value, consistent with the investment objective of the Sub-fund.

In addition, at least 30% of the assets of the Sub-fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation).

The Manager expects the Sub-fund's return over the long-term to reflect movements in the Hong Kong stock market.

BEA UNION INVESTMENT GREATER CHINA GROWTH FUND

Investment objective

To provide investors with long-term capital growth through investing in a diversified portfolio primarily consisting of securities that are either (a) listed in Greater China or (b) issued by companies that are incorporated in Greater China or companies which have significant operations in or derive a significant portion of revenue or profits from Greater China, which includes the People's Republic of China (PRC), Hong Kong, Macau and Taiwan.

Investment policy

Normally not less than 70% of the assets of the Sub-fund will be invested directly in equities. Up to 10% of the assets of the Sub-fund may be invested in other securities, including other collective investment schemes, China A-shares (subject to availability of investment quota) and China B-shares. Any remaining assets may be held in cash or cash equivalents. In times of extreme volatility of the markets or during severe adverse market conditions, the Sub-fund may hold a substantial portion of its assets in cash or cash equivalents, or invest in short-term money market instruments to safeguard the investment portfolio of the Sub-fund. In addition, at least 30% of the assets of the Sub-fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation).

Subject to the restrictions imposed by the MPF Ordinance, the Manager may enter into financial futures and options contracts for the Sub-fund for hedging purposes to reduce risk and protect or enhance asset value, consistent with the investment objective of the Sub-fund.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT OBJECTIVES AND POLICIES OF THE FUND AND THE SUB-FUNDS (CONTINUED)

BEA UNION INVESTMENT HONG KONG DOLLAR (HK\$) BOND FUND

Investment objective

To provide investors with long-term capital growth in Hong Kong dollar terms through investing in a portfolio consisting primarily of Hong Kong dollar denominated interest bearing securities. If the Manager considers that conditions so require and it is in the interests of unitholders to do so, a substantial portion of the portfolio may be held in cash.

Investment policy

The Manager anticipates that a majority of the portfolio will be invested in bonds issued by governments, quasi-governmental organisations, multilateral international agencies and blue chip corporations. Investments in corporate bonds and debentures must meet the minimum required credit ratings as determined by the Mandatory Provident Fund Schemes Authority from time to time. The value of the portfolio's holding of Hong Kong dollar denominated securities shall not be less than 70% of the net asset value of the Sub-fund.

Subject to the restrictions imposed by the MPF Ordinance, the Manager and its delegates may acquire financial futures contracts for the Sub-fund for hedging purposes to protect and enhance asset value, consistent with the investment objective of the Sub-fund.

In addition, at least 30% of the assets of the investment will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation).

The Manager expects the return of the Sub-fund over the long-term to exceed the Hong Kong inflation rate.

BEA UNION INVESTMENT GLOBAL EQUITY FUND

Investment objective

To provide investors with long-term capital growth through investing in a diversified global portfolio.

Investment policy

The Sub-fund's portfolio will primarily consist of global equity securities, including but not limited to common stocks, preferred stocks, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), International Depositary Receipts ("IDRs"), approved Exchange Traded Funds ("ETFs"), warrants, or debt securities convertible into common or preferred stocks, or ADRs, GDRs or IDRs, to the extent permitted under Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation.

In managing the asset allocation of the portfolio, the Manager will from time to time make reference to the geographic allocation by one or more global stock market indices. As an indication, the geographic allocation of the Sub-fund is expected to be:

– United States	0%-65%
– Europe	0%-40%
– Others	0%-50%

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT OBJECTIVES AND POLICIES OF THE FUND AND THE SUB-FUNDS (CONTINUED)

BEA UNION INVESTMENT GLOBAL EQUITY FUND (CONTINUED)

Investment policy (continued)

Please note that the above figures are for indicative purposes only. The actual allocation of the Sub-fund's portfolio between countries and regions may vary from time to time and may be different from that as shown above according to the Manager's perception of prevailing and anticipated global market conditions and will be decided on the basis of the Manager's macroeconomic analysis of the global markets and economic growth, inflation and interest rate trends.

Normally not less than 70% of the Sub-fund's assets will be invested in equities. Up to 10% of the assets of the Sub-fund may be invested in other securities (as permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation). Any remaining assets may be held in money market instruments, cash or cash equivalents. In times of extreme volatility of the markets or during severe adverse market conditions, the Sub-fund may hold a substantial portion of its assets in money market instruments, cash or cash equivalents to safeguard the investment portfolio of the Sub-fund.

Subject to the restrictions imposed by the MPF Ordinance, the Manager may enter into financial futures, options and currency forward contracts for the Sub-fund for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the Sub-fund.

In addition, at least 30% of the assets of the Sub-fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation).

BEA UNION INVESTMENT ASIA PACIFIC INVESTMENT GRADE BOND FUND

Investment objective

To provide total investment return over the medium to long-term through investing in Asia Pacific investment grade bonds.

Investment policy

The Sub-fund's portfolio will primarily consist of bonds, denominated in various Asian or major global currencies (e.g. USD), which are of investment grade and issued by Asia Pacific government or corporate entities. "Investment grade" for this purpose means a credit rating that satisfies the criteria prescribed by the Mandatory Provident Fund Schemes Authority (the "Authority") from time to time. The investments of the Sub-fund may include, but are not limited to, fixed and floating rate bonds, zero coupon and discount bonds and commercial paper.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT OBJECTIVES AND POLICIES OF THE FUND AND THE SUB-FUNDS (CONTINUED)

BEA UNION INVESTMENT ASIA PACIFIC INVESTMENT GRADE BOND FUND (CONTINUED)

Investment policy (continued)

The Asia Pacific countries or regions which the Sub-fund may invest in include, but are not limited to, Australia, Hong Kong, China, Korea, Malaysia, New Zealand, Singapore and Thailand. The Sub-fund may obtain exposure to the China bond markets through investment in offshore Renminbi denominated debt securities or other securities issued or distributed outside mainland China, e.g. offshore RMB bonds issued in Hong Kong. It does not invest in debt securities or other securities issued or distributed within mainland China.

Normally no more than 30% of Sub-fund's assets will be invested in other bonds, denominated in various major currencies (e.g. USD), (a) which are either of investment grade but not issued by Asia Pacific government or corporate entities including, but not limited to, members of the European Union (with a minimum credit rating equivalent to BBB- by Standard and Poor's), Canada, the United States, the United Kingdom, Mexico, Russia, Brazil and Qatar, or (b) which are otherwise permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation. Investments in bonds issued by non-Asia Pacific issuers may be made to (i) manage downside risks or (ii) achieve additional investment returns by allocating assets into such bonds where the Manager considers they are attractive on a risk/return basis or (iii) benefit from diversification of the portfolio of investments.

The Sub-fund may also invest no more than 30% of its assets in money market instruments, cash or cash equivalents. In times of extreme volatility of the markets or during severe adverse market conditions, the Sub-fund may hold a substantial portion of its assets in money market instruments, cash or cash equivalents to safeguard the investment portfolio of the Sub-fund.

The target asset allocation is as follows:

	Minimum (% of net asset value)	Maximum (% of net asset value)
By asset type		
– Debt securities	70%	100%
– Money market instruments/Cash and cash equivalents	0%	30%
By geographical allocation		
– Asia Pacific	70%	100%
– Non-Asia Pacific	0%	30%

Subject to the restrictions imposed by the MPF Ordinance, the Manager may enter into financial futures, options and currency forward contracts for the Sub-fund for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the Sub-fund.

In addition, at least 30% of the assets of the Sub-fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation).

The Sub-fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

INVESTMENT INCOME AND PERFORMANCE

	BEA Union Investment Asia Strategic Growth Fund				BEA Union Investment Global Bond Fund			
	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$ ⁽¹⁾	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$ ⁽¹⁾
Net gains/(losses) excluding capital appreciation/(depreciation)	4,609,710	(11,049,459)	4,312,497	6,659,638	6,794,157	17,830,271	73,943,644	8,521,914
Capital appreciation/(depreciation) – realised and unrealised	61,232,799	(146,520,470)	(21,130,222)	61,601,095	78,187,485	(133,566,446)	13,609,861	5,053,465
Value of fund assets derived from investments as at 31 December	<u>1,594,373,800</u>	<u>1,501,003,105</u>	<u>1,035,197,307</u>	<u>1,016,169,659</u>	<u>4,459,322,463</u>	<u>4,311,670,773</u>	<u>3,691,486,015</u>	<u>2,660,631,107</u>
	BEA Union Investment Hong Kong Growth Fund				BEA Union Investment Greater China Growth Fund			
	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
Net gains/(losses) excluding capital appreciation/(depreciation)	64,623,568	60,500,275	73,475,800	48,873,667	16,867,795	7,003,612	18,419,885	8,431,440
Capital appreciation/(depreciation) – realised and unrealised	(44,115,655)	(285,248,223)	49,839,089	159,256,873	15,573,543	(89,781,408)	28,803,134	106,037,110
Value of fund assets derived from investments as at 31 December	<u>2,358,869,012</u>	<u>2,697,455,107</u>	<u>2,827,595,702</u>	<u>2,567,971,182</u>	<u>1,367,380,432</u>	<u>1,169,930,983</u>	<u>1,218,472,483</u>	<u>1,126,874,345</u>
	BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund				BEA Union Investment Global Equity Fund			
	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
Net gains/(losses) excluding capital appreciation/(depreciation)	(6,855,225)	(4,411,180)	(2,678,179)	(1,608,281)	3,241,532	5,551,214	4,292,096	3,223,724
Capital appreciation/(depreciation) – realised and unrealised	(4,613,721)	21,792,879	24,002,489	(8,473,614)	9,340,152	7,069,320	5,216,671	63,094,147
Value of fund assets derived from investments as at 31 December	<u>1,056,189,331</u>	<u>807,556,678</u>	<u>641,868,263</u>	<u>615,334,767</u>	<u>388,115,879</u>	<u>526,616,745</u>	<u>457,081,744</u>	<u>409,807,078</u>
	BEA Union Investment Asia Pacific Investment Grade Bond Fund							
	2016 HK\$	2015 HK\$	2014 HK\$ ⁽²⁾	2013 HK\$				
Net gains/(losses) excluding capital appreciation/(depreciation)	(845,452)	(225,016)	(589,263)	–				
Capital appreciation/(depreciation) – realised and unrealised	21,442,859	26,543,267	12,512,189	–				
Value of fund assets derived from investments as at 31 December	<u>441,488,981</u>	<u>428,891,011</u>	<u>577,445,557</u>	<u>–</u>				

⁽¹⁾ The denominations of Class A redeemable units of BEA Union Investment Asia Strategic Growth Fund and BEA Union Investment Global Bond Fund were changed from USD to HKD, effective from 5 July 2013.

⁽²⁾ The date of commencement for BEA Union Investment Asia Pacific Investment Grade Bond Fund was 20 June 2014.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

BREAKDOWN OF INCOME DERIVED FROM INVESTMENTS OTHER THAN NET GAIN/(LOSS) ON INVESTMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Interest on bonds HK\$	Interest on certificates of deposit HK\$	Dividend income HK\$	Interest on bank deposits HK\$	Other income HK\$	Total HK\$
BEA Union Investment Asia Strategic Growth Fund	-	-	45,876,965	15,390	-	45,892,355
BEA Union Investment Global Bond Fund	101,267,966	743,868	-	27,194	31,300	102,070,328
BEA Union Investment Hong Kong Growth Fund	-	-	91,521,317	550	-	91,521,867
BEA Union Investment Greater China Growth Fund	-	-	41,650,257	429	-	41,650,686
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	15,515,751	4,465,607	-	99	-	19,981,457
BEA Union Investment Global Equity Fund	-	-	6,865,679	125	-	6,865,804
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>16,670,851</u>	<u>-</u>	<u>-</u>	<u>334</u>	<u>-</u>	<u>16,671,185</u>

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FOR THE YEAR ENDED 31 DECEMBER 2015

	Interest on bonds HK\$	Interest on certificates of deposit HK\$	Dividend income HK\$	Interest on bank deposits HK\$	Other income HK\$	Total HK\$
BEA Union Investment Asia Strategic Growth Fund	-	-	30,948,361	1,833	-	30,950,194
BEA Union Investment Global Bond Fund	87,154,821	501,989	-	198,156	38,750	87,893,716
BEA Union Investment Hong Kong Growth Fund	-	-	84,333,660	492	-	84,334,152
BEA Union Investment Greater China Growth Fund	-	-	28,897,857	307	-	28,898,164
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	12,817,039	3,970,579	-	111	-	16,787,729
BEA Union Investment Global Equity Fund	-	-	8,779,702	261	-	8,779,963
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>23,163,812</u>	<u>-</u>	<u>-</u>	<u>3,440</u>	<u>9,688</u>	<u>23,176,940</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PERFORMANCE TABLE

(A) TOTAL NET ASSET VALUE (AT LAST TRADED MARKET PRICES) AND NET ASSET VALUE (AT LAST TRADED MARKET PRICES) PER UNIT

Sub-funds	As at 31 December 2016		As at 31 December 2015		As at 31 December 2014		As at 31 December 2013	
	Total net asset value	Net asset value per unit	Total net asset value	Net asset value per unit	Total net asset value	Net asset value per unit	Total net asset value	Net asset value per unit
BEA Union Investment Asia Strategic Growth Fund								
– Class A (HK\$) ⁽¹⁾	HK\$ 1,554,294,682	HK\$ 281.88	HK\$ 1,434,087,625	HK\$ 270.96	HK\$ 895,229,305	HK\$ 303.53	HK\$ 795,072,295	HK\$ 307.39
– Class C (US\$) ⁽²⁾	HK\$ –	HK\$ –	HK\$ –	HK\$ –	HK\$ –	HK\$ –	HK\$ 5,827,726	HK\$ 259.94
– Class R (US\$)	HK\$ 69,637,644	HK\$ 227.02	HK\$ 115,903,297	HK\$ 221.81	HK\$ 183,579,820	HK\$ 252.55	HK\$ 234,475,977	HK\$ 259.94
BEA Union Investment Global Bond Fund								
– Class A (HK\$) ⁽¹⁾	HK\$ 4,798,266,640	HK\$ 114.59	HK\$ 4,554,130,697	HK\$ 112.21	HK\$ 3,865,483,796	HK\$ 115.94	HK\$ 2,869,911,292	HK\$ 113.09
– Class R (US\$)	HK\$ 41,906,484	HK\$ 101.63	HK\$ 36,336,550	HK\$ 100.44	HK\$ 37,327,167	HK\$ 104.76	HK\$ 28,222,973	HK\$ 103.14
BEA Union Investment Hong Kong Growth Fund								
– Class A (HK\$)	HK\$ 2,159,773,539	HK\$ 243.07	HK\$ 2,586,756,272	HK\$ 242.16	HK\$ 2,561,432,648	HK\$ 259.24	HK\$ 2,279,934,723	HK\$ 247.94
– Class R (HK\$)	HK\$ 252,762,233	HK\$ 203.59	HK\$ 253,571,994	HK\$ 206.16	HK\$ 337,943,923	HK\$ 224.33	HK\$ 356,375,740	HK\$ 218.08
BEA Union Investment Greater China Growth Fund								
– Class A (HK\$)	HK\$ 1,243,508,739	HK\$ 195.69	HK\$ 1,055,467,647	HK\$ 192.30	HK\$ 1,057,570,136	HK\$ 205.19	HK\$ 962,490,349	HK\$ 196.86
– Class R (HK\$)	HK\$ 155,816,550	HK\$ 165.72	HK\$ 158,143,935	HK\$ 165.57	HK\$ 182,254,338	HK\$ 179.60	HK\$ 199,992,936	HK\$ 175.17
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund								
– Class A (HK\$)	HK\$ 121,997,687	HK\$ 128.98	HK\$ 245,571,884	HK\$ 128.33	HK\$ 322,404,640	HK\$ 124.44	HK\$ 412,754,005	HK\$ 119.83
– Class D (HK\$) ⁽³⁾	HK\$ 152,119,705	HK\$ 100.41	HK\$ 112,323,430	HK\$ 101.00	HK\$ –	HK\$ –	HK\$ –	HK\$ –
– Class R (HK\$)	HK\$ 799,461,151	HK\$ 119.50	HK\$ 468,215,593	HK\$ 119.89	HK\$ 330,003,064	HK\$ 117.22	HK\$ 207,686,140	HK\$ 113.82
BEA Union Investment Global Equity Fund								
– Class A (HK\$)	HK\$ 395,359,136	HK\$ 133.17	HK\$ 534,404,698	HK\$ 126.92	HK\$ 468,062,291	HK\$ 123.75	HK\$ 426,783,997	HK\$ 121.58
BEA Union Investment Asia Pacific Investment Grade Bond Fund ⁽⁴⁾								
– Class A (HK\$)	HK\$ 458,813,020	HK\$ 112.31	HK\$ 430,733,962	HK\$ 107.29	HK\$ 642,323,195	HK\$ 102.75	HK\$ –	HK\$ –

⁽¹⁾ The denominations of Class A redeemable units of BEA Union Investment Asia Strategic Growth Fund and BEA Union Investment Global Bond Fund were changed from USD to HKD, effective from 5 July 2013.

⁽²⁾ With effect from 25 April 2014, Class C units were merged into Class R units.

⁽³⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

⁽⁴⁾ The date of commencement for BEA Union Investment Asia Pacific Investment Grade Bond Fund was 20 June 2014.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PERFORMANCE TABLE (CONTINUED)

(B) FUND EXPENSE RATIO ("FER")

Sub-funds	2016 Transaction costs for the year ended 31 December HK\$	FER for the year ended 31 December
BEA Union Investment Asia Strategic Growth Fund		
– Class A (HK\$)	23,154,902	0.09%
– Class R (US\$)	1,415,951	1.71%
BEA Union Investment Global Bond Fund		
– Class A (HK\$)	–	0.04%
– Class R (US\$)	–	0.97%
BEA Union Investment Hong Kong Growth Fund		
– Class A (HK\$)	15,987,487	0.09%
– Class R (HK\$)	1,648,998	1.72%
BEA Union Investment Greater China Growth Fund		
– Class A (HK\$)	13,283,857	0.11%
– Class R (HK\$)	1,737,496	1.76%
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		
– Class A (HK\$)	–	0.06%
– Class D (HK\$)	–	1.14%
– Class R (HK\$)	–	0.89%
BEA Union Investment Global Equity Fund		
– Class A (HK\$)	725,402	0.12%
BEA Union Investment Asia Pacific Investment Grade Bond Fund		
– Class A (HK\$)	–	0.08%

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BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PERFORMANCE TABLE (CONTINUED)

(C) HIGHEST AND LOWEST PRICES

Sub-funds	2016			2015			2014			2013		
	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %
BEA Union Investment Asia Strategic Growth Fund												
– Class A (HK\$) ⁽¹⁾	HK\$ 310.98	HK\$ 240.77	4.03	HK\$ 348.06	HK\$ 245.19	(10.73)	HK\$ 329.90	HK\$ 284.47	(1.26)	HK\$ 309.98	HK\$ 258.26	8.10
– Class C (US\$) ⁽²⁾	US\$ –	US\$ –	–	US\$ –	US\$ –	–	US\$ 33.57	US\$ 30.94	N/A	US\$ 33.86	US\$ 28.39	6.31
– Class R (US\$)	US\$ 32.41	US\$ 25.17	2.31	US\$ 37.17	US\$ 26.03	(12.13)	US\$ 35.60	US\$ 30.94	(2.83)	US\$ 33.86	US\$ 28.39	6.31
BEA Union Investment Global Bond Fund												
– Class A (HK\$) ⁽¹⁾	HK\$ 124.20	HK\$ 112.43	2.12	HK\$ 116.15	HK\$ 110.27	(3.22)	HK\$ 117.20	HK\$ 112.64	2.52	HK\$ 113.33	HK\$ 110.46	0.25
– Class R (US\$)	US\$ 14.25	US\$ 12.95	1.16	US\$ 13.53	US\$ 12.79	(4.07)	US\$ 13.71	US\$ 13.25	1.58	US\$ 13.41	US\$ 13.05	(0.75)
BEA Union Investment Hong Kong Growth Fund												
– Class A (HK\$)	HK\$ 267.54	HK\$ 201.20	0.38	HK\$ 315.36	HK\$ 224.38	(6.59)	HK\$ 270.03	HK\$ 225.93	4.56	HK\$ 254.24	HK\$ 202.94	8.48
– Class R (HK\$)	HK\$ 225.22	HK\$ 170.97	(1.25)	HK\$ 271.47	HK\$ 192.01	(8.10)	HK\$ 234.90	HK\$ 198.02	2.87	HK\$ 223.91	HK\$ 180.01	6.73
BEA Union Investment Greater China Growth Fund												
– Class A (HK\$)	HK\$ 216.60	HK\$ 164.33	1.76	HK\$ 249.80	HK\$ 176.53	(6.28)	HK\$ 213.05	HK\$ 181.52	4.23	HK\$ 199.15	HK\$ 158.29	14.54
– Class R (HK\$)	HK\$ 184.15	HK\$ 141.35	0.09	HK\$ 217.49	HK\$ 152.88	(7.81)	HK\$ 187.49	HK\$ 161.26	2.53	HK\$ 177.45	HK\$ 142.07	12.66
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund												
– Class A (HK\$)	HK\$ 133.89	HK\$ 126.55	0.51	HK\$ 128.90	HK\$ 124.31	3.13	HK\$ 125.25	HK\$ 119.63	3.85	HK\$ 122.02	HK\$ 118.58	(0.81)
– Class D (HK\$) ⁽³⁾	HK\$ 104.67	HK\$ 99.54	(0.58)	HK\$ 101.65	HK\$ 99.59	1.00	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–
– Class R (HK\$)	HK\$ 124.44	HK\$ 118.18	(0.33)	HK\$ 120.59	HK\$ 117.10	2.28	HK\$ 118.07	HK\$ 113.61	2.99	HK\$ 116.55	HK\$ 112.93	(1.63)
BEA Union Investment Global Equity Fund ⁽⁴⁾												
– Class A (HK\$)	HK\$ 136.08	HK\$ 114.29	4.92	HK\$ 132.11	HK\$ 119.26	2.56	HK\$ 127.31	HK\$ 114.51	1.78	HK\$ 121.58	HK\$ 101.12	22.23
BEA Union Investment Asia Pacific Investment Grade Bond Fund ⁽⁵⁾												
– Class A (HK\$)	HK\$ 115.72	HK\$ 107.53	4.68	HK\$ 107.78	HK\$ 102.90	4.42	HK\$ 103.00	HK\$ 99.75	2.75	HK\$ –	HK\$ –	–

⁽¹⁾ The denominations of Class A redeemable units of BEA Union Investment Asia Strategic Growth Fund and BEA Union Investment Global Bond Fund were changed from USD to HKD, effective from 5 July 2013.

⁽²⁾ With effect from 25 April 2014, Class C units were merged into Class R units.

⁽³⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

⁽⁴⁾ The date of commencement for BEA Union Investment Global Equity Fund was 4 October 2012.

⁽⁵⁾ The date of commencement for BEA Union Investment Asia Pacific Investment Grade Bond Fund was 20 June 2014.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PERFORMANCE TABLE (CONTINUED)

(C) HIGHEST AND LOWEST PRICES (CONTINUED)

Sub-funds	2012			2011			2010			2009		
	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %
BEA Union Investment Asia Strategic Growth Fund												
– Class A (HK\$) ⁽¹⁾	US\$ 36.71	US\$ 29.72	23.29	US\$ 38.83	US\$ 26.36	(17.86)	US\$ 36.52	US\$ 26.82	17.78	US\$ 30.76	US\$ 15.44	69.29
– Class C (US\$) ⁽²⁾	US\$ 31.57	US\$ 25.78	21.32	US\$ 34.31	US\$ 23.12	(19.21)	US\$ 32.51	US\$ 24.05	15.89	US\$ 27.76	US\$ 14.13	66.63
– Class R (US\$)	US\$ 31.57	US\$ 25.78	21.32	US\$ 34.31	US\$ 23.12	(19.21)	US\$ 32.51	US\$ 24.05	15.89	US\$ 27.76	US\$ 14.13	66.63
BEA Union Investment Global Bond Fund												
– Class A (HK\$) ⁽¹⁾	US\$ 14.57	US\$ 14.05	1.82	US\$ 14.73	US\$ 13.24	6.09	US\$ 14.06	US\$ 12.34	5.32	US\$ 13.36	US\$ 11.42	4.49
– Class R (US\$)	US\$ 13.46	US\$ 13.03	0.90	US\$ 13.74	US\$ 12.41	5.15	US\$ 13.20	US\$ 11.64	4.29	US\$ 12.66	US\$ 10.89	3.50
BEA Union Investment Hong Kong Growth Fund												
– Class A (HK\$)	HK\$ 228.69	HK\$ 184.19	22.80	HK\$ 245.05	HK\$ 162.91	(20.61)	HK\$ 251.99	HK\$ 183.38	11.01	HK\$ 218.79	HK\$ 108.41	62.59
– Class R (HK\$)	HK\$ 204.55	HK\$ 166.21	20.82	HK\$ 226.12	HK\$ 148.61	(21.89)	HK\$ 233.28	HK\$ 171.03	9.21	HK\$ 205.78	HK\$ 103.12	59.96
BEA Union Investment Greater China Growth Fund												
– Class A (HK\$)	HK\$ 171.90	HK\$ 137.30	23.45	HK\$ 186.73	HK\$ 124.78	(21.96)	HK\$ 183.18	HK\$ 133.81	14.34	HK\$ 156.18	HK\$ 80.01	72.36
– Class R (HK\$)	HK\$ 155.64	HK\$ 125.39	21.44	HK\$ 173.40	HK\$ 115.22	(23.24)	HK\$ 171.69	HK\$ 126.37	12.47	HK\$ 148.62	HK\$ 77.11	69.54
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund												
– Class A (HK\$)	HK\$ 120.81	HK\$ 115.79	4.23	HK\$ 116.83	HK\$ 111.30	3.59	HK\$ 114.51	HK\$ 108.57	2.91	HK\$ 109.36	HK\$ 106.39	1.65
– Class D (HK\$) ⁽³⁾	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–
– Class R (HK\$)	HK\$ 115.73	HK\$ 111.85	3.33	HK\$ 113.10	HK\$ 108.27	2.73	HK\$ 112.16	HK\$ 107.16	1.56	HK\$ 108.02	HK\$ 105.50	0.83
BEA Union Investment Global Equity Fund ⁽⁴⁾												
– Class A (HK\$)	HK\$ 100.64	HK\$ 93.31	(0.53)	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–
BEA Union Investment Asia Pacific Investment Grade Bond Fund ⁽⁵⁾												
– Class A (HK\$)	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–

⁽¹⁾ The denominations of Class A redeemable units of BEA Union Investment Asia Strategic Growth Fund and BEA Union Investment Global Bond Fund were changed from USD to HKD, effective from 5 July 2013.

⁽²⁾ With effect from 25 April 2014, Class C units were merged into Class R units.

⁽³⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

⁽⁴⁾ The date of commencement for BEA Union Investment Global Equity Fund was 4 October 2012.

⁽⁵⁾ The date of commencement for BEA Union Investment Asia Pacific Investment Grade Bond Fund was 20 June 2014.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PERFORMANCE TABLE (CONTINUED)

(C) HIGHEST AND LOWEST PRICES (CONTINUED)

Sub-funds	2008			2007			2006			
	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	Highest issue price per unit	Lowest redemption price per unit	Net annualised investment return (Note) %	
BEA Union Investment Asia Strategic Growth Fund										
– Class A (HK\$) ⁽¹⁾	US\$ 36.50	US\$ 14.32	(50.91)	US\$ 42.70	US\$ 25.32	39.40	US\$ 26.55	US\$ 19.93		30.02
– Class C (US\$) ⁽²⁾	US\$ 34.03	US\$ 13.17	(51.72)	US\$ 39.92	US\$ 23.92	37.16	US\$ 25.17	US\$ 19.06		27.91
– Class R (US\$)	US\$ 34.03	US\$ 13.17	(51.72)	US\$ 39.92	US\$ 23.92	37.16	US\$ 25.17	US\$ 19.06		27.91
BEA Union Investment Global Bond Fund										
– Class A (HK\$) ⁽¹⁾	US\$ 12.73	US\$ 11.28	5.15	US\$ 11.68	US\$ 10.99	5.05	US\$ 11.17	US\$ 10.56		3.07
– Class R (US\$)	US\$ 12.26	US\$ 10.80	4.19	US\$ 11.28	US\$ 10.65	4.08	US\$ 10.88	US\$ 10.35		2.08
BEA Union Investment Hong Kong Growth Fund										
– Class A (HK\$)	HK\$ 243.89	HK\$ 99.59	(46.48)	HK\$ 278.57	HK\$ 153.55	50.19	HK\$ 161.62	HK\$ 111.84		45.13
– Class R (HK\$)	HK\$ 236.44	HK\$ 95.30	(47.35)	HK\$ 270.94	HK\$ 151.08	47.55	HK\$ 159.59	HK\$ 110.99		59.55
BEA Union Investment Greater China Growth Fund										
– Class A (HK\$)	HK\$ 170.00	HK\$ 69.52	(47.26)	HK\$ 198.56	HK\$ 112.45	44.85	HK\$ 118.50	HK\$ 99.04		18.50
– Class R (HK\$)	HK\$ 167.02	HK\$ 67.39	(48.13)	HK\$ 195.65	HK\$ 112.00	42.48	HK\$ 118.38	HK\$ 99.04		18.37
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund										
– Class A (HK\$)	HK\$ 107.04	HK\$ 99.81	6.96	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –		–
– Class D (HK\$) ⁽³⁾	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –		–
– Class R (HK\$)	HK\$ 106.53	HK\$ 100.31	6.45	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –		–
BEA Union Investment Global Equity Fund ⁽⁴⁾										
– Class A (HK\$)	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –		–
BEA Union Investment Asia Pacific Investment Grade Bond Fund ⁽⁵⁾										
– Class A (HK\$)	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –	–	HK\$ –	HK\$ –		–

⁽¹⁾ The denominations of Class A redeemable units of BEA Union Investment Asia Strategic Growth Fund and BEA Union Investment Global Bond Fund were changed from USD to HKD, effective from 5 July 2013.

⁽²⁾ With effect from 25 April 2014, Class C units were merged into Class R units.

⁽³⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

⁽⁴⁾ The date of commencement for BEA Union Investment Global Equity Fund was 4 October 2012.

⁽⁵⁾ The date of commencement for BEA Union Investment Asia Pacific Investment Grade Bond Fund was 20 June 2014.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

PERFORMANCE TABLE (CONTINUED)

(C) HIGHEST AND LOWEST PRICES (CONTINUED)

Note: The net annualised investment return represents the percentage change in unit price during each of these years except for the net investment return in the first financial year which was calculated as the percentage change in unit price between the unit price at the year end date and the initial offer price.

BEA Union Investment Asia Strategic Growth Fund commenced to issue Class A units on 15 April 2003, Class C and Class R (formerly Class B) units on 8 September 2003. With effect from 25 April 2014, Class C units were merged into Class R units.

BEA Union Investment Global Bond Fund commenced to issue Class A and Class R (formerly Class B) units on 1 March 2004.

BEA Union Investment Hong Kong Growth Fund commenced to issue Class A and Class R (formerly Class B) units on 10 December 2004.

BEA Union Investment Greater China Growth Fund commenced to issue Class A units on 6 December 2006 and Class R (formerly Class B) units on 1 September 2006.

BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund commenced to issue Class A units on 6 November 2007, Class R (formerly Class B) units on 2 June 2008 and Class D units on 14 May 2015.

BEA Union Investment Global Equity Fund commenced to issue Class A units on 4 October 2012.

BEA Union Investment Asia Pacific Investment Grade Bond Fund commenced to issue Class A units on 20 June 2014.

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BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO

BEA UNION INVESTMENT ASIA STRATEGIC GROWTH FUND

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (98.29%)			
Equities (93.02%)			
<i>China and Hong Kong (44.96%)</i>			
AAC Technologies Holdings Inc	163,000	11,483,350	0.71
AIA Group Ltd	2,423,200	106,015,000	6.54
Angang Steel Co Ltd – H	3,202,000	14,761,220	0.91
Anhui Conch Cement Co Ltd – H	1,833,000	38,584,650	2.38
ASM Pacific Technology Ltd	174,100	14,293,610	0.88
BOC Hong Kong Holdings Ltd	1,291,500	35,774,550	2.21
China Construction Bank Corp – H	11,900,000	70,924,000	4.37
China Mobile Ltd	332,500	27,314,875	1.68
China Oilfield Services Ltd – H	2,048,000	14,725,120	0.91
China Petroleum & Chemical Corp – H	6,454,000	35,432,460	2.18
CLP Holdings Ltd	305,500	21,766,875	1.34
Galaxy Entertainment Group Ltd	571,000	19,299,800	1.19
Guotai Junan International Holdings Ltd	4,365,000	10,388,700	0.64
Hang Seng Bank Ltd	155,100	22,380,930	1.38
Jiangsu Hengrui Medicine Co Ltd – A	470,141	23,816,992	1.47
PICC Property & Casualty Co Ltd – H	2,708,000	32,658,480	2.01
Ping An Insurance Group Co of China Ltd – H	597,500	23,183,000	1.43
Skyworth Digital Holdings Ltd	7,150,000	31,531,500	1.94
Sun Hung Kai Properties Ltd	258,000	25,284,000	1.56
Tencent Holdings Ltd	480,400	91,131,880	5.62
Uni-President China Holdings Ltd	3,580,000	19,582,600	1.21
WH Group Ltd	1,778,500	11,115,625	0.69
Wheelock and Co Ltd	636,000	27,761,400	1.71

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT ASIA STRATEGIC GROWTH FUND (CONTINUED)

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (98.29%) (continued)			
Equities (93.02%) (continued)			
<i>Indonesia (2.70%)</i>			
Telekomunikasi Indonesia (Persero) Tbk	10,953,100	25,046,673	1.54
United Tractors Tbk	1,547,700	18,876,987	1.16
<i>Korea (18.12%)</i>			
Hyundai Heavy Industries Co Ltd	19,477	18,190,827	1.12
Korea Aerospace Industries	50,826	21,826,265	1.35
Korea Electric Power Corp	50,761	14,353,026	0.89
KT&G Corp	54,257	35,175,844	2.17
NC Soft Corp	7,704	12,214,638	0.75
POSCO	20,407	33,665,081	2.08
S-Oil Corp	43,738	23,751,807	1.46
Samsung Biologics Co Ltd	8,407	8,148,644	0.50
Samsung Electronics Co Ltd	8,389	96,928,184	5.98
Shinhan Financial Group Co Ltd	101,938	29,576,169	1.82
<i>Malaysia (1.86%)</i>			
Tenaga Nasional Bhd	737,078	17,707,088	1.09
Westports Holdings Bhd	1,695,600	12,542,556	0.77
<i>Singapore (4.24%)</i>			
Keppel Corporation Ltd	584,400	18,158,859	1.12
Oversea-Chinese Banking Corporation Ltd	730,200	34,954,772	2.15
UOL Group Ltd	489,400	15,732,241	0.97

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT ASIA STRATEGIC GROWTH FUND (CONTINUED)

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (98.29%) (continued)			
Equities (93.02%) (continued)			
<i>Taiwan (18.78%)</i>			
Chunghwa Telecom Co Ltd	330,000	8,057,691	0.50
CTBC Financial Holding Co Ltd	9,812,440	41,545,149	2.56
Ennoconn Corp	96,000	9,514,787	0.59
Far EasTone Telecommunications Co Ltd	1,572,000	27,379,262	1.69
Formosa Plastics Corp	1,280,000	27,435,843	1.69
Hon Hai Precision Industry Co Ltd	1,501,000	30,367,380	1.87
Quanta Computer Inc	1,675,000	24,216,977	1.49
Taiwan Paiho Ltd	703,000	16,133,713	0.99
Taiwan Semiconductor Manufacturing Co Ltd	2,757,000	120,045,526	7.40
<i>The Philippines (2.36%)</i>			
Metropolitan Bank and Trust Co	2,089,690	23,628,637	1.46
SM Prime Holdings Inc	3,330,100	14,646,207	0.90
Non-voting depository receipts (3.44%)			
<i>Thailand (3.44%)</i>			
CP All PCL – NVDR	1,569,400	21,236,532	1.31
Kasikornbank PCL – NVDR	514,300	19,708,780	1.22
PTT PCL – NVDR	182,400	14,690,538	0.91
Investment fund (1.83%)			
<i>China and Hong Kong (1.83%)</i>			
HKT Trust and HKT Ltd	3,127,000	29,706,500	1.83
Total listed/quoted investments		<u>1,594,373,800</u>	<u>98.29</u>
Total investments, at cost		<u>1,577,866,751</u>	

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL BOND FUND

	Nominal value	Market value HK\$	% of net assets
Listed/quoted investments (92.23%)			
Bonds (91.87%)			
<i>Denominated in Australian dollar (1.50%)</i>			
Australia Government Bond 4.25% 21/04/2026	7,000,000	44,570,082	0.92
Korea National Oil Corp 3.035% 05/02/2019	5,000,000	28,159,601	0.58
<i>Denominated in British pound (6.30%)</i>			
Deutsche Bahn Finance BV 1.375% 30/10/2017	1,600,000	15,473,016	0.32
Nationwide Building Society 3.25% 20/01/2028	1,000,000	10,418,076	0.22
United Kingdom Gilt 1.75% 22/01/2017	400,000	3,863,418	0.08
United Kingdom Gilt 1.75% 22/07/2019	8,000,000	80,422,157	1.66
United Kingdom Gilt 2.00% 07/09/2025	4,000,000	41,411,569	0.86
United Kingdom Gilt 2.25% 07/09/2023	3,300,000	34,794,341	0.72
United Kingdom Gilt 2.75% 07/09/2024	6,000,000	65,612,963	1.36
United Kingdom Gilt 3.50% 22/01/2045	4,000,000	52,449,602	1.08
<i>Denominated in Canadian dollar (1.37%)</i>			
Canada Housing Trust No.1 1.70% 15/12/2017	2,000,000	11,684,701	0.24
Canadian Government Bond 2.25% 01/06/2025	9,000,000	54,648,006	1.13
<i>Denominated in Euro (23.59%)</i>			
Azure Orbit II International Finance Ltd 0.838% 21/08/2018	2,000,000	16,377,726	0.34
BAIC Inalfa HK Investment Co Ltd 1.90% 02/11/2020	2,000,000	16,715,608	0.35
Bank of China Ltd/Luxembourg 0.75% 12/07/2021	3,000,000	24,551,635	0.51
Beijing Environment Sanitation Engineering Group BVI Co Ltd 1.45% 05/11/2018	1,000,000	8,278,653	0.17
Bundesrepublik Deutschland 0.00% 15/08/2026	6,000,000	48,097,186	0.99
Bundesrepublik Deutschland 0.50% 15/02/2025	4,000,000	34,330,491	0.71
Bundesrepublik Deutschland 1.00% 15/08/2025	7,500,000	66,773,462	1.38
Bundesrepublik Deutschland 1.50% 15/05/2024	5,000,000	46,353,355	0.96
Bundesrepublik Deutschland 2.50% 15/08/2046	6,000,000	69,184,689	1.43
China Development Bank Corp 0.875% 09/10/2018	2,000,000	16,582,810	0.34
Dongfeng Motor Hong Kong International Co Ltd 1.60% 28/10/2018	3,000,000	25,085,581	0.52
Eastern Creation II Investment Holdings Ltd 1.00% 19/03/2018	2,500,000	20,728,650	0.43
Export-Import Bank of China 0.375% 26/04/2019	2,000,000	16,503,729	0.34

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL BOND FUND (CONTINUED)

	Nominal value	Market value	% of net assets
	HK\$	HK\$	
Listed/quoted investments (92.23%) (continued)			
Bonds (91.87%) (continued)			
<i>Denominated in Euro (23.59%) (continued)</i>			
France Government Bond OAT 0.25% 25/11/2026	6,000,000	47,039,006	0.97
France Government Bond OAT 0.50% 25/05/2025	28,000,000	231,725,137	4.79
France Government Bond OAT 2.50% 25/05/2030	4,000,000	39,490,302	0.82
Industrial Bank of Korea 2.00% 30/10/2018	1,500,000	12,741,050	0.26
Italy Buoni Poliennali Del Tesoro 1.25% 01/12/2026	6,000,000	46,647,517	0.97
Italy Buoni Poliennali Del Tesoro 1.50% 01/06/2025	8,000,000	65,216,713	1.35
Italy Buoni Poliennali Del Tesoro 3.25% 01/09/2046	1,500,000	13,233,068	0.27
Italy Buoni Poliennali Del Tesoro 3.50% 01/03/2030	9,000,000	85,981,258	1.78
National Australia Bank Ltd 0.259% 19/04/2021	3,500,000	28,954,336	0.60
Sinopec Group Overseas Development 2015 Ltd 1.00% 28/04/2022	2,500,000	20,698,885	0.43
Spain Government Bond 1.60% 30/04/2025	9,000,000	76,946,143	1.59
Spain Government Bond 1.95% 30/07/2030	3,000,000	25,197,242	0.52
State Grid Overseas Investment 2016 Ltd 1.25% 19/05/2022	1,500,000	12,579,279	0.26
Talent Yield Euro Ltd 1.435% 07/05/2020	1,000,000	8,303,038	0.17
Three Gorges Finance II Cayman Islands Ltd 1.70% 10/06/2022	1,900,000	16,203,080	0.34
<i>Denominated in Hong Kong dollar (0.36%)</i>			
Hong Kong Government Bond Programme 2.13% 16/07/2030	17,000,000	17,335,673	0.36
<i>Denominated in Japanese yen (11.60%)</i>			
Apple Inc 0.35% 10/06/2020	920,000,000	61,705,516	1.28
General Electric Co 2.00% 22/02/2017	841,000,000	56,367,950	1.17
Japan Government Ten Year Bond 0.10% 20/09/2026	1,000,000,000	66,891,093	1.38
Japan Government Thirty Year Bond 0.30% 20/06/2046	300,000,000	17,787,623	0.37
Japan Government Thirty Year Bond 0.80% 20/03/2046	850,000,000	58,015,270	1.20
Japan Government Twenty Year Bond 0.20% 20/06/2036	250,000,000	15,518,288	0.32
Japan Government Twenty Year Bond 0.40% 20/03/2036	950,000,000	61,512,694	1.27
Japan Government Twenty Year Bond 1.00% 20/12/2035	1,200,000,000	86,535,561	1.79
Japan Government Twenty Year Bond 1.80% 20/06/2031	900,000,000	73,022,158	1.51
The Procter & Gamble Co 0.275% 08/05/2020	950,000,000	63,526,983	1.31
<i>Denominated in Korean won (0.93%)</i>			
Korea Treasury Bond 1.625% 10/06/2018	7,000,000,000	44,983,741	0.93

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL BOND FUND (CONTINUED)

	Nominal value	Market value	% of net assets
	HK\$	HK\$	
Listed/quoted investments (92.23%) (continued)			
Bonds (91.87%) (continued)			
<i>Denominated in United States dollar (46.22%)</i>			
Adani Transmission Ltd 4.00% 03/08/2026	3,700,000	27,553,911	0.57
AIA Group Ltd 3.20% 11/03/2025	2,000,000	15,049,586	0.31
Azure Nova International Finance Ltd 2.25% 01/11/2019	3,000,000	23,095,208	0.48
Bank of Communications Co Ltd/Hong Kong 1.78622% 16/08/2019	3,000,000	23,359,724	0.48
Beijing Capital Polaris Investment Co Ltd 2.875% 01/04/2018	500,000	3,892,532	0.08
Bluestar Finance Holdings Ltd 3.50% 30/09/2021	4,000,000	30,850,898	0.64
BOC Aviation Ltd 2.375% 15/09/2021	1,000,000	7,484,207	0.15
Bright Galaxy International Ltd 3.375% 03/11/2021	1,500,000	11,359,988	0.23
Central Nippon Expressway Co Ltd 2.079% 05/11/2019	2,000,000	15,414,700	0.32
China Construction Bank Asia Corp Ltd 4.25% 20/08/2024	7,500,000	60,307,913	1.25
China Great Wall International Holdings III Ltd 2.25% 27/10/2019	3,000,000	23,067,995	0.48
China Great Wall International Holdings III Ltd 2.625% 27/10/2021	5,000,000	37,437,846	0.77
China Great Wall International Holdings Ltd 2.50% 17/09/2017	5,000,000	39,075,136	0.81
China Merchants Land Ltd 4.021% 11/12/2018	7,665,000	61,033,195	1.26
China Overseas Finance Cayman III Ltd 3.375% 29/10/2018	1,500,000	11,882,453	0.25
China Overseas Finance Cayman V Ltd 5.35% 15/11/2042	2,000,000	15,767,190	0.33
CITIC Ltd 6.80% 17/01/2023	6,000,000	55,426,164	1.15
CNOOC Finance 2015 USA LLC 3.50% 05/05/2025	7,000,000	53,155,847	1.10
CNPC General Capital Ltd 1.82511% 25/11/2017	5,700,000	44,284,634	0.92
COSCO Finance 2011 Ltd 4.00% 03/12/2022	10,000,000	80,242,759	1.66
CSCEC Finance Cayman II Ltd 2.25% 14/06/2019	3,000,000	23,121,782	0.48
Dah Sing Bank Ltd 5.25% 29/01/2024	9,000,000	73,615,832	1.52
Dah Sing Bank Ltd 6.253% Perpetual	1,700,000	13,435,971	0.28
DBS Bank Ltd 3.625% 21/09/2022	2,000,000	15,786,470	0.33
Doosan Infracore Co Ltd 2.375% 21/11/2019	3,000,000	23,216,364	0.48
Doosan Power System SA 2.50% 03/12/2045	11,000,000	85,347,177	1.76
Export-Import Bank of Korea 1.63706% 26/05/2019	2,000,000	15,562,973	0.32
Huarong Finance II Co Ltd 2.875% 22/11/2019	4,500,000	34,705,075	0.72
ICBCIL Finance Co Ltd 2.57206% 13/11/2018	5,000,000	39,285,138	0.81
ICBCIL Finance Co Ltd 2.60% 13/11/2018	2,000,000	15,556,469	0.32
Industrial & Commercial Bank of China Asia Ltd 4.50% 10/10/2023	6,680,000	53,539,697	1.11
Industrial & Commercial Bank of China Ltd/Luxembourg 2.20206% 12/02/2018	3,000,000	23,437,729	0.48
Industrial & Commercial Bank of China Ltd/New York 2.09206% 13/11/2017	840,000	6,547,151	0.13

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL BOND FUND (CONTINUED)

	Nominal value	Market value HK\$	% of net assets
Listed/quoted investments (92.23%) (continued)			
Bonds (91.87%) (continued)			
<i>Denominated in United States dollar (46.22%) (continued)</i>			
Kasikornbank PCL/Hong Kong 2.375% 06/04/2022	1,750,000	13,024,972	0.27
Kookmin Bank 1.76067% 27/01/2017	2,000,000	15,557,883	0.32
Korea Resources Corp 2.25% 19/04/2021	3,500,000	26,473,329	0.55
Korean Air Lines Co Ltd 2.50% 25/11/2045	6,000,000	46,545,821	0.96
Mitsubishi UFJ Financial Group Inc 2.81067% 01/03/2021	4,000,000	32,142,047	0.66
NWVD MTN Ltd 4.375% 30/11/2022	1,500,000	11,772,841	0.24
OCBC Wing Hang Bank Ltd 6.00% Perpetual	3,700,000	28,962,392	0.60
Oversea-Chinese Banking Corp Ltd 4.00% 15/10/2024	8,100,000	64,961,048	1.34
Ping An Life Insurance Co of China Ltd 2.375% 19/01/2019	3,000,000	23,495,212	0.49
Poly Real Estate Finance Ltd 4.50% 06/08/2018	6,500,000	52,552,082	1.09
Poly Real Estate Finance Ltd 5.25% 25/04/2019	1,000,000	8,201,233	0.17
QNB Finance Ltd 2.125% 07/09/2021	2,500,000	18,530,182	0.38
Reliance Industries Ltd 4.125% 28/01/2025	3,200,000	25,100,108	0.52
Shenzhen Expressway Co Ltd 2.875% 18/07/2021	2,000,000	15,389,787	0.32
Shinhan Bank 1.52606% 08/04/2017	6,305,000	49,044,180	1.01
Shougang Corp 3.375% 09/12/2019	3,000,000	23,148,298	0.48
Sinopec Group Overseas Development 2014 Ltd 1.65606% 10/04/2017	3,400,000	26,460,112	0.55
Sinopec Group Overseas Development 2016 Ltd 2.00% 29/09/2021	7,000,000	52,027,894	1.08
Sinopec Group Overseas Development 2016 Ltd 2.75% 29/09/2026	4,500,000	31,972,670	0.66
SMBC Aviation Capital Finance DAC 2.65% 15/07/2021	2,500,000	18,931,908	0.39
SPIC 2016 US Dollar Bond Co Ltd 3.00% 06/12/2021	5,300,000	40,990,694	0.85
Sun Hung Kai Properties Capital Market Ltd 3.375% 25/02/2024	7,000,000	55,703,268	1.15
Tencent Holdings Ltd 2.875% 11/02/2020	3,000,000	23,585,530	0.49
Tencent Holdings Ltd 3.375% 02/05/2019	5,000,000	39,881,425	0.82
United Overseas Bank Ltd 2.875% 17/10/2022	6,000,000	46,947,731	0.97
United Overseas Bank Ltd 3.75% 19/09/2024	3,000,000	23,944,061	0.50
United States Treasury Note/Bond 1.50% 15/08/2026	4,000,000	28,673,345	0.59
United States Treasury Note/Bond 1.625% 15/05/2026	15,330,000	110,990,787	2.30
United States Treasury Note/Bond 2.00% 15/11/2026	6,000,000	44,829,761	0.93
United States Treasury Note/Bond 2.50% 15/02/2046	11,000,000	76,388,760	1.58
United States Treasury Note/Bond 2.50% 15/05/2046	10,500,000	72,412,052	1.50
Wing Lung Bank Ltd 3.50% 07/11/2022	1,000,000	7,806,714	0.16
Woodside Finance Ltd 3.70% 15/09/2026	1,000,000	7,514,145	0.16
Wuhan Metro Group Co Ltd 2.375% 08/11/2019	1,000,000	7,709,153	0.16

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL BOND FUND (CONTINUED)

	Nominal value	Market value HK\$	% of net assets
Listed/quoted investments (92.23%) (continued)			
Certificate of deposit (0.36%)			
<i>Denominated in Canadian dollar (0.36%)</i>			
Royal Bank of Canada 2.58% 13/04/2017	3,000,000	17,521,613	0.36
Total listed/quoted investments		<u>4,459,322,463</u>	<u>92.23</u>
Total investments, at cost		<u>4,634,004,323</u>	

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT HONG KONG GROWTH FUND

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (97.86%)			
Equities (95.58%)			
<i>China and Hong Kong (95.58%)</i>			
AAC Technologies Holdings Inc	552,500	38,923,625	1.62
AIA Group Ltd	4,532,196	198,283,575	8.23
Angang Steel Co Ltd – H	7,316,000	33,726,760	1.40
Anhui Conch Cement Co Ltd – H	2,294,000	48,288,700	2.00
ASM Pacific Technology Ltd	229,800	18,866,580	0.78
Bank of China Ltd – H	17,228,000	59,264,320	2.46
BOC Hong Kong (Holdings) Ltd	3,431,000	95,038,700	3.94
China Construction Bank Corp – H	22,531,910	134,290,183	5.57
China Life Insurance Co Ltd – H	782,000	15,796,400	0.66
China Mengniu Dairy Co Ltd	809,000	12,054,100	0.50
China Mobile Ltd	1,196,500	98,292,475	4.08
China Oilfield Services Ltd – H	2,378,000	17,097,820	0.71
China Petroleum and Chemical Corp – H	18,162,000	99,709,380	4.14
China Shenhua Energy Co Ltd – H	1,686,500	24,622,900	1.02
CK Hutchison Holdings Ltd	486,500	42,763,350	1.77
CLP Holdings Ltd	503,000	35,838,750	1.49
CNOOC Ltd	4,680,000	45,396,000	1.88
Galaxy Entertainment Group Ltd	1,492,000	50,429,600	2.09
Guangdong Investment Ltd	3,756,000	38,386,320	1.59
Guotai Junan International Holdings Ltd	8,087,000	19,247,060	0.80
Hang Seng Bank Ltd	249,600	36,017,280	1.49
Hong Kong Exchanges and Clearing Ltd	139,500	25,556,400	1.06
HSBC Holdings plc	3,388,400	210,758,480	8.74
Industrial and Commercial Bank of China Ltd – H	16,075,915	74,592,246	3.09
Jiangsu Expressway Co Ltd – H	2,512,000	24,542,240	1.02
Jiangsu Hengrui Medicine Co Ltd – A	675,161	34,203,152	1.42
New World Development Co Ltd	4,384,000	35,948,800	1.49

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT HONG KONG GROWTH FUND (CONTINUED)

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (97.86%) (continued)			
Equities (95.58%) (continued)			
<i>China and Hong Kong (95.58%) (continued)</i>			
PICC Property and Casualty Co Ltd – H	5,938,000	71,612,280	2.97
Ping An Insurance (Group) Co of China Ltd – H	2,718,000	105,458,400	4.38
Power Assets Holdings Ltd	470,000	32,124,500	1.33
Shanghai Pharmaceuticals Holding Co Ltd – H	662,200	11,707,696	0.49
Skyworth Digital Holdings Ltd	7,612,000	33,568,920	1.39
Sun Hung Kai Properties Ltd	1,145,000	112,210,000	4.66
Tencent Holdings Ltd	1,017,700	193,057,690	8.01
TravelSky Technology Ltd – H	2,565,000	41,553,000	1.72
Uni-President China Holdings Ltd	5,037,000	27,552,390	1.14
Vinda International Holdings Ltd	744,000	10,773,120	0.45
Weichai Power Co Ltd – H	2,548,000	30,423,120	1.26
WH Group Ltd	3,030,000	18,937,500	0.79
Wheelock and Co Ltd	1,078,000	47,054,700	1.95
Investment fund (2.28%)			
<i>China and Hong Kong (2.28%)</i>			
HKT Trust and HKT Ltd	5,779,000	54,900,500	2.28
Total listed/quoted investments		<u>2,358,869,012</u>	<u>97.86</u>
Total investments, at cost		<u>2,211,125,307</u>	

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GREATER CHINA GROWTH FUND

	Holding shares	Market value HK\$	% of net assets
Listed/quoted investments (97.83%)			
Equities (97.83%)			
<i>China and Hong Kong (69.78%)</i>			
AAC Technologies Holdings Inc	236,500	16,661,425	1.19
AIA Group Ltd	2,179,800	95,366,250	6.82
Angang Steel Co Ltd – H	2,568,000	11,838,480	0.85
Anhui Conch Cement Co Ltd – H	1,288,000	27,112,400	1.94
ANTA Sports Products Ltd	345,000	7,969,500	0.57
ASM Pacific Technology Ltd	232,200	19,063,620	1.36
BOC Hong Kong (Holdings) Ltd	1,770,500	49,042,850	3.51
China Construction Bank Corp – H	13,227,000	78,832,920	5.64
China Mengniu Dairy Co Ltd	1,517,000	22,603,300	1.62
China Merchants Bank Co Ltd – H	967,500	17,589,150	1.26
China Mobile Ltd	211,500	17,374,725	1.24
China Oilfield Services Ltd – H	2,082,000	14,969,580	1.07
China Petroleum and Chemical Corp – H	10,380,000	56,986,200	4.08
CLP Holdings Ltd	318,500	22,693,125	1.62
Galaxy Entertainment Group Ltd	665,000	22,477,000	1.61
Guotai Junan International Holdings Ltd	3,935,000	9,365,300	0.67
Hang Seng Bank Ltd	57,700	8,326,110	0.60
Hong Kong Exchanges and Clearing Ltd	85,400	15,645,280	1.12
Industrial and Commercial Bank of China Ltd – H	7,241,050	33,598,472	2.40
Jiangsu Hengrui Medicine Co Ltd – A	390,030	19,758,628	1.41
New World Development Co Ltd	1,375,000	11,275,000	0.81
PetroChina Co Ltd – H	4,132,000	23,841,640	1.71
PICC Property & Casualty Co Ltd – H	2,958,000	35,673,480	2.55
Ping An Insurance (Group) Co of China Ltd – H	1,223,500	47,471,800	3.40
Shanghai Pharmaceuticals Holding Co Ltd – H	925,800	16,368,144	1.17
Shenzhou International Group Holdings Ltd	259,000	12,691,000	0.91
Skyworth Digital Holdings Ltd	2,880,000	12,700,800	0.91
Sun Hung Kai Properties Ltd	320,000	31,360,000	2.24
Techtronic Industries Co Ltd	199,000	5,522,250	0.40
Tencent Holdings Ltd	639,600	121,332,120	8.68
Vinda International Holdings Ltd	996,000	14,422,080	1.03
Weichai Power Co Ltd – H	2,333,000	27,856,020	1.99
WH Group Ltd	3,835,000	23,968,750	1.71
Wheelock and Co Ltd	259,000	11,305,350	0.81
Zhengzhou Yutong Bus Co Ltd – A	561,228	12,229,496	0.88

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GREATER CHINA GROWTH FUND (CONTINUED)

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (97.83%) (continued)			
Equities (97.83%) (continued)			
<i>Taiwan (28.05%)</i>			
Cathay Financial Holding Co Ltd	2,373,000	27,515,373	1.97
China Steel Corp	4,655,000	27,547,705	1.97
CTBC Financial Holding Co Ltd	7,446,960	31,529,880	2.26
Ennoconn Corp	71,201	7,056,900	0.51
Formosa Chemicals & Fibre Corp	1,314,000	30,440,536	2.18
Formosa Plastics Corp	850,000	18,219,114	1.30
Hon Hai Precision Industry Co Ltd	767,000	15,517,509	1.11
Hota Industrial Manufacturing Co Ltd	694,000	20,868,927	1.49
Largan Precision Co Ltd	39,000	35,510,855	2.54
Mega Financial Holding Co Ltd	3,749,000	20,698,018	1.48
Nien Made Enterprise Co Ltd	107,000	8,558,666	0.61
Quanta Computer Inc	1,451,000	20,978,408	1.50
St Shine Optical Co Ltd	1,000	147,947	0.01
Taiwan Paiho Ltd	622,000	14,274,779	1.02
Taiwan Semiconductor Manufacturing Co Ltd	2,600,325	113,223,570	8.10
Total listed/quoted investments		1,367,380,432	97.83
Total investments, at cost		1,297,094,490	

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT HONG KONG DOLLAR (HK\$) BOND FUND

	Nominal value	Market value	% of net assets
	HK\$	HK\$	
Listed/quoted investments (98.66%)			
Bonds (75.99%)			
<i>Denominated in Hong Kong dollar (75.99%)</i>			
CLP Power Hong Kong Financing Ltd 3.97% 23/03/2026	10,000,000	10,447,507	0.98
DBS Group Holdings Ltd 3.24% 19/04/2026	20,000,000	19,590,775	1.83
Export-Import Bank of Korea 2.28% 13/04/2022	10,000,000	9,668,613	0.90
HKCG Finance Ltd 2.30% 17/06/2026	28,000,000	25,574,337	2.39
HKCG Finance Ltd 2.85% 10/11/2025	18,000,000	17,454,101	1.63
Hong Kong Government Bond 0.50% 20/08/2018	15,000,000	14,895,705	1.39
Hong Kong Government Bond 0.53% 19/03/2018	3,000,000	2,990,850	0.28
Hong Kong Government Bond 0.97% 20/06/2022	40,000,000	38,686,539	3.62
Hong Kong Government Bond 1.32% 23/12/2019	15,000,000	15,013,150	1.40
Hong Kong Government Bond 1.84% 09/12/2024	26,000,000	26,090,736	2.44
Hong Kong Government Bond 2.07% 26/08/2026	37,000,000	37,836,799	3.54
Hong Kong Government Bond 2.31% 21/06/2021	45,000,000	46,587,350	4.35
Hong Kong Government Bond 2.44% 07/12/2020	10,000,000	10,382,981	0.97
Hong Kong Government Bond 2.53% 22/06/2020	20,000,000	20,790,369	1.94
Hong Kong Government Bond Programme 2.13% 16/07/2030	10,000,000	10,197,455	0.95
Hong Kong Treasury Bill 0.00% 01/02/2017	20,000,000	19,991,040	1.87
Hong Kong Treasury Bill 0.00% 08/02/2017	16,000,000	15,990,736	1.49
Hong Kong Treasury Bill 0.00% 15/02/2017	10,000,000	9,992,830	0.93
Hong Kong Treasury Bill 0.00% 15/03/2017	15,000,000	14,979,615	1.40
Hong Kong Treasury Bill 0.00% 22/03/2017	15,000,000	14,977,155	1.40
Hong Kong Treasury Bill 0.00% 10/05/2017	28,000,000	27,926,024	2.61
Hong Kong Treasury Bill 0.00% 07/06/2017	15,000,000	14,950,320	1.40
Hong Kong Treasury Bill 0.00% 06/09/2017	15,000,000	14,915,880	1.39
Hongkong Electric Finance Ltd 2.55% 01/08/2028	10,000,000	9,226,640	0.86
Hongkong Land Notes Co Ltd 2.90% 07/12/2022	1,000,000	982,634	0.09
Hongkong Land Notes Co Ltd 3.86% 07/03/2022	2,000,000	2,071,962	0.19
Hongkong Land Notes Co Ltd 4.10% 28/07/2025	20,000,000	21,168,312	1.98
Hongkong Land Treasury Services (Singapore) Pte Ltd 4.1875% 23/10/2019	19,000,000	19,893,135	1.86
Hysan MTN Ltd 3.78% 31/08/2020	11,000,000	11,169,026	1.04
Hysan MTN Ltd 3.90% 08/03/2019	25,000,000	25,526,710	2.39
IFC Development Corporate Treasury Ltd 3.40% 26/03/2020	20,000,000	20,360,572	1.90
Korea National Oil Corp 2.18% 29/01/2020	10,000,000	9,847,910	0.92
Korea National Oil Corp 4.50% 04/03/2021	6,000,000	6,559,663	0.61
Mitsubishi Corp Finance plc 2.48% 18/01/2019	18,000,000	18,342,783	1.71
Mizuho Bank Ltd 2.25% 07/05/2020	20,000,000	19,941,132	1.86
Mizuho Bank Ltd 2.65% 22/11/2021	10,000,000	9,706,341	0.91
National Australia Bank Ltd 3.73% 17/05/2026	24,000,000	24,103,407	2.25

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT HONG KONG DOLLAR (HK\$) BOND FUND (CONTINUED)

	Nominal value	Market value	% of net assets
	HK\$	HK\$	
Listed/quoted investments (98.66%) (continued)			
Bonds (75.99%) (continued)			
<i>Denominated in Hong Kong dollar (75.99%) (continued)</i>			
Sun Hung Kai Properties Capital Market Ltd 2.95% 08/05/2023	10,000,000	9,843,884	0.92
Sun Hung Kai Properties Capital Market Ltd 3.25% 05/12/2022	6,000,000	6,011,359	0.56
Sun Hung Kai Properties Capital Market Ltd 3.25% 05/12/2022	14,000,000	14,024,376	1.31
Sun Hung Kai Properties Capital Market Ltd 4.00% 16/04/2024	4,000,000	4,195,947	0.39
Sun Hung Kai Properties Capital Market Ltd 4.03% 03/06/2019	2,000,000	2,073,031	0.19
Sun Hung Kai Properties Capital Market Ltd 4.05% 24/02/2021	8,000,000	8,363,155	0.78
Swire Pacific MTN Financing Ltd 2.50% 27/04/2022	16,000,000	15,560,473	1.45
Swire Pacific MTN Financing Ltd 2.85% 18/07/2022	9,000,000	8,892,740	0.83
Swire Pacific MTN Financing Ltd 3.00% 22/03/2023	7,000,000	6,883,183	0.64
Swire Pacific MTN Financing Ltd 3.68% 27/05/2024	5,000,000	5,079,850	0.48
Swire Pacific MTN Financing Ltd 3.78% 28/02/2022	5,000,000	5,168,310	0.48
Swire Properties MTN Financing Ltd 2.35% 23/08/2017	9,000,000	9,053,847	0.85
Swire Properties MTN Financing Ltd 2.65% 03/06/2026	12,000,000	11,251,683	1.05
Swire Properties MTN Financing Ltd 2.80% 26/03/2025	7,000,000	6,619,178	0.62
Swire Properties MTN Financing Ltd 3.00% 06/11/2025	10,000,000	9,593,355	0.90
Swire Properties MTN Financing Ltd 3.55% 17/07/2024	6,000,000	6,108,551	0.57
Tencent Holdings Ltd 2.30% 24/09/2018	8,000,000	7,982,408	0.75
United Overseas Bank Ltd 3.19% 26/08/2028	20,000,000	18,705,926	1.75
Wells Fargo Bank NA 2.79% 26/05/2026	20,000,000	19,283,200	1.80
Certificates of deposit (22.67%)			
<i>Denominated in Hong Kong dollar (22.67%)</i>			
Bank of China Ltd – Hong Kong 2.00% 27/05/2019	23,000,000	22,899,904	2.14
Bank of China Ltd – Macau 2.34% 15/10/2020	20,000,000	19,467,837	1.82
Bank of Communications Co Ltd – Hong Kong 1.95% 21/05/2018	20,000,000	19,967,968	1.86
Bank of Communications Co Ltd – Hong Kong 1.99% 19/03/2018	3,000,000	2,996,588	0.28
Bank of Tokyo-Mitsubishi UFJ Ltd – Hong Kong 2.05% 17/03/2021	36,000,000	34,550,645	3.23

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

**BEA UNION INVESTMENT HONG KONG DOLLAR (HK\$) BOND FUND
(CONTINUED)**

	Nominal value	Market value HK\$	% of net assets
Listed/quoted investments (98.66%) (continued)			
Certificates of deposit (22.67%) (continued)			
<i>Denominated in Hong Kong dollar (22.67%) (continued)</i>			
China Development Bank Corp 1.30% 23/11/2017	10,000,000	9,966,600	0.93
China Development Bank Corp 2.535% 17/09/2020	11,000,000	10,889,263	1.02
China Development Bank Corp 2.625% 03/04/2020	5,000,000	4,994,423	0.46
China Development Bank Corp 3.20% 05/12/2022	11,000,000	10,895,413	1.02
China Development Bank Corp 3.91% 18/05/2020	2,000,000	2,111,935	0.20
China Merchants Bank Co Ltd 3.30% 23/04/2019	6,500,000	6,725,987	0.63
Fubon Bank Hong Kong Ltd 1.60% 06/09/2019	34,000,000	33,420,598	3.12
Hang Seng Bank Ltd 2.25% 11/05/2020	18,000,000	17,900,817	1.67
Sumitomo Mitsui Banking Corp – Hong Kong 2.20% 11/06/2020	10,000,000	9,828,365	0.92
Sumitomo Mitsui Banking Corp – Hong Kong 2.40% 10/03/2021	37,000,000	36,047,438	3.37
Total listed/quoted investments	<u>1,056,189,331</u>		<u>98.66</u>
Total investments, at cost	<u>1,078,181,215</u>		

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL EQUITY FUND

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (98.17%)			
Equities (86.06%)			
<i>Canada (2.00%)</i>			
Suncor Energy Inc	31,217	7,922,972	2.00
<i>France (6.54%)</i>			
BNP Paribas SA	4,782	2,361,184	0.60
Edenred SA	45,823	7,054,165	1.78
Engie SA	21,184	2,099,606	0.53
Eurazeo SA	4,225	1,920,315	0.49
LVMH Moet Hennessy Louis Vuitton SE	6,026	8,926,775	2.26
Total SA	8,767	3,487,159	0.88
<i>Germany (5.89%)</i>			
Adidas AG	4,967	6,072,430	1.54
Fresenius Medical Care AG & Co KGaA	10,196	6,730,357	1.70
Lanxess AG	20,584	10,483,481	2.65
<i>Netherlands (1.53%)</i>			
Koninklijke Philips NV	17,530	4,152,958	1.05
Unilever NV	5,905	1,888,578	0.48
<i>Switzerland (5.12%)</i>			
Julius Baer Group Ltd	19,599	6,762,306	1.71
Lafargeholcim Ltd – REG	4,683	1,916,585	0.48
Nestle SA – REG	7,404	4,125,921	1.05
Roche Holding AG – Genusschein	4,192	7,438,156	1.88

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL EQUITY FUND (CONTINUED)

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (98.17%) (continued)			
Equities (86.06%) (continued)			
<i>The United Kingdom (4.24%)</i>			
British American Tobacco plc	14,879	6,585,501	1.67
Informa plc	43,929	2,849,135	0.72
Reckitt Benckiser Group plc	9,485	6,243,532	1.58
Vodafone Group plc	55,685	1,065,876	0.27
<i>The United States of America (60.74%)</i>			
Accenture plc – CL A	7,112	6,458,587	1.63
Affiliated Managers Group Inc	7,933	8,938,002	2.26
Alphabet Inc – CL C	1,422	8,512,596	2.15
Amdocs Ltd	10,713	4,838,209	1.22
Aon plc	7,688	6,648,469	1.68
AutoZone Inc	1,740	10,666,640	2.70
Berkshire Hathaway Inc – CL B	6,096	7,705,310	1.95
Biogen Inc	3,244	7,133,379	1.81
Cognizant Technology Solutions Corp – A	12,303	5,344,527	1.35
Danaher Corp	10,896	6,580,008	1.67
Delphi Automotive plc	9,558	4,990,939	1.26
Discover Financial Services	13,835	7,732,712	1.96
Equifax Inc	8,780	8,046,178	2.04
Facebook Inc – A	9,178	8,192,457	2.07
Fiserv Inc	5,104	4,205,715	1.06
Fortive Corp	11,721	4,875,420	1.23
Johnson & Johnson	8,073	7,212,998	1.83
JPMorgan Chase and Co	18,001	12,048,584	3.05
Medtronic plc	11,416	6,306,327	1.60
Moody's Corp	10,910	7,975,685	2.02
Northrop Grumman Corp	3,728	6,724,158	1.70
Oracle Corp	13,829	4,122,539	1.04
Philip Morris International Inc	15,605	11,071,589	2.80
Symantec Corp	21,575	3,996,176	1.01
The Goldman Sachs Group Inc	6,345	11,786,804	2.98
The Home Depot Inc	7,768	8,078,166	2.04
The Interpublic Group of Co Inc	35,051	6,361,792	1.61
The Kraft Heinz Co	14,612	9,894,651	2.50
The TJX Co Inc	12,569	7,325,258	1.85
Thermo Fisher Scientific Inc	6,176	6,757,304	1.71
UnitedHealth Group Inc	5,473	6,793,937	1.72
Visa Inc – CL A	13,044	7,904,474	2.00
Waters Corp	4,720	4,919,442	1.24

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT GLOBAL EQUITY FUND (CONTINUED)

	Holding shares/units	Market value HK\$	% of net assets
Listed/quoted investments (98.17%) (continued)			
Approved index-tracking funds (12.11%)			
<i>The United Kingdom (8.27%)</i>			
iShare MSCI World UCITS ETF USD (Dist)	112,630	32,704,921	8.27
<i>The United States of America (3.84%)</i>			
iShare MSCI Japan ETF	40,075	15,174,934	3.84
Total listed/quoted investments		<u>388,115,879</u>	<u>98.17</u>
Total investments, at cost		<u>362,902,372</u>	

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT ASIA PACIFIC INVESTMENT GRADE BOND FUND

	Nominal value	Market value HK\$	% of net assets
Listed/quoted investments (96.40%)			
Bonds (96.40%)			
<i>Denominated in United States dollar (96.40%)</i>			
Adani Transmission Ltd 4.00% 03/08/2026	1,000,000	7,447,003	1.63
Agricultural Bank of China – New York 1.89122% 16/05/2019	1,750,000	13,647,457	2.98
AIA Group Ltd 3.20% 11/03/2025	1,000,000	7,524,793	1.64
Azure Nova International Finance Ltd 2.25% 01/11/2019	1,000,000	7,698,403	1.68
Baidu Inc 4.125% 30/06/2025	1,000,000	7,840,166	1.71
Baosteel Financing 2015 Pty Ltd 3.875% 28/01/2020	1,500,000	11,940,325	2.61
Beijing Capital Polaris Investment Co Ltd 2.875% 01/04/2018	1,500,000	11,677,595	2.55
Bluestar Finance Holdings Ltd 3.50% 30/09/2021	1,000,000	7,712,725	1.68
BOC Aviation Ltd 2.375% 15/09/2021	500,000	3,742,104	0.82
Bright Galaxy International Ltd 3.375% 03/11/2021	500,000	3,786,663	0.83
CGN New Energy Holdings Co Ltd 4.00% 19/08/2018	2,500,000	19,992,570	4.37
China Construction Bank Corp 3.875% 13/05/2025	2,500,000	19,519,628	4.26
China Funding Investment 2014 2 2.55206% 12/08/2017	1,000,000	7,779,691	1.70
China Great Wall International Holdings III Ltd 2.625% 27/10/2021	1,000,000	7,487,569	1.63
China Overseas Finance Cayman III Ltd 5.375% 29/10/2023	1,500,000	12,688,560	2.77
China Overseas Finance Cayman VI Ltd 6.45% 11/06/2034	1,000,000	8,931,876	1.95
China Railway Xunjie Co Ltd 3.25% 28/07/2026	500,000	3,721,284	0.81
China Taiping New Horizon Ltd 6.00% 18/10/2023	804,000	6,961,517	1.52
CITIC Ltd 6.80% 17/01/2023	1,000,000	9,237,694	2.02
CNOOC Finance 2011 Ltd 5.75% 26/01/2041	750,000	6,891,167	1.50
CNOOC Finance 2013 Ltd 3.00% 09/05/2023	1,000,000	7,516,462	1.64
COSCO Finance 2011 Ltd 4.00% 03/12/2022	1,500,000	12,036,414	2.63
Dah Sing Bank Ltd 5.25% 29/01/2024	3,000,000	24,538,611	5.36
Doosan Infracore Co Ltd 2.375% 21/11/2019	500,000	3,869,394	0.84
Doosan Power System SA 2.50% 03/12/2045	2,500,000	19,397,086	4.24
Export-Import Bank of Malaysia Bhd 2.48% 20/10/2021	500,000	3,762,874	0.82
FTL Capital Ltd 4.125% 25/04/2023	2,000,000	15,416,692	3.37
FWD Ltd 5.00% 24/09/2024	1,000,000	8,108,639	1.77
HKT Capital No 4 Ltd 3.00% 14/07/2026	1,000,000	7,233,576	1.58
Huarong Finance II Co Ltd 2.875% 22/11/2019	500,000	3,856,119	0.84

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

AS AT 31 DECEMBER 2016 (CONTINUED)

INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT ASIA PACIFIC INVESTMENT GRADE BOND FUND (CONTINUED)

	Nominal value	Market value HK\$	% of net assets
Listed/quoted investments (96.40%) (continued)			
Bonds (96.40%) (continued)			
<i>Denominated in United States dollar (96.40%) (continued)</i>			
Industrial & Commercial Bank of China (Asia) Ltd 4.50% 10/10/2023	2,500,000	20,037,312	4.37
Industrial & Commercial Bank of China Ltd – New York 2.09206% 13/11/2017	500,000	3,897,114	0.85
Kasikornbank PCL Hong Kong 2.375% 06/04/2022	500,000	3,721,420	0.81
KEB Hana Bank 4.25% 14/10/2024	300,000	2,356,854	0.51
King Power Capital Ltd 5.625% 03/11/2024	500,000	4,261,756	0.93
Korea Resources Corp 2.25% 19/04/2021	1,500,000	11,345,712	2.48
Oversea-Chinese Banking Corp Ltd 4.00% 15/10/2024	2,500,000	20,049,706	4.38
Poly Real Estate Finance 5.25% 25/04/2019	750,000	6,150,925	1.34
QNB Finance Ltd 2.125% 07/09/2021	500,000	3,706,036	0.81
Reliance Industries Ltd 4.125% 28/01/2025	500,000	3,921,892	0.86
Reliance Industries Ltd 4.875% 10/02/2045	750,000	5,612,113	1.23
Shenzhen Expressway Co Ltd 2.875% 18/07/2021	500,000	3,847,447	0.84
Shinhan Bank 1.52606% 08/04/2017	500,000	3,889,308	0.85
Shougang Corp 3.375% 09/12/2019	1,000,000	7,716,099	1.68
Sinopec Group Overseas Development 2016 Ltd 2.00% 29/09/2021	1,000,000	7,432,556	1.62
SMBC Aviation Capital Finance DAC 2.65% 15/07/2021	500,000	3,786,382	0.83
SPIC 2016 US Dollar Bond Co Ltd 3.00% 06/12/2021	1,000,000	7,734,093	1.69
Tencent Holdings Ltd 2.875% 11/02/2020	500,000	3,930,922	0.86
United Overseas Bank Ltd 3.50% 16/09/2026	1,500,000	11,618,642	2.54
United States Treasury Note 2.50% 15/05/2046	1,000,000	6,896,386	1.51
Woodside Finance Ltd 3.70% 15/09/2026	500,000	3,757,073	0.82
Wuhan Metro Group Co Ltd 2.375% 08/11/2019	500,000	3,854,576	0.84
Total listed/quoted investments		441,488,981	96.40
Total investments, at cost		443,990,068	

Note: Investments are accounted for on a trade date basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

BEA UNION INVESTMENT ASIA STRATEGIC GROWTH FUND

	% of net assets	
	2016	2015
Equities:		
China and Hong Kong	44.96	40.09
India	–	0.86
Indonesia	2.70	3.61
Korea	18.12	20.32
Malaysia	1.86	3.50
Singapore	4.24	6.74
Taiwan	18.78	16.78
The Philippines	2.36	1.75
Non-voting depository receipts:		
Thailand	3.44	2.21
Investment fund:		
China and Hong Kong	1.83	1.12
	<u>98.29</u>	<u>96.98</u>

BEA UNION INVESTMENT GLOBAL BOND FUND

	% of net assets	
	2016	2015
Bonds:		
Australian dollar	1.50	0.90
British pound	6.30	8.95
Canadian dollar	1.37	1.43
Euro	23.59	23.79
Hong Kong dollar	0.36	–
Japanese yen	11.60	15.67
Korean won	0.93	1.01
Malaysian ringgit	–	1.00
United States dollar	46.22	40.66
Certificate of deposit:		
Canadian dollar	0.36	0.61
	<u>92.23</u>	<u>94.02</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT HONG KONG GROWTH FUND

	% of net assets	
	2016	2015
Equities:		
China and Hong Kong	95.58	93.77
Investment fund:		
China and Hong Kong	2.28	0.31
Real estate investment trust:		
China and Hong Kong	–	1.03
	<u>97.86</u>	<u>95.11</u>

BEA UNION INVESTMENT GREATER CHINA GROWTH FUND

	% of net assets	
	2016	2015
Equities:		
China and Hong Kong	69.78	67.72
Singapore	–	1.12
Taiwan	28.05	26.64
Investment fund:		
China and Hong Kong	–	0.26
Real estate investment trust:		
China and Hong Kong	–	0.78
	<u>97.83</u>	<u>96.52</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT HONG KONG DOLLAR (HK\$) BOND FUND

	% of net assets	
	2016	2015
Bonds:		
Hong Kong dollar	75.99	76.77
Certificates of deposit:		
Hong Kong dollar	22.67	21.33
	<u>98.66</u>	<u>98.10</u>

BEA UNION INVESTMENT GLOBAL EQUITY FUND

	% of net assets	
	2016	2015
Equities:		
Canada	2.00	3.26
Denmark	–	1.21
France	6.54	4.45
Germany	5.89	4.37
Japan	–	4.02
Netherlands	1.53	–
Switzerland	5.12	5.33
The United Kingdom	4.24	7.24
The United States of America	60.74	63.48
Approved index-tracking funds:		
The United Kingdom	8.27	–
The United States of America	3.84	5.19
	<u>98.17</u>	<u>98.55</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INVESTMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

BEA UNION INVESTMENT ASIA PACIFIC INVESTMENT GRADE BOND FUND

	% of net assets	
	2016	2015
Bonds:		
United States dollar	<u>96.40</u>	<u>99.81</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF BEA UNION INVESTMENT CAPITAL GROWTH FUND (“THE FUND”)

We hereby confirm that:

- (1) In our opinion, the Manager of the Fund and its sub-funds (“the Sub-funds”) has in all material respects managed the Fund and the Sub-funds in accordance with the provisions of the Trust Deed dated 22 September 2000, as amended, for the year ended 31 December 2016.
- (2) We have not become aware of any failures by the Custodian, the Manager or their delegates to comply with the obligations imposed on them with respect to the Fund for the year ended 31 December 2016, except to the extent that such failures have been previously reported to the Hong Kong Mandatory Provident Fund Schemes Authority (“the Authority”);
- (3) We are not aware of any events of a significant nature relating to the Fund and the Sub-funds that occurred during the year ended 31 December 2016 which have not been reported to the Authority;
- (4) The provisions of the constitutive documents, the Hong Kong Mandatory Provident Fund Schemes Ordinance, the Hong Kong Mandatory Provident Fund Schemes (General) Regulation, the Hong Kong Code on MPF Investment Funds, the Hong Kong Code on Unit Trusts and Mutual Funds and other relevant guidelines issued by the Authority have been complied with in all material respects in respect of the Fund for the year ended 31 December 2016, except to the extent that any non-compliance has been previously reported to the Authority;
- (5) There are no material changes which have not been reported to the Authority during the year ended 31 December 2016; and
- (6) We have supervised, and exercised proper control over all persons appointed or engaged for the purposes of the Fund and the Sub-funds during the year ended 31 December 2016.

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For and on behalf of
Bank of East Asia (Trustees) Limited
東亞銀行(信託)有限公司

12 April 2017

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BEA UNION INVESTMENT CAPITAL GROWTH FUND ("THE FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the sub-funds within the Fund ("the Sub-funds") set out on pages 49 to 90, which comprise the statement of assets and liabilities as at 31 December 2016, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-funds as at 31 December 2016 and of their financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BEA UNION INVESTMENT CAPITAL GROWTH FUND ("THE FUND") (CONTINUED)

Report on the Audit of Financial Statements (continued)

Responsibilities of Manager and Trustee for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Manager and the Trustee of the Fund determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Sub-funds or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Fund dated 22 September 2000, as amended ("the Trust Deed"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether, the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section C2.2 of the MPF Code issued by the MPFA and section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed of the Fund, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the SFC Code issued by the SFC.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BEA UNION INVESTMENT CAPITAL GROWTH FUND ("THE FUND") (CONTINUED)

Report on the Audit of Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee of the Fund.
- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee of the Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BEA UNION INVESTMENT CAPITAL GROWTH FUND ("THE FUND") (CONTINUED)

Report on matters under the relevant disclosure provisions of the Trust Deed, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the SFC Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the SFC Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 April 2017

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF BEA UNION INVESTMENT CAPITAL GROWTH FUND ("THE FUND")

We have audited the financial statements of the sub-funds within the Fund ("the Sub-funds") for the year ended 31 December 2016 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 12 April 2017.

Pursuant to Guidelines II.5 and Code on MPF Investment Funds ("MPF Code") issued by the Mandatory Provident Fund Schemes Authority ("the MPFA"), we are required to report whether the Sub-funds complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("the MPFSO") and the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation"), which are made applicable to the Sub-funds through the MPF Code.

Trustee's responsibility

The General Regulation requires the Trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the assets of the Sub-funds and all financial transactions entered into in relation to the Sub-funds;
- (b) the requirements specified in the guidelines made by the MPFA under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 of, and Schedule 1 to, the General Regulation, which are made applicable to the Sub-funds through the Code on MPF Investment Funds, are complied with; and
- (c) the assets of the Sub-funds are not subject to any encumbrance, otherwise than as permitted by Section 65 of the General Regulation.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to report solely to you, on the Sub-funds' compliance with the above requirements based on the results of the procedures performed by us, in accordance with section C2.2 of the MPF Code issued by the MPFA and section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagement Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 860.1 (Revised) *The Audit of Retirement Schemes* ("PN 860.1 (Revised)") issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance about whether the Sub-funds have complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Administrator regarding the Sub funds' compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF BEA UNION INVESTMENT CAPITAL GROWTH FUND ("THE FUND") (CONTINUED)

Opinion

Based on the foregoing:

- 1 in our opinion:
 - (a) proper accounting and other records have been kept during the year ended 31 December 2016 in respect of the assets of the Sub-funds and all financial transactions entered into in relation to the Sub-funds; and
 - (b) the requirements specified in the guidelines made by the MPFA under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 of, and Schedule 1 to, the General Regulation, which are made applicable to the Sub-Funds through the Code on MPF Investment Funds, have been complied with, in all material respects, as at 30 June 2016, 30 September 2016 and 31 December 2016.
- 2 as at 31 December 2016, the assets of the Sub-funds were not subject to any encumbrance, otherwise than as permitted by section 65 of the General Regulation, which are made applicable to the Sub-funds through the MPF Code.

Intended users and purpose

This report is intended solely for submission by the Trustee to the MPFA and is not intended to be, and should not be, used by anyone for any other purpose.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 April 2017

BEA UNION INVESTMENT CAPITAL GROWTH FUND

STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 DECEMBER 2016 (EXPRESSED IN HONG KONG DOLLARS)

	Note	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Assets															
Investments	6(a), 7	1,594,373,800	1,501,003,105	4,459,322,463	4,311,670,773	2,358,869,012	2,697,455,107	1,367,380,432	1,169,930,983	1,056,189,331	807,556,678	388,115,879	526,616,745	441,488,981	428,891,011
Derivative financial instruments	8	–	–	3,622,464	3,468,803	–	–	–	–	–	–	78,506	–	–	35,244
Amounts due from brokers		73,428,416	45,109,201	–	–	46,238,327	76,163,833	11,842,106	22,084,869	–	–	–	800,986	–	–
Amounts receivable on subscription		–	–	–	–	3,659,488	400,088	–	–	8,000,000	241,951	–	–	–	–
Dividends and other receivables		686,402	724,052	791	7,596	634,018	35	276,481	107	1	14	382,689	722,350	–	225
Cash at banks	10(d)	72,292,526	51,365,127	372,508,616	271,041,729	128,692,360	103,741,043	46,729,639	34,362,498	14,794,676	15,969,527	6,873,975	8,011,201	16,625,525	839,146
Total assets		1,740,781,144	1,598,201,485	4,835,454,334	4,586,188,901	2,538,093,205	2,877,760,106	1,426,228,658	1,226,378,457	1,078,984,008	823,768,170	395,451,049	536,151,282	458,114,506	429,765,626
Liabilities															
Derivative financial instruments	8	–	–	–	–	–	–	–	–	–	–	–	6,981	35,888	–
Amounts due to brokers		118,342,143	49,809,078	–	–	126,496,192	41,136,871	27,932,847	13,793,003	–	–	–	1,601,646	–	–
Amounts payable on redemption		–	136,224	–	–	492,949	–	131,352	12,468	7,600,514	–	–	–	–	–
Accruals and other payables	10(a), 10(b), 10(c)	372,329	455,330	251,678	245,304	586,308	553,492	459,557	418,832	825,595	539,136	110,257	181,151	89,207	75,117
Total liabilities (excluding net assets attributable to unitholders)		118,714,472	50,400,632	251,678	245,304	127,575,449	41,690,363	28,523,756	14,224,303	8,426,109	539,136	110,257	1,789,778	125,095	75,117
Net assets attributable to unitholders															
Financial liabilities		<u>1,622,066,672</u>	<u>1,547,800,853</u>	<u>4,835,202,656</u>	<u>4,585,943,597</u>	<u>2,410,517,756</u>	<u>2,836,069,743</u>	<u>1,397,704,902</u>	<u>1,212,154,154</u>	<u>1,070,557,899</u>	<u>823,229,034</u>	–	–	–	–
Equity		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>395,340,792</u>	<u>534,361,504</u>	<u>457,989,411</u>	<u>429,690,509</u>
Represented by:															
Adjustment from bid market prices to last traded market prices	4	1,865,654	2,190,069	4,970,468	4,523,650	2,018,016	4,258,523	1,620,387	1,457,428	3,020,644	2,881,873	18,344	43,194	823,609	1,043,453
Net assets attributable to unitholders (at last traded market prices)	4	1,623,932,326	1,549,990,922	4,840,173,124	4,590,467,247	2,412,535,772	2,840,328,266	1,399,325,289	1,213,611,582	1,073,578,543	826,110,907	395,359,136	534,404,698	458,813,020	430,733,962
Number of units outstanding	4														
– Class A		5,514,040.282	5,292,645.667	41,872,496.785	40,587,304.078	8,885,432.303	10,682,013.434	6,354,610.198	5,488,637.525	945,898.880	1,913,585.717	2,968,725.595	4,210,590.437	4,085,245.431	4,014,802.838
– Class D ⁽¹⁾		–	–	–	–	–	–	–	–	1,514,911.910	1,112,160.577	–	–	–	–
– Class R		306,745.028	522,545.335	412,361.998	361,759.847	1,241,522.278	1,229,961.257	940,216.204	955,169.053	6,690,226.321	3,905,407.349	–	–	–	–
Net asset value per unit (at last traded market prices)	4														
– Class A		281.88	270.96	114.59	112.21	243.07	242.16	195.69	192.30	128.98	128.33	133.17	126.92	112.31	107.29
– Class D ⁽¹⁾		–	–	–	–	–	–	–	–	100.41	101.00	–	–	–	–
– Class R		227.02	221.81	101.63	100.44	203.59	206.16	165.72	165.57	119.50	119.89	–	–	–	–

⁽¹⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

Approved and authorised for issue by the Trustee and the Manager on 12 April 2017

}
For and on behalf of
Bank of East Asia (Trustees) Limited
東亞銀行(信託)有限公司

}
For and on behalf of
BEA Union Investment Management Limited
東亞聯豐投資管理有限公司

The notes on pages 54 to 90 form part of these financial statements.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016 (EXPRESSED IN HONG KONG DOLLARS)

	Note	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Income															
Dividend income		45,876,965	30,948,361	–	–	91,521,317	84,333,660	41,650,257	28,897,857	–	–	6,865,679	8,779,702	–	–
Interest on bank deposits		15,390	1,833	27,194	198,156	550	492	429	307	99	111	125	261	334	3,440
Other income		–	–	31,300	38,750	–	–	–	–	–	–	–	–	–	9,688
Net gains/(losses) on investments	9	61,232,799	(146,520,470)	78,187,485	(133,566,446)	(44,115,655)	(285,248,223)	15,573,543	(89,781,408)	(4,613,721)	21,792,879	9,340,152	7,069,320	21,442,859	26,543,267
Exchange (losses)/gains		(7,014,027)	(6,853,839)	9,856,504	20,154,817	(132,388)	–	(1,739,307)	(1,860,628)	–	–	(1,192,668)	(208,376)	(489,596)	161,393
Total investment income/(loss)		<u>100,111,127</u>	<u>(122,424,115)</u>	<u>88,102,483</u>	<u>(113,174,723)</u>	<u>47,273,824</u>	<u>(200,914,071)</u>	<u>55,484,922</u>	<u>(62,743,872)</u>	<u>(4,613,622)</u>	<u>21,792,990</u>	<u>15,013,288</u>	<u>15,640,907</u>	<u>20,953,597</u>	<u>26,717,788</u>
Expenses															
Investment management fees	10(a)	1,402,992	2,197,942	335,585	314,529	3,675,281	4,411,593	2,332,869	2,668,480	5,760,243	3,545,193	–	–	–	–
Trustee's fees	10(b)	116,916	183,162	33,559	31,453	306,273	367,633	233,287	266,848	543,979	343,356	–	–	–	–
Safe custody and bank charges		821,209	736,349	784,111	383,572	673,933	731,095	574,987	509,028	112,043	103,648	83,104	85,792	48,941	64,760
Audit fee		51,207	51,175	51,207	51,175	63,491	63,435	51,206	51,175	63,492	63,435	51,207	51,175	51,207	51,175
Registrar's fees	10(c)	460,583	428,509	955,840	828,042	617,986	681,774	416,713	409,006	341,807	322,607	201,278	226,110	225,357	272,228
Pre-operating expenses		–	–	–	–	–	–	–	–	–	20,000	–	–	–	–
Printing and publication expenses		10,388	14,126	30,826	27,615	17,492	27,222	8,334	13,441	6,570	8,037	2,734	2,687	3,756	4,124
Legal and other professional fees		45,211	17,385	–	–	2,010	15,770	–	6,574	–	–	–	2,391	–	2,467
Transaction costs		24,570,853	27,857,125	–	–	17,636,485	13,287,262	15,021,353	13,317,651	–	–	725,402	884,253	–	–
Other operating expenses		72,445	136,321	29,613	7,473	28,370	6,367	72,294	94,786	27,190	5,015	26,882	4,781	26,929	4,783
Total operating expenses		<u>27,551,804</u>	<u>31,622,094</u>	<u>2,220,741</u>	<u>1,643,859</u>	<u>23,021,321</u>	<u>19,592,151</u>	<u>18,711,043</u>	<u>17,336,989</u>	<u>6,855,324</u>	<u>4,411,291</u>	<u>1,090,607</u>	<u>1,257,189</u>	<u>356,190</u>	<u>399,537</u>
Profit/(loss) before taxation		<u>72,559,323</u>	<u>(154,046,209)</u>	<u>85,881,742</u>	<u>(114,818,582)</u>	<u>24,252,503</u>	<u>(220,506,222)</u>	<u>36,773,879</u>	<u>(80,080,861)</u>	<u>(11,468,946)</u>	<u>17,381,699</u>	<u>13,922,681</u>	<u>14,383,718</u>	<u>20,597,407</u>	<u>26,318,251</u>
Overseas tax	13	(6,716,814)	(3,523,720)	(900,100)	(917,593)	(3,744,590)	(4,241,726)	(4,332,541)	(2,696,935)	–	–	(1,340,997)	(1,763,184)	–	–
Change in net assets attributable to unitholders from operations		<u>65,842,509</u>	<u>(157,569,929)</u>	<u>84,981,642</u>	<u>(115,736,175)</u>	<u>20,507,913</u>	<u>(224,747,948)</u>	<u>32,441,338</u>	<u>(82,777,796)</u>	<u>(11,468,946)</u>	<u>17,381,699</u>	<u>12,581,684</u>	<u>12,620,534</u>	<u>20,597,407</u>	<u>26,318,251</u>

The notes on pages 54 to 90 form part of these financial statements.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2016 (EXPRESSED IN HONG KONG DOLLARS)

	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net assets attributable to unitholders at beginning of the year	1,547,800,853	1,076,704,325	4,585,943,597	3,897,238,238	2,836,069,743	2,895,021,477	1,212,154,154	1,237,731,939	823,229,034	650,478,245	534,361,504	467,986,470	429,690,509	640,862,911
Proceeds on subscription of units	148,165,665	838,878,033	837,202,318	1,252,456,404	249,600,751	429,014,212	177,448,890	74,136,775	518,827,149	381,058,736	22,948,772	119,977,300	7,703,513	270,356,310
Payments on redemption of units	(139,742,355)	(210,211,576)	(672,924,901)	(448,014,870)	(695,660,651)	(263,217,998)	(24,339,480)	(16,936,764)	(260,029,338)	(225,689,646)	(174,551,168)	(66,222,800)	(2,018)	(507,846,963)
	1,556,224,163	1,705,370,782	4,750,221,014	4,701,679,772	2,390,009,843	3,060,817,691	1,365,263,564	1,294,931,950	1,082,026,845	805,847,335	382,759,108	521,740,970	437,392,004	403,372,258
Change in net assets attributable to unitholders from operations	65,842,509	(157,569,929)	84,981,642	(115,736,175)	20,507,913	(224,747,948)	32,441,338	(82,777,796)	(11,468,946)	17,381,699	12,581,684	12,620,534	20,597,407	26,318,251
Net assets attributable to unitholders at end of the year	<u>1,622,066,672</u>	<u>1,547,800,853</u>	<u>4,835,202,656</u>	<u>4,585,943,597</u>	<u>2,410,517,756</u>	<u>2,836,069,743</u>	<u>1,397,704,902</u>	<u>1,212,154,154</u>	<u>1,070,557,899</u>	<u>823,229,034</u>	<u>395,340,792</u>	<u>534,361,504</u>	<u>457,989,411</u>	<u>429,690,509</u>

The notes on pages 54 to 90 form part of these financial statements.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016 (EXPRESSED IN HONG KONG DOLLARS)

	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating activities														
Profit/(loss) before taxation	72,559,323	(154,046,209)	85,881,742	(114,818,582)	24,252,503	(220,506,222)	36,773,879	(80,080,861)	(11,468,946)	17,381,699	13,922,681	14,383,718	20,597,407	26,318,251
Adjustments for:														
Interest on bank deposits	(15,390)	(1,833)	(27,194)	(198,156)	(550)	(492)	(429)	(307)	(99)	(111)	(125)	(261)	(334)	(3,440)
Dividend income	(45,876,965)	(30,948,361)	–	–	(91,521,317)	(84,333,660)	(41,650,257)	(28,897,857)	–	–	(6,865,679)	(8,779,702)	–	–
Other income	–	–	(31,300)	(38,750)	–	–	–	–	–	–	–	–	–	(9,688)
Operating profit/(loss) before working capital changes	26,666,968	(184,996,403)	85,823,248	(115,055,488)	(67,269,364)	(304,840,374)	(4,876,807)	(108,979,025)	(11,469,045)	17,381,588	7,056,877	5,603,755	20,597,073	26,305,123
Net (increase)/decrease in investments	(93,370,695)	(465,805,798)	(147,651,690)	(620,184,758)	338,586,095	130,140,595	(197,449,449)	48,541,500	(248,632,653)	(165,688,415)	138,500,866	(69,535,001)	(12,597,970)	148,554,546
Net (increase)/decrease in amounts due from brokers	(28,319,215)	(35,689,085)	–	–	29,925,506	(76,163,833)	10,242,763	(22,084,869)	–	–	800,986	(800,986)	–	–
Net change in derivative financial instruments	–	–	(153,661)	13,675,172	–	–	–	–	–	–	(85,487)	152,800	71,132	(83,266)
Net increase/(decrease) in amounts due to brokers	68,533,065	41,616,350	–	–	85,359,321	33,122,084	14,139,844	7,741,963	–	–	(1,601,646)	1,601,646	–	–
Net (decrease)/increase in accruals and other payables	(83,001)	31,393	6,374	35,385	32,816	(120,462)	40,725	26,913	286,459	211,326	11,431	(4,322)	14,090	12,412
Cash (used in)/generated from operations	(26,572,878)	(644,843,543)	(61,975,729)	(721,529,689)	386,634,374	(217,861,990)	(177,902,924)	(74,753,518)	(259,815,239)	(148,095,501)	144,683,027	(62,982,108)	8,084,325	174,788,815
Dividend received, net of withholding tax	40,306,499	27,154,984	–	–	87,142,743	80,240,665	37,041,236	26,200,922	–	–	5,781,963	6,739,242	559	–
Interest received, net of withholding tax	15,622	1,602	(866,101)	(687,926)	551	492	535	200	112	116	180	208	–	13,160
Overseas tax paid	(1,108,930)	(222,950)	–	–	–	–	–	–	–	–	–	–	–	–
Other income received	–	–	31,300	–	–	–	–	–	–	–	–	–	–	–
Net cash generated from/(used in) operating activities	12,640,313	(617,909,907)	(62,810,530)	(722,217,615)	473,777,668	(137,620,833)	(140,861,153)	(48,552,396)	(259,815,127)	(148,095,385)	150,465,170	(56,242,658)	8,084,884	174,801,975

BEA UNION INVESTMENT CAPITAL GROWTH FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016 (EXPRESSED IN HONG KONG DOLLARS) (CONTINUED)

	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Financing activities														
Proceeds on subscription of units	148,165,665	838,878,033	837,202,318	1,252,456,404	246,341,351	428,614,124	177,448,890	74,136,775	511,069,100	380,816,785	22,948,772	119,977,300	7,703,513	270,356,310
Payments on redemption of units	(139,878,579)	(210,136,351)	(672,924,901)	(448,014,870)	(695,167,702)	(264,425,029)	(24,220,596)	(17,203,320)	(252,428,824)	(225,689,646)	(174,551,168)	(66,222,800)	(2,018)	(507,846,963)
Net cash generated from/(used in) financing activities	<u>8,287,086</u>	<u>628,741,682</u>	<u>164,277,417</u>	<u>804,441,534</u>	<u>(448,826,351)</u>	<u>164,189,095</u>	<u>153,228,294</u>	<u>56,933,455</u>	<u>258,640,276</u>	<u>155,127,139</u>	<u>(151,602,396)</u>	<u>53,754,500</u>	<u>7,701,495</u>	<u>(237,490,653)</u>
Net increase/(decrease) in cash and cash equivalents	20,927,399	10,831,775	101,466,887	82,223,919	24,951,317	26,568,262	12,367,141	8,381,059	(1,174,851)	7,031,754	(1,137,226)	(2,488,158)	15,786,379	(62,688,678)
Cash and cash equivalents at beginning of the year	51,365,127	40,533,352	271,041,729	188,817,810	103,741,043	77,172,781	34,362,498	25,981,439	15,969,527	8,937,773	8,011,201	10,499,359	839,146	63,527,824
Cash and cash equivalents at end of the year	<u>72,292,526</u>	<u>51,365,127</u>	<u>372,508,616</u>	<u>271,041,729</u>	<u>128,692,360</u>	<u>103,741,043</u>	<u>46,729,639</u>	<u>34,362,498</u>	<u>14,794,676</u>	<u>15,969,527</u>	<u>6,873,975</u>	<u>8,011,201</u>	<u>16,625,525</u>	<u>839,146</u>
Supplemental cash flow information:														
Proceeds from sale of investments	<u>4,011,237,678</u>	<u>4,326,513,155</u>	<u>4,883,475,628</u>	<u>6,863,311,999</u>	<u>3,416,201,411</u>	<u>2,465,499,313</u>	<u>2,397,994,831</u>	<u>2,241,812,196</u>	<u>512,442,393</u>	<u>312,225,362</u>	<u>519,081,786</u>	<u>466,699,109</u>	<u>710,380,935</u>	<u>1,481,078,481</u>
Payments for purchase of investments	<u>(4,140,227,854)</u>	<u>(5,016,144,858)</u>	<u>(5,054,731,652)</u>	<u>(7,708,182,797)</u>	<u>(3,006,446,144)</u>	<u>(2,663,648,690)</u>	<u>(2,555,488,130)</u>	<u>(2,297,395,010)</u>	<u>(783,662,520)</u>	<u>(472,571,168)</u>	<u>(372,041,427)</u>	<u>(528,363,805)</u>	<u>(718,108,496)</u>	<u>(1,329,916,067)</u>

The notes on pages 54 to 90 form part of these financial statements.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

1 The Fund

BEA Union Investment Capital Growth Fund (“the Fund”) was established by the Trust Deed dated 22 September 2000 and supplemental trust deeds dated 11 September 2003, 11 August 2006, 3 June 2010, 6 April 2011, 24 May 2013, 24 May 2013, 11 November 2013 and 17 April 2015 (“the Trust Deed, as amended”).

The Fund is an umbrella fund which offers seven investment funds (collectively “the Sub-funds”) with different investment objectives and policies. As at 31 December 2016, the investment funds offered four classes of units, Class A, Class D, Class I and Class R. There is a minimum amount for initial investment and subsequent holding for Class D, Class I and Class R units. The Sub-funds of the Fund are:

- BEA Union Investment Asia Strategic Growth Fund – launched on 15 April 2003
- BEA Union Investment Global Bond Fund – launched on 1 March 2004
- BEA Union Investment Hong Kong Growth Fund – launched on 10 December 2004
- BEA Union Investment Greater China Growth Fund – launched on 1 September 2006
- BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund – launched on 6 November 2007
- BEA Union Investment Global Equity Fund – launched on 4 October 2012
- BEA Union Investment Asia Pacific Investment Grade Bond Fund – launched on 20 June 2014

The Fund and the Sub-funds are authorised by the Hong Kong Securities and Futures Commission (“the SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance (“the SFO”) and approved by the Mandatory Provident Fund Schemes Authority (“the MPFA”) under Section 6 of the Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”) as approved pooled investment funds (“APIFs”).

The Trust Deed, as amended, does not contain any requirement that a combined set of financial statements for the Fund itself be prepared. These financial statements are prepared for the Sub-funds only.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently and are consistent with those used in the previous year, unless otherwise stated.

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed, as amended, the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the Ordinance”), the General Regulation, the Code on Unit Trusts and Mutual Funds and other relevant guidelines issued by the MPFA. A summary of the significant accounting policies adopted by the Sub-funds is set out below.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

2 Summary of significant accounting policies (continued)

(a) Statement of compliance (continued)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Sub-funds. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Sub-funds for the current and prior accounting years reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as designated at fair value through profit or loss are stated at their value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Investments

All investments have been classified by the Sub-funds as “financial assets at fair value through profit or loss” at inception.

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. “Fair value” is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Sub-funds have access at that date.

When available, the Sub-funds measure the fair value of an investment using the quoted price in an active market for that investment. A market is regarded as “active” if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the Sub-funds’ investments are measured on the following bases:

- Investments that are listed or traded on an exchange are fair valued based on quoted bid prices.
- Investments which are not listed on an exchange are valued by using quoted bid prices from brokers.
- Debt securities are fair valued based on quoted bid prices.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

2 Summary of significant accounting policies (continued)

(c) Investments (continued)

Realised and unrealised gains and losses on investments are included in profit or loss in the year in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-funds have transferred substantially all risks and rewards of ownership.

(d) Forward foreign exchange contracts

Outstanding forward foreign exchange contracts are valued at the year end date by reference to the forward rate of exchange applicable to the outstanding term of the contracts. Unrealised gains and losses on outstanding contracts and realised gains and losses on closed contracts are included in profit or loss under the heading "exchange (losses)/gains".

(e) Income and expenses

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised when the underlying securities are quoted ex-dividend. Dividend is presented gross of any non-recoverable withholding taxes, which are separately disclosed in profit or loss. Interest income on debt securities is included in gains on investments. All other income and expenses are accounted for on an accruals basis.

(f) Units in issue

The Sub-funds classify capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the sub-fund's net assets in the event of the sub-fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the sub-fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the sub-fund over the life of the instrument.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

2 Summary of significant accounting policies (continued)

(f) Units in issue (continued)

In addition to the instrument having all the above features, the sub-fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the sub-fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

BEA Union Investment Asia Strategic Growth Fund, BEA Union Investment Global Bond Fund, BEA Union Investment Hong Kong Growth Fund and BEA Union Investment Greater China Growth Fund have four classes of redeemable units: Class A, Class D, Class I and Class R. Class A and Class R units were in issue.

BEA Union Investment Global Equity Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund have four classes of redeemable units: Class A, Class D, Class I and Class R. Only Class A units were in issue.

BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund has four classes of redeemable units: Class A, Class D, Class I and Class R. Class A, Class D and Class R units were in issue.

All redeemable units issued by the Sub-funds provide the investors with the right to require redemption for cash at a value proportionate to the investor's share in the corresponding sub-fund's net assets at each daily redemption date and also in the event of the corresponding sub-fund's liquidation.

Consequently, except for BEA Union Investment Global Equity Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund, all the Sub-funds have issued multiple classes of units, which rank *pari passu* in all material respects but have different terms and conditions as set out in the Explanatory Memorandum, which include minimum investment amounts, management fees, preliminary charges, realisation charges, switching fees, holders' servicing fees and distribution policy. Those redeemable units are the most subordinate classes of financial instruments in the Sub-funds. However, as the different classes of redeemable units do not have identical features, they do not meet the criteria for equity classification and therefore are classified as financial liabilities. They are measured at the redemption amounts.

Redeemable units of BEA Union Investment Global Equity Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund meet the definition of puttable instruments and being classified as equity instruments as at 31 December 2016.

The Trustee continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out in paragraphs 16A and 16B of HKAS 32, the Trustee will reclassify them as financial liabilities and measure them at fair value at the date of the reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions set out in paragraphs 16A and 16B of HKAS 32, the Trustee will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

2 Summary of significant accounting policies (continued)

(g) Foreign currencies translation

(i) Functional and presentation currency

Items included in the Sub-funds' financial statements are measured using the currency of the primary economic environment in which they operate ("the functional currency").

The financial statements of the Sub-funds are presented in Hong Kong dollars ("HKD"), which is these sub-funds' functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and demand deposits with banks and other financial institutions that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Financial assets and liabilities not at fair value

Financial assets that are classified as loans and receivables include amounts due from brokers, amounts receivable on subscription and dividends and other receivables, which are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, less impairment losses, if any.

Financial liabilities that are not at fair value through profit or loss include amounts due to brokers, amounts payable on redemption and accruals and other payables, which are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

2 Summary of significant accounting policies (continued)

(j) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of assets and liabilities when, and only when, the Sub-funds have a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(k) Related parties

(a) A person, or a close member of that person's family, is related to the Sub-funds if that person:

- (i) has control or joint control over the Sub-funds;
- (ii) has significant influence over the Sub-funds; or
- (iii) is a member of the key management personnel of the Sub-funds or the Sub-funds' parent.

(b) An entity is related to the Sub-funds if any of the following conditions applies:

- (i) The entity and the Sub-funds are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Sub-funds.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group which it is a part, provides key management personnel services to the Sub-funds or to the Sub-fund's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

2 Summary of significant accounting policies (continued)

(i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as BEA Union Investment Management Limited ("the Manager").

3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Sub-funds. None of these developments have had a material effect on how the Sub-funds' results and financial position for the current or prior periods have been prepared or presented.

The Sub-funds have not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Capital management and units in issue

The Sub-funds' capital is represented by the net assets attributable to unitholders. The Sub-funds have no restrictions on the subscription and redemption of units. Subscriptions and redemptions of units during the year are shown on the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-funds endeavor to invest subscriptions received in accordance with the investment policies as outlined in the investment report. Redemptions are met by disposals of investments where necessary.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

4 Capital management and units in issue (continued)

In accordance with the provisions of the Trust Deed, as amended, listed investments and investments with prices quoted in over-the-counter markets or by market makers are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations. However, as stated in note 2(c), the accounting policy of the Sub-funds for the purpose of financial statements preparation is to value their investments at the relevant bid market prices on the year end date. The difference between the valuation of these investment positions as disclosed in note 2(c), and the valuation methodology indicated in the Fund's Trust Deed, as amended, resulted in a decrease in value of investments of the Sub-funds as at the year end reported in the financial statements, as follows:

	2016	2015
BEA Union Investment Asia Strategic Growth Fund	<u>HK\$1,865,654</u>	<u>HK\$2,190,069</u>
BEA Union Investment Global Bond Fund	<u>HK\$4,970,468</u>	<u>HK\$4,523,650</u>
BEA Union Investment Hong Kong Growth Fund	<u>HK\$2,018,016</u>	<u>HK\$4,258,523</u>
BEA Union Investment Greater China Growth Fund	<u>HK\$1,620,387</u>	<u>HK\$1,457,428</u>
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	<u>HK\$3,020,644</u>	<u>HK\$2,881,873</u>
BEA Union Investment Global Equity Fund	<u>HK\$18,344</u>	<u>HK\$43,194</u>
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>HK\$823,609</u>	<u>HK\$1,043,453</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

4 Capital management and units in issue (continued)

Movement of units in issue

	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
	2016 Units	2015 Units	2016 Units	2015 Units	2016 Units	2015 Units	2016 Units	2015 Units	2016 Units	2015 Units	2016 Units	2015 Units	2016 Units	2015 Units
Class A														
Balance at the beginning of the year	5,292,645.667	2,949,353.959	40,587,304.078	33,339,642.249	10,682,013.434	9,880,459.598	5,488,637.525	5,154,185.631	1,913,585.717	2,590,830.965	4,210,590.437	3,782,410.063	4,014,802.838	6,251,029.090
Units issued	541,447.453	2,893,386.317	7,000,172.185	11,217,315.320	749,263.670	1,431,720.872	951,959.326	336,485.678	148,709.032	52,575.266	177,544.417	934,541.953	70,461.105	2,559,085.938
Units redeemed	(320,052.838)	(550,094.609)	(5,714,979.478)	(3,969,653.491)	(2,545,844.801)	(630,167.036)	(85,986.653)	(2,033.784)	(1,116,395.869)	(729,820.514)	(1,419,409.259)	(506,361.579)	(18.512)	(4,795,312.190)
Balance at the end of the year	<u>5,514,040.282</u>	<u>5,292,645.667</u>	<u>41,872,496.785</u>	<u>40,587,304.078</u>	<u>8,885,432.303</u>	<u>10,682,013.434</u>	<u>6,354,610.198</u>	<u>5,488,637.525</u>	<u>945,898.880</u>	<u>1,913,585.717</u>	<u>2,968,725.595</u>	<u>4,210,590.437</u>	<u>4,085,245.431</u>	<u>4,014,802.838</u>
Class D ⁽¹⁾														
Balance at the beginning of the year	-	-	-	-	-	-	-	-	1,112,160.577	-	-	-	-	-
Units issued	-	-	-	-	-	-	-	-	924,102.943	1,487,729.707	-	-	-	-
Units redeemed	-	-	-	-	-	-	-	-	(521,351.610)	(375,569.130)	-	-	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,514,911.910</u>	<u>1,112,160.577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Class R														
Balance at the beginning of the year	522,545.335	726,912.575	361,759.847	356,295.146	1,229,961.257	1,506,450.065	955,169.053	1,014,776.859	3,905,407.349	2,815,207.853	-	-	-	-
Units issued	4,662.020	9,958.795	80,784.139	18,326.663	418,640.294	162,621.633	26,063.924	25,025.871	3,309,941.115	1,891,665.834	-	-	-	-
Units redeemed	(220,462.327)	(214,326.035)	(30,181.988)	(12,861.962)	(407,079.273)	(439,110.441)	(41,016.773)	(84,633.677)	(525,122.143)	(801,466.338)	-	-	-	-
Balance at the end of the year	<u>306,745.028</u>	<u>522,545.335</u>	<u>412,361.998</u>	<u>361,759.847</u>	<u>1,241,522.278</u>	<u>1,229,961.257</u>	<u>940,216.204</u>	<u>955,169.053</u>	<u>6,690,226.321</u>	<u>3,905,407.349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

⁽¹⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

4 Capital management and units in issue (continued)

Net assets attributable to unitholders as at 31 December

(Expressed in Hong Kong dollars)

	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net assets attributable to unitholders (at last traded price)														
Class A units	<u>1,554,294,682</u>	<u>1,434,087,625</u>	<u>4,798,266,640</u>	<u>4,554,130,697</u>	<u>2,159,773,539</u>	<u>2,586,756,272</u>	<u>1,243,508,739</u>	<u>1,055,467,647</u>	<u>121,997,687</u>	<u>245,571,884</u>	<u>395,359,136</u>	<u>534,404,698</u>	<u>458,813,020</u>	<u>430,733,962</u>
Class D units ⁽¹⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,119,705</u>	<u>112,323,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Class R units	<u>69,637,644</u>	<u>115,903,297</u>	<u>41,906,484</u>	<u>36,336,550</u>	<u>252,762,233</u>	<u>253,571,994</u>	<u>155,816,550</u>	<u>158,143,935</u>	<u>799,461,151</u>	<u>468,215,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets attributable to unitholders (at last traded price) per unit														
Class A units	<u>281.88</u>	<u>270.96</u>	<u>114.59</u>	<u>112.21</u>	<u>243.07</u>	<u>242.16</u>	<u>195.69</u>	<u>192.30</u>	<u>128.98</u>	<u>128.33</u>	<u>133.17</u>	<u>126.92</u>	<u>112.31</u>	<u>107.29</u>
Class D units ⁽¹⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.41</u>	<u>101.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Class R units	<u>227.02</u>	<u>221.81</u>	<u>101.63</u>	<u>100.44</u>	<u>203.59</u>	<u>206.16</u>	<u>165.72</u>	<u>165.57</u>	<u>119.50</u>	<u>119.89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As a result of the ability to issue and redeem units, the capital of the Sub-funds can vary depending on the demand for subscriptions and redemptions to the Sub-funds. The Sub-funds are not subject to externally imposed capital requirements and restrictions on the issuance and redemption of units.

The Sub-funds' objectives for managing capital are:

- To safeguard capital while achieve returns by investing in accordance with the Sub-funds' investment objectives, descriptions, risk exposures and expected returns indicated in the Explanatory Memorandum.
- To maintain sufficient liquidity to meet the expenses of the Sub-funds and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Sub-funds cost-efficient.

The Manager manages the capital of the Sub-funds in accordance with the Sub-funds' investment objectives and policies. With a view to protecting the interests of unitholders, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of units in any sub-fund redeemed on any dealing day to 10% of the total number of units of that sub-fund in issue.

⁽¹⁾ Class D of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund was launched on 14 May 2015.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

5 Critical accounting estimates and assumptions

Bank of East Asia (Trustees) Limited (“the Trustee”) makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investments

Certain sub-funds hold a number of unlisted debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Trustee exercises judgments and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes adopted to fairly value the investments may be indicative only and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of 31 December 2016. Actual transacted prices may differ from the quotes provided by the brokers. The Trustee considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

6 Financial risk management

Strategy in using financial instruments

The investment objective of BEA Union Investment Asia Strategic Growth Fund is to provide investors with long-term capital growth in HK dollar terms through investing in a diversified portfolio primarily consisting of listed securities of companies that conduct a significant portion of their business activities in, or derive or are expected to derive a significant portion of their revenues from the Asia Pacific region but excluding Japan.

The investment objective of BEA Union Investment Global Bond Fund is to provide investors with total investment return over the medium to long-term through investing in a diversified range of global bonds denominated in various major currencies.

The investment objective of BEA Union Investment Hong Kong Growth Fund is to provide investors with long-term capital growth in HK dollar terms through investing in a diversified portfolio consisting primarily of securities of companies, either listed or with operations or interests principally in Hong Kong.

The investment objective of BEA Union Investment Greater China Growth Fund is to provide investors with long-term capital growth through investing in a diversified portfolio primarily consisting of listed securities of companies that conduct a significant portion of their business activities in, or derive or are expected to derive a significant portion of their revenues from Greater China, which includes the People’s Republic of China (“PRC”), Hong Kong, Macau and Taiwan.

The investment objective of BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund is to provide investors with long-term capital growth in HK dollar terms through investing in a portfolio consisting primarily of HK dollar denominated interest bearing securities.

The investment objective of the BEA Union Investment Global Equity Fund is to provide investors with long-term capital growth through investing in a diversified global portfolio.

The investment objective of BEA Union Investment Asia Pacific Investment Grade Bond Fund is to provide total investment return over the medium to long-term through investing in Asia Pacific investment grade bonds.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

The Sub-funds’ activities expose them to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The risks and the financial risk management policies and practices used by the Manager to manage these risks are discussed below.

(a) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk. The Sub-funds’ strategies on the management of market risk are driven by the Sub-funds’ investment objectives.

The Sub-funds’ market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place. The Sub-funds’ overall market position is monitored on a yearly basis by the Trustee. Details of the nature of the Sub-funds’ investment portfolios at the reporting date are disclosed in the investment report.

(i) Currency risk

The Sub-funds hold assets and liabilities denominated in currencies other than their functional currencies and are therefore exposed to currency risk that the exchange rate may change in a manner that has an adverse effect on the value of the Sub-funds’ assets and liabilities.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager monitors all the Sub-funds’ foreign currency positions on a daily basis. BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund did not hold any assets denominated in currencies other than HKD and/or United States dollars (“USD”). In view of the pegging of HKD to USD, the sub-fund do not expect any significant movement in USD/HKD exchange rate.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

Each sub-fund's net direct exposure to each currency other than HKD at the reporting date and their estimated impact to the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations for the year had the HKD weakened by 5% (2015: 5%) are illustrated below. The analysis is performed on the same basis as 2015.

	As at 31 December 2016		As at 31 December 2015	
	Net direct exposure HK\$	Estimated increase had the HKD weakened by 5% HK\$	Net direct exposure HK\$	Estimated increase had the HKD weakened by 5% HK\$
BEA Union Investment Asia Strategic Growth Fund				
Australian dollar	142,383	7,119	–	–
Indian rupee	–	–	13,227,852	661,393
Indonesian rupiah	41,789,215	2,089,461	55,879,254	2,793,963
Korean won	299,743,549	14,987,177	312,116,724	15,605,836
Malaysian ringgit	30,249,643	1,512,482	54,262,460	2,713,123
New Taiwan dollar	303,703,234	15,185,162	280,663,262	14,033,163
Philippine peso	38,274,844	1,913,742	27,104,043	1,355,202
Renminbi	23,817,081	1,190,854	16,823,052	841,153
Singapore dollar	73,994,119	3,699,706	77,901,355	3,895,068
Thai baht	35,169,052	1,758,453	30,364,294	1,518,215
BEA Union Investment Global Bond Fund				
Australian dollar	52,411,014	2,620,551	41,649,709	2,082,485
British pound	114,265,633	5,713,282	246,160,649	12,308,032
Canadian dollar	48,628,813	2,431,441	46,739,658	2,336,983
Danish krone	909	45	952	48
Euro	1,004,291,669	50,214,583	849,036,753	42,451,838
Indonesian rupiah	894,605	44,730	–	–
Japanese yen	651,236,678	32,561,834	672,517,283	33,625,864
Korean won	2,945,254	147,263	2,431,531	121,577
Malaysian ringgit	2,094,935	104,747	2,687,992	134,400
New Zealand dollar	511,638	25,582	496,281	24,814
Norwegian krone	5,769,118	288,456	5,608,135	280,407
Renminbi	92,491	4,625	2,338,946	116,947
Singapore dollar	13,937,278	696,864	16,389,096	819,455

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

	As at 31 December 2016		As at 31 December 2015	
	Net direct exposure HK\$	Estimated increase had the HKD weakened by 5% HK\$	Net direct exposure HK\$	Estimated increase had the HKD weakened by 5% HK\$
BEA Union Investment Hong Kong Growth Fund				
Renminbi	34,203,152	1,710,158	–	–
BEA Union Investment Greater China Growth Fund				
New Taiwan dollar	401,727,264	20,086,363	322,902,217	16,145,111
Renminbi	31,988,233	1,599,412	44,384,275	2,219,214
BEA Union Investment Global Equity Fund				
Australian dollar	82	4	83	4
British pound	49,448,965	2,472,448	38,906,407	1,945,320
Canadian dollar	7,967,460	398,373	17,407,562	870,378
Danish krone	35	2	6,479,989	323,999
Euro	55,269,081	2,763,454	47,314,656	2,365,733
Japanese yen	2,678,074	133,904	21,582,758	1,079,138
Swiss franc	20,243,732	1,012,187	28,468,400	1,423,420
BEA Union Investment Asia Pacific Investment Grade Bond Fund				
Renminbi	2,917	146	50,175	2,509

A 5% appreciation of HKD against the above currencies would have resulted in an equal but opposite effect on the financial statements, on the basis that all other variables remain constant.

(ii) Interest rate risk

Interest rate risk arises from change in interest rates which may inversely affect the value of debt instruments and therefore result in potential gain or loss to the Sub-funds.

All Sub-funds did not have any interest-bearing liabilities as at year end and except for the BEA Union Investment Global Bond Fund, BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund, interest-bearing assets were limited to bank deposits; accordingly it is considered that they did not have significant direct interest rate risk exposure.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Manager monitors all the Sub-funds' direct exposure to interest rate risk at least on a monthly basis.

The following table illustrates the interest rate risk exposure of BEA Union Investment Global Bond Fund, BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund. It includes their interest rate sensitivity gaps and the year in which the interest rates of interest bearing assets and interest bearing liabilities reprice (the earlier of contractual re-pricing or maturity date) as at year end.

BEA Union Investment Global Bond Fund

As at 31 December 2016

	Up to 1 year HK\$	1 – 5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	285,879,794	1,280,443,864	2,892,998,805	–	4,459,322,463
Cash at banks	372,508,616	–	–	–	372,508,616
Other assets	–	–	–	3,623,255	3,623,255
Total assets	658,388,410	1,280,443,864	2,892,998,805	3,623,255	4,835,454,334
Liabilities (excluding net assets attributable to unitholders)					
Other liabilities	–	–	–	251,678	251,678
Total interest sensitivity gap	658,388,410	1,280,443,864	2,892,998,805		

As at 31 December 2015

	Up to 1 year HK\$	1 – 5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	257,674,435	1,133,032,491	2,920,963,847	–	4,311,670,773
Cash at banks	271,041,729	–	–	–	271,041,729
Other assets	–	–	–	3,476,399	3,476,399
Total assets	528,716,164	1,133,032,491	2,920,963,847	3,476,399	4,586,188,901
Liabilities (excluding net assets attributable to unitholders)					
Other liabilities	–	–	–	245,304	245,304
Total interest sensitivity gap	528,716,164	1,133,032,491	2,920,963,847		

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

At year end, should the relevant market interest rates have been increased by a certain percentage with all other variables held constant, the estimated impact on the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations for the year are shown in the table below.

	% possible reasonable shift	Estimated increase/ (decrease) 2016 HK\$	Estimated increase/ (decrease) 2015 HK\$
BEA Union Investment Global Bond Fund	+0.25%	(74,168,201)	(69,734,682)

Due to current market conditions, the Manager does not anticipate that the interest rates will decrease any further and considers the downward impact will be minimal.

BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund

As at 31 December 2016

	Up to 1 year HK\$	1 – 5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	152,744,047	492,228,039	411,217,245	–	1,056,189,331
Cash at banks	14,794,676	–	–	–	14,794,676
Other assets	–	–	–	8,000,001	8,000,001
Total assets	167,538,723	492,228,039	411,217,245	8,000,001	1,078,984,008
Liabilities (excluding net assets attributable to unitholders)					
Other liabilities	–	–	–	8,426,109	8,426,109
Total interest sensitivity gap	167,538,723	492,228,039	411,217,245		

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund (continued)

As at 31 December 2015

	Up to 1 year HK\$	1 – 5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	77,721,124	393,554,371	336,281,183	–	807,556,678
Cash at banks	15,969,527	–	–	–	15,969,527
Other assets	–	–	–	241,965	241,965
Total assets	<u>93,690,651</u>	<u>393,554,371</u>	<u>336,281,183</u>	<u>241,965</u>	<u>823,768,170</u>
Liabilities (excluding net assets attributable to unitholders)					
Other liabilities	–	–	–	539,136	539,136
Total interest sensitivity gap	<u>93,690,651</u>	<u>393,554,371</u>	<u>336,281,183</u>		

At year end, should the relevant market interest rates have been increased by a certain percentage with all other variables held constant, the estimated impact on the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations for the year are shown in the table below.

	% possible reasonable shift	Estimated increase/ (decrease) 2016 HK\$	Estimated increase/ (decrease) 2015 HK\$
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	+0.25%	(10,613,334)	(9,218,925)

Due to current market conditions, the Manager does not anticipate that the interest rates will decrease any further and considers the downward impact will be minimal.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

BEA Union Investment Asia Pacific Investment Grade Bond Fund

As at 31 December 2016

	Up to 1 year HK\$	1 – 5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	15,566,113	158,678,547	267,244,321	–	441,488,981
Cash at banks	16,625,525	–	–	–	16,625,525
Total assets	<u>32,191,638</u>	<u>158,678,547</u>	<u>267,244,321</u>	<u>–</u>	<u>458,114,506</u>
Liabilities (excluding net assets attributable to unitholders)					
Other liabilities	–	–	–	125,095	125,095
Total interest sensitivity gap	<u>32,191,638</u>	<u>158,678,547</u>	<u>267,244,321</u>		

As at 31 December 2015

	Up to 1 year HK\$	1 – 5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	–	150,458,201	278,432,810	–	428,891,011
Cash at banks	839,146	–	–	–	839,146
Other assets	–	–	–	35,469	35,469
Total assets	<u>839,146</u>	<u>150,458,201</u>	<u>278,432,810</u>	<u>35,469</u>	<u>429,765,626</u>
Liabilities (excluding net assets attributable to unitholders)					
Other liabilities	–	–	–	75,117	75,117
Total interest sensitivity gap	<u>839,146</u>	<u>150,458,201</u>	<u>278,432,810</u>		

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

BEA Union Investment Asia Pacific Investment Grade Bond Fund (continued)

At year end, should the relevant market interest rates have been increased by a certain percentage with all other variables held constant, the estimated impact on the net assets attributable to unitholders and the change in net assets attributable to unitholders from operation for the year are shown in the table below.

	% possible reasonable shift	Estimated increase/ (decrease) 2016 HK\$	Estimated increase/ (decrease) 2015 HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund	+0.25%	(4,797,132)	(5,128,483)

Due to current market conditions, the Manager does not anticipate that the interest rates will decrease any further and considers the downward impact will be minimal.

(iii) Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The breakdown of investments held by the Sub-funds is shown in the investment report.

Each sub-fund's market risk is managed through (i) deliberate securities selection and (ii) diversification of the investment portfolio. The Manager monitors all Sub-funds' market positions on a daily basis.

Sensitivity analysis

The Manager projects the possible movement of the underlying benchmark indices ("the potential movement") based on historical experience. If the underlying benchmark indices had changed by the following percentages, which are based on the Manager's best estimate of the potential movement as at the reporting date, with all other variables held constant, it is estimated that the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations would have changed accordingly as shown below.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(a) Market risk (continued)

(iii) Other price risk (continued)

Sensitivity analysis (continued)

	Relevant benchmark index	% possible reasonable shift +/-	Estimated impact increase/(decrease) 2016 HK\$	2015 HK\$
BEA Union Investment Asia Strategic Growth Fund	MSCI AC Far East ex Japan ex ADRs (NR)	5%	81,914,367	75,868,364
BEA Union Investment Hong Kong Growth Fund	8% HSBC Holdings plc + 92% MSCI Zhong Hua ex ADRs	5%	106,062,781	137,995,143
BEA Union Investment Greater China Growth Fund	MSCI AC Golden Dragon Index ex ADRs (NR)	5%	70,584,098	60,824,255
BEA Union Investment Global Equity Fund	Direct investments in equities and approved index- tracking fund	5%	19,767,040	26,718,075

An equal change in the opposite direction would have changed the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations for the year by an equal but opposite amount.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All transactions in listed securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Sub-funds' custodians have received payments.

For purchase, payments are made once securities have been received by the Sub-funds' custodians. The trade will fail if either party fails to meet their obligation.

The Manager monitors the Sub-funds' credit position on a monthly basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of assets and liabilities.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(b) Credit risk (continued)

At the reporting date, only BEA Union Investment Global Bond Fund, BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund and BEA Union Investment Asia Pacific Investment Grade Bond Fund held debt securities. As at 31 December 2016 and 2015, the Sub-funds invested in debt investments with the following credit ratings equivalent to which provided by Standard & Poor's credit rating services expressed as a percentage of debt investments:

	31 December 2016 %	31 December 2015 %
BEA Union Investment Global Bond Fund		
<i>Portfolio by rating category of debt securities</i>		
<i>Rating</i>		
AAA	16.35	15.31
AA+	8.01	12.99
AA	10.66	10.98
AA-	14.52	9.30
A+	22.56	24.72
A	6.75	5.39
A-	5.31	3.40
BBB+	12.13	12.93
BBB	2.57	2.95
BBB-	1.14	–
N/A	–	2.03
	<u>100.00</u>	<u>100.00</u>
<i>Portfolio by rating category of the issue of Certificates of deposit</i>		
AA	–	38.64
AA-	100.00	61.36
	<u>100.00</u>	<u>100.00</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(b) Credit risk (continued)

	31 December 2016 %	31 December 2015 %
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		
<i>Portfolio by rating category of debt securities</i>		
<i>Rating</i>		
AAA	25.64	56.42
AA+	18.27	–
AA	3.21	6.13
A+	22.07	7.81
A	18.94	15.49
A-	11.87	14.15
	<u>100.00</u>	<u>100.00</u>
<i>Portfolio by rating category of the issue of certificates of deposit</i>		
<i>Rating</i>		
AA	7.38	17.17
AA-	16.01	34.12
A+	50.60	21.20
A	9.46	21.09
A-	–	2.85
BBB+	16.55	3.57
	<u>100.00</u>	<u>100.00</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(b) Credit risk (continued)

	31 December 2016 %	31 December 2015 %
BEA Union Investment Asia Pacific Investment Grade Bond Fund		
<i>Portfolio by rating category of debt securities</i>		
<i>Rating</i>		
AAA	1.56	1.36
AA	0.88	–
AA-	15.39	8.88
A+	19.29	16.07
A	10.42	11.21
A-	15.56	19.70
BBB+	21.80	29.65
BBB	12.55	12.22
BBB-	2.55	–
N/A	–	0.91
	<u>100.00</u>	<u>100.00</u>

The Sub-funds' investments are held by the custodians and the majority of the Sub-funds' cash is deposited with The Bank of East Asia, Limited and Citibank. Bankruptcy or insolvency of the custodians and the Banks may cause to Sub-funds' execution of their rights with respect to the assets held by the custodians and the Banks to be delayed or limited. The Manager monitors the credit quality of the custodians and the Banks on an on-going basis.

Other than the outlined above, there were no significant concentrations of credit risk at 31 December 2016 and 2015.

(c) Liquidity risk

Liquidity risk arises from the risk that the Sub-funds may not be able to convert investments into cash to meet liquidity needs in a timely manner. The Sub-funds' exposure to liquidity risk arises because of the possibility that the Sub-funds could be required to pay their liabilities or redeem their units earlier than expected. The Sub-funds are exposed to daily cash redemption of their redeemable units. Units are redeemable at the holders' option based on the Sub-funds' net asset value per unit at the time of redemption.

The Sub-funds' policy is to regularly monitor current and expected liquidity requirements to ensure that they maintain sufficient reserves of cash and readily realisable marketable securities to meet their liquidity requirements in the short and long-term.

The Sub-funds invest the majority of assets in investments that are traded in an active market, and can be readily disposed of. The Manager monitors the Sub-funds' liquidity position on a daily basis.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

6 Financial risk management (continued)

Strategy in using financial instruments (continued)

(c) Liquidity risk (continued)

As at 31 December 2016 and 2015, all the financial liabilities of the Sub-funds are repayable on demand or due within three months.

(d) Fair value estimation

As at 31 December 2016 and 2015, the carrying values of assets and liabilities are a reasonable approximation of their fair values.

7 Financial instruments at fair value through profit or loss

(a) Breakdown of investments

The breakdown of the Sub-funds' investments by investment type is illustrated below.

	As at 31 December 2016		As at 31 December 2015	
	HK\$	% of net assets	HK\$	% of net assets
BEA Union Investment Asia Strategic Growth Fund				
Listed/quoted investments				
– Equities	1,509,031,450	93.02	1,449,542,439	93.65
– Non-voting depository receipts	55,635,850	3.44	34,141,026	2.21
– Investment fund	29,706,500	1.83	17,319,640	1.12
	<u>1,594,373,800</u>	<u>98.29</u>	<u>1,501,003,105</u>	<u>96.98</u>
BEA Union Investment Global Bond Fund				
Listed/quoted investments				
– Bonds	4,441,800,850	91.87	4,283,771,085	93.41
– Certificates of deposit	17,521,613	0.36	27,899,688	0.61
	<u>4,459,322,463</u>	<u>92.23</u>	<u>4,311,670,773</u>	<u>94.02</u>
BEA Union Investment Hong Kong Growth Fund				
Listed/quoted investments				
– Equities	2,303,968,512	95.58	2,659,356,232	93.77
– Investment fund	54,900,500	2.28	8,892,000	0.31
– Real estate investment trust	–	–	29,206,875	1.03
	<u>2,358,869,012</u>	<u>97.86</u>	<u>2,697,455,107</u>	<u>95.11</u>
BEA Union Investment Greater China Growth Fund				
Listed/quoted investments				
– Equities	1,367,380,432	97.83	1,157,344,263	95.48
– Investment fund	–	–	3,151,720	0.26
– Real estate investment trust	–	–	9,435,000	0.78
	<u>1,367,380,432</u>	<u>97.83</u>	<u>1,169,930,983</u>	<u>96.52</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

7 Financial instruments at fair value through profit or loss (continued)

(a) Breakdown of investments (continued)

	As at 31 December 2016		As at 31 December 2015	
	HK\$	% of net asset	HK\$	% of net asset
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund				
Listed/quoted investments				
– Bonds	813,525,550	75.99	631,781,404	76.77
– Certificates of deposit	242,663,781	22.67	175,775,274	21.33
	<u>1,056,189,331</u>	<u>98.66</u>	<u>807,556,678</u>	<u>98.10</u>
BEA Union Investment Global Equity Fund				
Listed/quoted investments				
– Equities	340,236,024	86.06	498,886,338	93.36
– Approved index-tracking funds	47,879,855	12.11	27,730,407	5.19
	<u>388,115,879</u>	<u>98.17</u>	<u>526,616,745</u>	<u>98.55</u>
BEA Union Investment Asia Pacific Investment Grade Bond Fund				
Listed/quoted investments				
– Bonds	441,488,981	96.40	428,891,011	99.81

(b) Fair value hierarchy

The following table presents the fair value of the Sub-funds' investments measured at the end of the reporting periods on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*.

As at 31 December 2016

Financial assets	BEA Union	BEA Union	BEA Union	BEA Union	BEA Union	BEA Union	BEA Union
	Investment Asia Strategic Growth Fund HK\$	Investment Global Bond Fund HK\$	Investment Hong Kong Growth Fund HK\$	Investment Greater China Growth Fund HK\$	Investment Hong Kong Bond Fund HK\$	Investment Global Equity Fund HK\$	Investment Asia Pacific Grade Bond Fund HK\$
Level 1	1,594,373,800	–	2,358,869,012	1,367,380,432	–	388,115,879	–
Level 2	–	4,462,944,927	–	–	1,056,189,331	78,506	441,453,093
Level 3	–	–	–	–	–	–	–
	<u>1,594,373,800</u>	<u>4,462,944,927</u>	<u>2,358,869,012</u>	<u>1,367,380,432</u>	<u>1,056,189,331</u>	<u>388,194,385</u>	<u>441,453,093</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

7 Financial instruments at fair value through profit or loss (continued)

(b) Fair value hierarchy (continued)

As at 31 December 2015

Financial assets/ (financial liabilities)	BEA Union	BEA Union	BEA Union	BEA Union	BEA Union	BEA Union	BEA Union
	Investment Asia Strategic Growth Fund HK\$	Investment Global Bond Fund HK\$	Investment Hong Kong Growth Fund HK\$	Investment Greater China Growth Fund HK\$	Investment Hong Kong Bond Fund HK\$	Investment Global Equity Fund HK\$	Investment Asia Pacific Grade Bond Fund HK\$
Level 1	1,501,003,105	–	2,697,455,107	1,169,930,983	–	526,616,745	–
Level 2	–	4,315,139,576	–	–	807,556,678	(6,981)	428,926,255
Level 3	–	–	–	–	–	–	–
	<u>1,501,003,105</u>	<u>4,315,139,576</u>	<u>2,697,455,107</u>	<u>1,169,930,983</u>	<u>807,556,678</u>	<u>526,609,764</u>	<u>428,926,255</u>

During the year ended 31 December 2016, there were no transfer between Level 1 and Level 2 or transfer into Level 3 (2015: Nil).

The Sub-funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. When fair values of fixed income instruments at the reporting date represent quoted prices on markets that are considered less than active, those fixed income instruments are included within Level 2 of the hierarchy.

For investment funds that are not listed, transactions may or may not occur on a regular basis and they are valued by the Sub-funds based on the net asset value ("NAV") per unit published by the administrators of those underlying investment funds. Such NAV is adjusted when necessary, to reflect the effect of the time passed since the calculation date, liquidity risk, limitations on redemptions and other factors. Depending on the fair value level of the underlying investment funds' assets and liabilities and whether adjustments are needed, the Sub-funds classify the fair value of those underlying investment funds as either Level 1 or Level 2.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

7 Financial instruments at fair value through profit or loss (continued)

(b) Fair value hierarchy (continued)

Over-the-counter ("OTC") derivative contracts include forward contracts related to foreign currencies. Depending on the product and the terms of the transaction, the fair value of the OTC derive products can be modelled taking into account the counterparties' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgements and the pricing inputs are observed from actively quoted markets. Forward foreign exchange contracts valued by the Sub-funds using pricing models fall into this category and are categorised with Level 2 of the fair value hierarchy.

8 Derivative financial instruments

Derivative financial instruments represent outstanding forward foreign exchange contracts as at the year end date as follows:

BEA Union Investment Global Bond Fund

As at 31 December 2016

Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
9 January 2017	Buy Hong Kong dollars/sell Australian dollars	23,028,800	579,312
13 January 2017	Buy Hong Kong dollars/sell United States dollars	350,000,000	(46,911)
20 January 2017	Buy Hong Kong dollars/sell Korean won	44,391,440	1,387,691
23 January 2017	Buy Hong Kong dollars/sell United States dollars	300,000,000	(79,671)
23 January 2017	Buy Hong Kong dollars/sell Canadian dollars	52,141,500	101,016
23 January 2017	Buy Hong Kong dollars/sell British pound	212,102,000	1,226,522
6 February 2017	Buy Hong Kong dollars/sell Euro	41,257,500	297,585
6 February 2017	Buy Hong Kong dollars/sell Euro	41,870,000	910,085
14 February 2017	Buy Hong Kong dollars/sell United States dollars	200,000,000	(110,937)
21 February 2017	Buy Hong Kong dollars/sell United States dollars	200,000,000	2,143
21 February 2017	Buy Hong Kong dollars/sell United States dollars	200,000,000	12,463
21 February 2017	Buy Hong Kong dollars/sell Euro	73,150,200	(621,306)
6 March 2017	Buy Hong Kong dollars/sell United States dollars	200,000,000	(35,528)
			<u>3,622,464</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

8 Derivative financial instruments (continued)

BEA Union Investment Global Bond Fund (continued)

As at 31 December 2015

Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
7 January 2016	Buy Hong Kong dollars/sell Japanese yen	50,328,076	(1,217,333)
11 January 2016	Buy Hong Kong dollars/sell Malaysian ringgit	43,594,416	312,984
13 January 2016	Buy Hong Kong dollars/sell United States dollars	350,000,000	12,887
14 January 2016	Buy Hong Kong dollars/sell Korean won	44,016,687	(243,982)
14 January 2016	Buy Hong Kong dollars/sell Canadian dollars	51,453,900	1,245,951
14 January 2016	Buy Hong Kong dollars/sell British pound	199,806,100	5,635,432
19 January 2016	Buy Hong Kong dollars/sell United States dollars	200,000,000	4,278
29 January 2016	Buy Hong Kong dollars/sell Euro	115,423,000	(2,494,898)
29 January 2016	Buy Hong Kong dollars/sell Euro	92,963,200	313,423
11 February 2016	Buy Hong Kong dollars/sell United States dollars	400,000,000	51,956
16 February 2016	Buy Hong Kong dollars/sell United States dollars	200,000,000	52,819
22 February 2016	Buy Hong Kong dollars/sell Euro	151,475,400	(204,714)
			<u>3,468,803</u>

BEA Union Investment Global Equity Fund

As at 31 December 2016

Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
25 January 2017	Buy Hong Kong dollars/sell United States dollars	147,366,470	<u>78,506</u>

As at 31 December 2015

Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
29 January 2016	Buy Hong Kong dollars/sell United States dollars	213,059,000	<u>(6,981)</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

8 Derivative financial instruments (continued)**BEA Union Investment Asia Pacific Investment Grade Bond Fund****As at 31 December 2016**

Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
20 January 2017	Buy Hong Kong dollars/sell United States dollars	160,000,000	<u>(35,888)</u>

As at 31 December 2015

Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
19 January 2016	Buy Hong Kong dollars/sell United States dollars	200,000,000	<u>35,244</u>

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BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

9 Net gains/(losses) on investments

	BEA Union Investment Asia Strategic Growth Fund		BEA Union Investment Global Bond Fund		BEA Union Investment Hong Kong Growth Fund		BEA Union Investment Greater China Growth Fund		BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund		BEA Union Investment Global Equity Fund		BEA Union Investment Asia Pacific Investment Grade Bond Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net movement in unrealised gains/(losses) on investments	14,513,804	(56,659,356)	(100,747,517)	(16,150,464)	61,899,548	(257,469,064)	21,504,927	(68,353,889)	(33,156,155)	5,170,397	10,158,397	(20,897,561)	(2,246,050)	(3,523,721)
Realised gains/(losses) on investments	46,718,995	(89,861,114)	178,935,002	(117,415,982)	(106,015,203)	(27,779,159)	(5,931,384)	(21,427,519)	28,542,434	16,622,482	(818,245)	27,966,881	23,688,909	30,066,988
	<u>61,232,799</u>	<u>(146,520,470)</u>	<u>78,187,485</u>	<u>(133,566,446)</u>	<u>(44,115,655)</u>	<u>(285,248,223)</u>	<u>15,573,543</u>	<u>(89,781,408)</u>	<u>(4,613,721)</u>	<u>21,792,879</u>	<u>9,340,152</u>	<u>7,069,320</u>	<u>21,442,859</u>	<u>26,543,267</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

10 Transactions with the Manager, the Trustee and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Sub-funds and the Manager, the Trustee and their Connected Persons. Connected Persons are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Sub-funds and the Manager and its Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Manager and the Trustee, the Sub-funds did not have any other transactions with Connected Persons except for those disclosed below.

(a) Investment management fees

The Manager is entitled to receive a management fee in respect of each class of units calculated as a percentage of the net asset value of that part of the relevant sub-fund relating to the relevant class of units as follows:

	Class A % p.a.	Class D % p.a.	Class R % p.a.
BEA Union Investment Asia Strategic Growth Fund	Nil	1.75	1.50
BEA Union Investment Global Bond Fund	Nil	1.10	0.85
BEA Union Investment Hong Kong Growth Fund	Nil	1.75	1.50
BEA Union Investment Greater China Growth Fund	Nil	1.75	1.50
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	Nil	1.00	0.75
BEA Union Investment Global Equity Fund	Nil	1.75	1.50
BEA Union Investment Asia Pacific Investment Grade Bond Fund	Nil	1.25	1.00

Same rates have been applied for 2016 and 2015. The fee is calculated and accrued on each dealing day and is paid monthly in arrears.

The investment management fees charged for the year for each sub-fund are disclosed in the statement of comprehensive income. As at 31 December, the investment management fees payable for each sub-fund is as below:

	2016 HK\$	2015 HK\$
BEA Union Investment Asia Strategic Growth Fund	<u>89,593</u>	<u>147,563</u>
BEA Union Investment Global Bond Fund	<u>30,134</u>	<u>26,289</u>
BEA Union Investment Hong Kong Growth Fund	<u>323,377</u>	<u>324,679</u>
BEA Union Investment Greater China Growth Fund	<u>200,234</u>	<u>202,264</u>
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	<u>637,768</u>	<u>392,087</u>
BEA Union Investment Global Equity Fund	<u>-</u>	<u>-</u>
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>-</u>	<u>-</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

10 Transactions with the Manager, the Trustee and Connected Persons (continued)

(b) Trustee's fees

The Trustee is entitled to receive a trustee fee in respect of each class of units calculated as a percentage of the net asset value of that part of the relevant sub-fund relating to the relevant class of units as follows:

	Class A % p.a.	Class D % p.a.	Class R % p.a.
BEA Union Investment Asia Strategic Growth Fund	Nil	0.125	0.125
BEA Union Investment Global Bond Fund	Nil	0.085	0.085
BEA Union Investment Hong Kong Growth Fund	Nil	0.125	0.125
BEA Union Investment Greater China Growth Fund	Nil	0.150	0.150
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	Nil	0.075	0.075
BEA Union Investment Global Equity Fund	Nil	0.150	0.150
BEA Union Investment Asia Pacific Investment Grade Bond Fund	Nil	0.100	0.100

Same rates have been applied for 2016 and 2015. The fee is calculated and accrued on each dealing day and is paid monthly in arrears.

The trustee's fees charged for the year for each sub-fund are disclosed in the statement of comprehensive income. As at 31 December, trustee's fees payable for each sub-fund is as below:

	2016 HK\$	2015 HK\$
BEA Union Investment Asia Strategic Growth Fund	<u>7,466</u>	<u>12,297</u>
BEA Union Investment Global Bond Fund	<u>3,013</u>	<u>2,629</u>
BEA Union Investment Hong Kong Growth Fund	<u>26,948</u>	<u>27,057</u>
BEA Union Investment Greater China Growth Fund	<u>20,023</u>	<u>20,226</u>
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	<u>60,429</u>	<u>36,845</u>
BEA Union Investment Global Equity Fund	<u>-</u>	<u>-</u>
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>-</u>	<u>-</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

10 Transactions with the Manager, the Trustee and Connected Persons (continued)

(c) Registrar's fees

During 2016 and 2015, the Trustee has delegated the registrar function of the Sub-funds to the Manager and agreed the Manager to receive the full registrar fee from the Sub-funds directly. The registrar fee is calculated as a percentage of the net asset value of the Sub-funds at the following rates:

For the first HK\$390 million of NAV	0.050%
For the next HK\$78 million of NAV	0.045%
For the next HK\$78 million of NAV	0.040%
For the next HK\$78 million of NAV	0.035%
For the next HK\$78 million of NAV	0.030%
For the next HK\$78 million of NAV	0.025%
For the remaining balance of NAV	0.015%

Same rates have been applied for 2016 and 2015. The fee is calculated and accrued on each dealing day and is paid monthly in arrears.

The registrar's fees charged for the year for each sub-fund are disclosed in the statement of comprehensive income. As at 31 December, registrar's fees payable for each sub-fund is as below:

	2016 HK\$	2015 HK\$
BEA Union Investment Asia Strategic Growth Fund	<u>38,980</u>	<u>38,056</u>
BEA Union Investment Global Bond Fund	<u>79,998</u>	<u>76,835</u>
BEA Union Investment Hong Kong Growth Fund	<u>49,037</u>	<u>54,306</u>
BEA Union Investment Greater China Growth Fund	<u>36,091</u>	<u>33,694</u>
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	<u>31,814</u>	<u>28,718</u>
BEA Union Investment Global Equity Fund	<u>16,671</u>	<u>21,324</u>
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>19,105</u>	<u>18,189</u>

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

10 Transactions with the Manager, the Trustee and Connected Persons (continued)

(d) Bank balances

Bank accounts are maintained with The Bank of East Asia, Limited which is the ultimate holding company of the Manager and the Trustee. The balances of these accounts are set out below:

	2016 HK\$	2015 HK\$
As at 31 December		
BEA Union Investment Asia Strategic Growth Fund	<u>55,703</u>	<u>45,466</u>
BEA Union Investment Global Bond Fund	<u>21,609,142</u>	<u>51,600,262</u>
BEA Union Investment Hong Kong Growth Fund	<u>695,441</u>	<u>685,372</u>
BEA Union Investment Greater China Growth Fund	<u>10,585</u>	<u>10,416</u>
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund	<u>18,103</u>	<u>267,170</u>
BEA Union Investment Global Equity Fund	<u>12,792</u>	<u>12,819</u>
BEA Union Investment Asia Pacific Investment Grade Bond Fund	<u>1,439</u>	<u>8,294</u>

11 Transactions with associates

All the transactions with associates as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance and the "Guidelines on Annual Statements of Approved Pooled Investment Funds" Annex A section I(E)(2) issued by the MPFA have been included in transaction with the Manager, the Trustee and Connected Persons as set out in note 10.

12 Bank loans, overdrafts and other borrowings

The Sub-funds had no bank loans, overdrafts or other borrowings as at 31 December 2016 and 31 December 2015.

13 Taxation

No provision for Hong Kong profits tax has been made as dividend income, interest on bank deposits and realised gains and disposal of investments of the Sub-funds are excluded from the charge to profits tax under sections 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

Non-recoverable overseas withholding tax was charged on certain dividend and interest income received during the year.

Non-recoverable capital gain tax was charged on certain capital appreciation of investments during the year.

14 Soft commission arrangements

During the years ended 31 December 2016 and 2015, the Manager and its delegates did not enter into any soft commission arrangements with brokers relating to dealings in the assets of the Sub-funds.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

15 Security lending arrangements

During the years ended 31 December 2016 and 2015, the Sub-funds did not enter into any security lending arrangements.

16 Negotiability of assets

As at 31 December 2016, there were no statutory or contractual requirements restricting the negotiability of the assets of the Sub-funds (2015: HK\$Nil).

17 Commitments

As at 31 December 2016, the Sub-funds had no commitments (2015: HK\$Nil).

18 Contingent liabilities and capital commitment

As at 31 December 2016, there were no contingent liabilities or capital commitments outstanding (2015: HK\$Nil).

19 Involvement with unconsolidated structured entities

The Sub-funds have concluded that listed real estate investment trusts, listed and unlisted open-ended investment funds and exchange-traded open-ended index-tracking funds in which they invest but are not consolidated by the Sub-funds meet the definition of structured entities because:

- the voting rights in the investment funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each investment fund's activities are restricted by its prospectus; and
- the investment funds have narrow and well-defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Sub-funds do not consolidate but in which they hold an interest.

Type of structured entity	Nature and purpose	Interest held by the Sub-funds
Investment funds	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issues of units to investors.	Investments in units issued by the Sub-funds

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

19 Involvement with unconsolidated structured entities (continued)

The table below sets out interests held by the Sub-funds in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

As at 31 December 2016

	Number of investee funds	Total net assets HK\$ (in million)	Carrying amount included in "investments" HK\$ (in million)
BEA Union Investment Asia Strategic Growth Fund			
Investment in listed open-ended investment fund – Equity long	1	72,007	30
BEA Union Investment Hong Kong Growth Fund			
Investment in listed open-ended investment fund – Equity long	1	72,007	55
BEA Union Investment Global Equity Fund			
Investment in exchange-traded open-ended index-tracking funds – Equity long	2	162,561	48
BEA Union Investment Asia Strategic Growth Fund			
Investment in listed open-ended investment fund – Equity long	1	74,960	17
BEA Union Investment Hong Kong Growth Fund			
Investment in listed open-ended investment fund – Equity long	1	74,960	9
Investment in listed real estate investment trust – Long position	1	104,370	29
BEA Union Investment Greater China Growth Fund			
Investment in listed open-ended investment fund – Equity long	1	74,960	3
Investment in listed real estate investment trust – Long position	1	104,370	9
BEA Union Investment Global Equity Fund			
Investment in exchange-traded open-ended index-tracking fund – Equity long	1	154,224	28

During the year, the Sub-funds did not provide financial support to unconsolidated structured entities and have no intention of providing financial or other support.

BEA UNION INVESTMENT CAPITAL GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED) (CONTINUED)

20 Segment information

The Manager makes the strategic resource allocation on behalf of the Sub-funds and determines the operating segments based on the internal reporting used to make strategic decisions. The Manager's asset allocation decisions for each Sub-fund are based on one single, integrated investment strategy, and the Sub-funds' performance is evaluated on an overall basis. Accordingly the Manager considers that each Sub-fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in the Explanatory Memorandum. The investment objectives and the investment portfolios of each Sub-fund are presented in the investment report.

There were no changes in the operating segment during the year.

The internal reporting provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of assets and liabilities.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2016

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Sub-funds.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

The Manager and the Trustee are in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application.

22 Subsequent event

With effect from 1 April 2017, two new sub-funds, namely BEA Union Investment Age 65 Plus Fund and BEA Union Investment Core Accumulation Fund were offered for subscription.

The launch of the new sub-funds has no financial effect to the financial statements for the year ended 31 December 2016.

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