

NOTICE TO PARTICIPANTS

BEA (MPF) MASTER TRUST SCHEME

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

BEA (MPF) Master Trust Scheme (the "Master Trust") - Changes in relation to Phased Withdrawal, the BEA China Tracker Fund (the "Relevant CF") and Miscellaneous Changes

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

(a) **Changes:**

- (i) To enhance the scheme features in the interests of the Members, effective from date of this notice, the first 12 payments in instalments in a calendar year (rather than the first 4 payments in instalments, per the existing practice) will be free of charge.
- (ii) With effect from 5th March, 2018, Red-chips and private enterprises ("P-Chips") will become eligible to join the Hang Seng China Enterprises Index (the "Underlying Index") as index constituents. As such, a collective total of 10 Red-chips and P-chips will be added to the Underlying Index, while the H-shares constituents in the Underlying Index will remain at 40. As the Relevant CF invests directly in a single Approved Index Tracking Fund, namely the Hang Seng H-Share Index ETF (the "Approved ITCIS"), which tracks the performance of the Underlying Index, the disclosure about the Underlying Index in the Explanatory Memorandum of the Master Trust will have to be updated accordingly.
- (iii) Certain other areas, such as the change of legal advisers, consolidated asset size of the Sponsor, cut-off time for receiving instructions to change investment allocation, aggregate market value and respective weightings of the top 10 largest constituent stocks of Hang Seng China Enterprises Index and Hang Seng Index and the avenue through which real-time update of these indices can be obtained, will be updated.

(b) Notwithstanding the changes as briefly described in (a)(ii) above and elaborated in section B, the investment objective and policy of the Relevant CF will remain unchanged and there will be no material change or increase in the overall risk profile of the Relevant CF. We therefore do not consider that the changes as described in (a)(ii) above will result in any adverse impact on the Master Trust or its scheme participants.

(c) **Actions required of the Members:**

- (i) As mentioned in (a)(i), such change is in the Member's interests. As for the changes in (a)(iii), they are changes for clarification purposes to ensure that the disclosure in the Explanatory Memorandum is up-to-date. As such, we consider the changes in (a)(i) and (a)(iii) are beneficial to Members and no particular action should be required of the Members in response to these changes.
- (ii) However, with regard to the change as described in (a)(ii), a Member who does not wish to be affected by such change may exit the Relevant CF or transfer out of the Master Trust to another MPF scheme in such manner and within such timeframe as set out in section D.
- (iii) If by 27th February, 2018: (a) we do not receive a valid switching / transfer out instruction from an affected Member; and (b) an affected Member does not take any action and, in respect of an affected Member who is an employee member, his / her participating employer also does not elect to transfer out of the Master Trust, then his / her existing balance invested in the Relevant CF and / or new contributions and accrued benefits transferred from another MPF scheme (as the case may be) will continue to invest in the Relevant CF, and he / she will be subject to the changes elaborated in section B.
- (iv) If you have any queries in relation to the changes set out in this notice, please contact our BEA (MPF) Hotline on 2211 1777 or email to BEAMPF@hkbea.com.

Thank you for your continuous support to the Master Trust.

This notice sets out the changes to the Master Trust that will take effect from the date of this notice (except for the changes set out in section B below, which will take effect from 5th March, 2018).

A. CHANGES RELATING TO PHASED WITHDRAWAL

As you know, an Eligible Member who becomes entitled to benefits in respect of mandatory contributions and, where applicable, voluntary contributions upon reaching the age of 65 or permanently ceasing employment or self-employment after reaching the age of 60 may elect to have his Eligible Benefits (i.e. benefits derived from mandatory contributions and where applicable voluntary contributions) paid in instalments. Currently, only the first 4 payments in instalments in a calendar year will be free of charge. Effective from date of this notice, the first 12 payments in instalments in a calendar year will be free of charge.

B. CHANGES TO THE HANG SENG CHINA ENTERPRISES INDEX, THE UNDERLYING INDEX OF THE HANG SENG H-SHARE INDEX ETF, THE APPROVED INDEX TRACKING FUND OF THE RELEVANT CF

Currently, in order for the Relevant CF to achieve its investment objective, i.e. to provide investment returns that match the performance of the Underlying Index as closely as practicable, the Relevant CF invests directly in the Approved ITCIS.

With effect from 5th March, 2018, Red-chips and P-Chips will become eligible to join the Underlying Index as index constituents and a collective total of 10 Red-chips and P-chips will be added to the Underlying Index, while the H-shares constituents in the Underlying Index will remain at 40. As a result, the total number of constituents of the Underlying Index will be increased from 40 to 50 from the Effective Date. Also, accordingly, the Approved ITCIS will invest in Red-Chips and P-Chips in order to continue to track the constituents in the Underlying Index. The manager of the Approved ITCIS confirms that the Approved ITCIS' operation will not be disrupted by these changes.

In response to the changes to the Underlying Index as described above, from 5th March, 2018, the name of the Approved ITCIS will be changed as follows:

	Existing name	New name
Approved ITCIS	Hang Seng H-Share Index ETF	Hang Seng China Enterprises Index ETF

The changes to the Approved ITCIS are not expected to result in an increase in risk level of the Relevant CF. In addition, the fee level and fees and charges structure of the Relevant CF will remain unchanged. We therefore do not consider that the changes will result in any adverse impact on the Master Trust or its scheme participants.

C. MISCELLANEOUS CHANGES

We have also taken this opportunity to update the Explanatory Memorandum, with effect from the date of this notice, to:

- update the legal advisers of the Master Trust to Baker & McKenzie;
- update the consolidated asset size of the Sponsor, The Bank of East Asia, Limited;
- include the cut-off time for receiving instructions to change investments;
- update the aggregate market value and the respective weightings of the top 10 largest constituent stocks of Hang Seng China Enterprises Index and Hang Seng Index;
- update to include SEHK Teletext System as an additional avenue through which real-time update of the Hang Seng China Enterprises Index and Hang Seng Index can be obtained.

D. ACTIONS REQUIRED

- (i) A Member who does not wish to be affected by the changes in section B may submit valid dealing instructions to us by completing and submitting the form "Member - Change of Mandate to Invest Contribution / Fund Switching Instruction" or via the designated service channels, e.g. Cyberbanking by the following respective cut-off dates in order to switch out the existing balance from the Relevant CF and / or change his / her existing investment options so that the new contributions and accrued benefits transferred from another MPF scheme will not be invested in the Relevant CF.

Forms or Designated Service Channels	Received on or before
Paper Form (Member - Change of Mandate to Invest Contribution / Fund Switching Instruction)	4 p.m., 27 th February, 2018
Cyberbanking - Internet Service / Phone Service	4 p.m., 27 th February, 2018
BEA Mobile Application	4 p.m., 27 th February, 2018

- (ii) Self-employed persons and personal account holders who do not wish to be affected by the changes in section B may transfer out of the Master Trust to another MPF scheme by completing and submitting the "Member - Request for Fund Transfer Form" (Form MPF(S) - P(M)) to the new trustee.
- (iii) However, an employee member will not be entitled to transfer out of the Master Trust unless his / her participating employer elects to do so. Alternatively, an employee member may transfer his / her accrued benefits derived from employee mandatory contributions under his / her current employment to another MPF scheme of their choice once every year under the employee choice arrangement.
- (iv) Any valid switching / transfer-out instructions will be processed in accordance with the normal procedures applicable to switching between the Constituent Funds / transferring accrued benefits out of the Master Trust (as the case may be). Any invalid switching / transfer-out instructions will be rejected.
- (v) There will be no fees or penalty, bid / offer spread or transfer fee imposed on any such switching / transfer out. The Members of the Master Trust should review all terms and conditions under the Master Trust and its Constituent Funds before making any decision.
- (vi) **If an affected Member does not take any action and, in respect of an affected Member who is an employee member, his / her participating employer also does not elect to transfer out of the Master Trust, then his / her existing balance invested in the Relevant CF and / or new contributions and accrued benefits transferred from another MPF scheme (as the case may be) will continue to invest in the Relevant CF, and he / she will be subject to the changes elaborated in section B.**

This notice only gives a summary of the major changes to the Master Trust. A copy of the latest deed of variation to the Trust Deed will be made available for inspection by the participating employers and Members at our offices during normal office hours. In addition, you may visit our website at <http://www.hkbea.com> for the Explanatory Memorandum of the Master Trust or obtain a copy of the Explanatory Memorandum at the offices of the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

We believe that the changes to the Trust Deed and to the Explanatory Memorandum will not have any adverse impact on the Members as a whole. Should you have any enquiries relating to the contents of this notice, please contact our BEA (MPF) Hotline on 2211 1777 or email to BEAMPF@hkbea.com.