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 tax deductible voluntary contributions ("TVC")

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

(a) TVC is a new type of contributions and can only be paid into a TVC account of an MPF scheme, such as the Master Trust TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is HK$60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.

(b) TVC is voluntary in nature. However, it is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. In particular, members should note that the accrued benefits held in a TVC account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation, and the impact on their guarantee entitlement should their TVC be invested in the BEA (MPF) Long Term Guaranteed Fund; for details, please refer to the last paragraph of section 1 of this notice.

(c) Please refer to the main body of this notice for the eligibility requirements for opening a TVC account and other details with regard to TVC.

(d) If you have any queries in relation to the changes set out in this notice, please contact our BEA (MPF) Hotline (operated by the Trustee) on 2211 1777 or email to BEAMPF@hkbea.com.

Thank you for your continuous support to the Master Trust.

Changes to the Inland Revenue Ordinance will take effect on 1st April, 2019. From 1st April, 2019, similar to premiums paid for qualifying deferred annuity products, MPF voluntary contributions made in a specified account set up by scheme members (namely, TVC account) can also enjoy tax concession in order for them to meet the long-term saving objective for retirement protection.

Your investment decision should not be based on this document alone. We encourage you to read the First Addendum to the Explanatory Memorandum carefully because the new arrangement may affect your retirement planning and tax benefits associated with the TVC account.
(i) What is TVC?

TVC is a new type of contributions and can only be paid into a TVC account of an MPF scheme. TVC may enjoy tax concession. Other characteristics of TVC are as follows:

- TVC can only be made directly by the persons who fulfil the eligibility requirements as mentioned in section (iii) below
- Involvement of employers is not required
- Although it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions

Accordingly, any accrued benefits derived from TVC (including the TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved. **Members should note that accrued benefits held in a TVC account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation.**

TVC Account Holders can make their own fund selection or choose to invest in DIS under the Master Trust according to their circumstance and risk appetite. If a TVC Account Holder fails to submit to the Trustee a valid Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his/her TVC will be invested in DIS.

For a TVC Account Holder who invests in the BEA (MPF) Long Term Guaranteed Fund and retires having attained the age of 65 or retires early having attained the age of 60, if the TVC Account Holder wishes to withdraw part, but not all, of his accrued benefits under the BEA (MPF) Long Term Guaranteed Fund, the TVC Account Holder will lose the guarantee entitlement in respect of such partial withdrawal of accrued benefits in his TVC account. For the avoidance of doubt, a withdrawal of the entire balance from a TVC account upon the occurrence of a "qualifying event" will be considered a Valid Claim and the guarantee will apply.

(ii) Tax Concessions for TVC

TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is HK$60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.

Same as the tax deduction for mandatory contributions and other tax concessions, **the individual tax payer (not the Trustee, Sponsor and/or other operators of the Master Trust) is responsible for the application of tax deduction and keeping track of how the maximum tax deductible limit is fully utilized.** In this regard, the Trustee will provide a TVC summary to facilitate TVC Account Holders in filling in the relevant tax concession information on their tax return if TVC is made by the Member to the Master Trust during a year of assessment.

(iii) Eligibility

Any person who is:

- a current holder of contribution account or personal account of an MPF scheme; or
- a current member of an MPF exempted ORSO scheme,

can make TVC to an MPF scheme by opening a TVC account.
The Trustee of the Master Trust may reject any application to open a TVC account in the event of (a) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (b) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering or tax reporting; and/or (c) other circumstances which the Trustee and the Sponsor may consider appropriate.

For risk management and compliance purposes, there could be circumstances (such as (a) to (c) in the preceding paragraph) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

(iv) Transfer of TVC accrued benefits

A TVC Account Holder may, at any time, choose to have ALL accrued benefits in the TVC account in the Master Trust transferred to another TVC account in another MPF scheme nominated by such TVC Account Holder. Transfer of TVC accrued benefits in part or to a contribution account / personal account, however, will not be accepted.

For the avoidance of doubt, such benefit transfer amount cannot be claimed as deductions for taxation purpose.

(v) Termination of TVC accounts

TVC accounts with zero balance and in respect of which there is no transaction activity for 365 days may be terminated by the Trustee.

Note: Investment involves risks and the account balance of TVC (as tax incentivized retirement savings) may go up as well as down.

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This notice only gives a summary of the major changes to the Master Trust. A copy of the latest supplemental deed 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.

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

The Bank of East Asia, Limited and Bank of East Asia (Trustees) Limited
1st April, 2019