

BEA (MPF) VALUE SCHEME

THIRD ADDENDUM TO THE EXPLANATORY MEMORANDUM DATED DECEMBER, 2016

This Third Addendum should be read in conjunction with and forms part of the Explanatory Memorandum for the BEA (MPF) Value Scheme (the "**Value Scheme**") dated December, 2016, as amended by the First Addendum and Second Addendum both dated 12th December, 2016 (collectively referred to as the "**Explanatory Memorandum**"). All capitalised terms herein contained shall have the same meaning in this Third Addendum as in the Explanatory Memorandum, unless otherwise stated. The Sponsor and the Trustee accept responsibility for the information contained in this Third Addendum as being accurate as at the date of publication.

The Explanatory Memorandum shall be amended as follows:

Changes to take effect from 31st January, 2018

1. Directory of Parties

Page 1 - The paragraph under the heading "**Legal Advisers**" under the section headed "**DIRECTORY OF PARTIES**" shall be deleted in its entirety and replaced by the following:

"Baker & McKenzie
14/F., Hutchison House
10 Harcourt Road
Central,
Hong Kong"

2. Sponsor's Asset Size

Page 23 - The second paragraph under the sub-section headed "**Sponsor**" under the section headed "**MANAGEMENT AND ADMINISTRATION**" shall be deleted in its entirety and replaced by the following:

"Incorporated in Hong Kong in 1918, the Bank is dedicated to providing comprehensive retail banking, commercial banking, wealth management, and investment services to its customers in Hong Kong and other major markets around the world. The Bank is the largest independent local bank in Hong Kong, with total consolidated assets of HK\$788.5 billion (US\$101.0 billion) as of 30th June, 2017. The Bank is listed on the Stock Exchange of Hong Kong and is one of the constituent stocks of the Hang Seng Index."

3. Cut-Off Time for Instructions to Change Investment

Page 27 - The following paragraph shall be inserted after the third paragraph under sub-section headed "**Instructions to Change Investment**" under the section headed "**CONTRIBUTIONS**".

"The Cut-off time for Switching Instruction is 4 p.m. on Business Day."

4. Charges for Withdrawal by Instalment

a) Page 30 - The fifth paragraph under the sub-subsection headed "**Withdrawal by instalments**" under sub-section headed "**Payment of Benefits**" under the section headed "**BENEFITS**" shall be deleted in its entirety and replaced by the following:

"In respect of withdrawal by instalments, the first 12 instalments (or such further number of instalments as determined by the Trustee) in any calendar year (the period from 1st January to 31st December in a year) will be paid free of charge (other than any necessary transaction costs permitted under the General Regulation). Thereafter, each additional withdrawal by instalment in the same calendar year is subject to a fee of HK\$100, which shall be paid to a bank account designated by the Trustee as specified in the claim form. Please note that bank charges may apply to Members' banking accounts if Members choose to be paid the withdrawal amount directly to their bank account."

b) Page 30 - The second paragraph under the sub-subsection headed "**Other points to note**" under sub-section headed "**Payment of Benefits**" under the section headed "**BENEFITS**" shall be deleted in its entirety and replaced by the following:

"Save as disclosed above, no fees or financial penalties shall be charged or imposed for payment of benefits (in a lump sum or by instalments for the first 12 instalments in a calendar year) other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the payment and are payable to a party other than the Trustee. Such necessary transaction costs would include, but are not limited

to, items such as brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses, etc. Any amount of such fees and charges imposed and received must be used to reimburse the relevant Constituent Fund."

- c) Page 41 - The phrase "first 4 instalments" whenever it appears in the fee table headed "**(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**" shall be deleted in its entirety and replaced by the words "first 12 instalments".
- d) Page 42 - The phrase "first 4 instalments (or such other number of instalments as may be prescribed by the General Regulation)" appearing in the definition of "**Bid spread**" in the sub-section "**DEFINITIONS**" under the section headed "**Fee Table**" shall be deleted in its entirety and replaced by the words "first 12 instalments".
- e) Page 42 - The phrase "first 4 instalments (or such other number of instalments as may be prescribed by the General Regulation)" appearing in the definition of "**Withdrawal charge**" in the sub-section "**DEFINITIONS**" under the section headed "**Fee Table**" shall be deleted in its entirety and replaced by the words "first 12 instalments".

5. FTSE® Greater China HKD Index

Page 47 - The first to sixth paragraphs under sub-section "**FTSE® Greater China HKD Index**" under "**APPENDIX FURTHER INFORMATION ON THE INDICES**" shall be replaced in their entirety with the following paragraphs:

"The FTSE® Greater China HKD Index is the Hong Kong dollar version of the FTSE® Greater China Index and is derived from the FTSE® All-World Index Series. The FTSE® All-World Index Series aggregates approximately 3,089 large and mid cap stocks, covering 90 to 95% of the investable market capitalisation.

The FTSE® Greater China HKD Index covers the Greater China Region and comprises of stocks listed in Hong Kong, Taiwan, Shanghai (B shares), Shenzhen (B shares) and Singapore, where the Singapore listed stocks are classified as Hong Kong nationality in accordance with FTSE nationality rules. It does not have any A share constituent stocks. As at 31st July, 2017, the FTSE® Greater China HKD Index comprises 418 large and mid cap stocks, being primarily stocks listed in Hong Kong and Taiwan and had a net market capitalisation of approximately HKD17.1 trillion.

FTSE International Limited ("FTSE") is the Index Provider of the FTSE® Greater China HKD Index. The Investment Manager and its connected persons are independent of FTSE.

As at 31st July, 2017, the 10 largest constituent stocks of the FTSE® Greater China HKD Index were set out below and they represent approximately 38.07% of the net market capitalisation, based on total shares in issue of the FTSE® Greater China HKD Index:

Code-Country	Stock Name	Weighting
700-HK	Tencent Holdings Ltd.	9.75%
2330-TW	Taiwan Semiconductor Manufacturing	7.77%
1299-HK	AIA Group Ltd.	4.34%
939-HK	China Construction Bank Corporation	3.39%
2317-TW	Hon Hai Precision Industry	2.65%
941-HK	China Mobile Ltd.	2.58%
1398-HK	Industrial and Commercial Bank of China Ltd.	2.50%
3988-HK	Bank of China Ltd.	1.71%
1-HK	CK Hutchison Holdings Ltd.	1.69%
2318-HK	Ping An Insurance (Group) Co. of China Ltd.	1.69%

The index rules and further information in relation to the FTSE® Greater China HKD Index are available on the FTSE website, www.ftserussell.com.

FTSE carries out the semi-annually review of the FTSE® Greater China HKD Index in March and September each year."

6. Hang Seng Index

Page 48 - The third and fourth paragraphs under sub-section "**Hang Seng Index**" under "**APPENDIX FURTHER INFORMATION ON THE INDICES**" shall be replaced in their entirety with the following paragraphs:

"The Hang Seng Index currently comprises 50 constituent stocks which are representative of the Hong Kong stock market. The aggregate market value of these stocks accounts for about 56.54 per cent of the total market capitalisation of all stocks listed on the Main Board of SEHK. As at 29th September, 2017, the respective weightings of the top 10 largest constituent stocks of the Hang Seng Index are:

Stock Code	Stock Name	Weighting
700	Tencent Holdings Ltd. - Other HK-listed Mainland Co.	10.59%
5	HSBC Holdings plc - HK Ordinary	10.31%
939	China Construction Bank Corporation - H Share	8.05%
1299	AIA Group Ltd. - HK Ordinary	7.99%
941	China Mobile Ltd. - Red Chip	5.58%
1398	Industrial and Commercial Bank of China Ltd. - H Share	4.92%
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	3.59%
3988	Bank of China Ltd. - H Share	3.51%
1	CK Hutchison Holdings Ltd. - HK Ordinary	3.10%
388	Hong Kong Exchanges and Clearing Ltd. - HK Ordinary	2.82%

Real-time update of the Hang Seng Index can be obtained through the SEHK Teletext System, Thomson Reuters, Bloomberg and the website of HSIL at www.hsi.com.hk. The index rules and further information in relation to the Hang Seng Index are available at www.hsi.com.hk. As for other important news of the Hang Seng Index, HSIL will also make announcements through press releases and at www.hsi.com.hk."