

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")

With effect from 31st March, 2020, the Explanatory Memorandum and, where appropriate, the Trust Deed, of the Master Trust, will be amended to reflect the changes associated with:

- (i) the automatic exchange of financial account information ("**AEOI**") - the account holders and controlling persons (as defined below) may be required to provide valid self-certification form and such other information as the Trustee and/or any of its authorised person may require for the implementation of AEOI, but if you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the Inland Revenue Department ("**IRD**") for transmission to any tax authority outside Hong Kong;
- (ii) certain miscellaneous changes; and
- (iii) the latest requirements of the Code on Disclosure for MPF Investment Funds issued by the Mandatory Provident Fund Schemes Authority (the "**Code**").

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.

1. AEOI

1.1. Regulatory changes relating to AEOI

Financial institutions in Hong Kong and many other jurisdictions are required to identify account holders who are reportable foreign tax residents under the laws, regulations and international agreements for the implementation of AEOI, and report the information of account holders and controlling persons of certain entity account holders (each, a "**controlling person**") (including but not limited to their names, addresses, dates of birth, places of birth/incorporation, jurisdiction(s) of tax residence, tax identification number(s) in the relevant reportable jurisdiction(s)) and account information (including but not limited to their account balance, certain payments to the account, and payments to the account holders) (collectively, the "**Reportable Information**") to the local tax authority where the financial institutions operate. The local tax authority, in respect of a reportable foreign tax resident, will provide the Reportable Information of the reportable foreign tax resident to the tax authority(ies) of the country(ies) and jurisdiction(s) of tax residence of the reportable foreign tax resident on a regular, annual basis.

The IRD is the local tax authority in Hong Kong responsible for collecting the Reportable Information. If you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the IRD for transmission to any tax authority outside Hong Kong.

1.2. How does AEOI affect the Master Trust?

The Master Trust is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, effective 1st January, 2020, the Trustee will use for the purposes of AEOI the Reportable Information of any individual or entity, whether in the capacity as a Member, participating employer or beneficiary, that is considered under AEOI to be an account holder or controlling person.

1.3. Trustee's authority to implement AEOI

The Trustee and/or any of its authorised person(s) may require any account holder and controlling person under AEOI to provide a valid self-certification form and such other information (including the Reportable Information and any documentary evidence) which the Trustee and/or any of its authorised person(s) may require from time to time for the implementation of AEOI (collectively, the **"Required Information"**).

Where required by AEOI and to the extent not prohibited by applicable law, the Trustee may not accept any applicant to the Master Trust or make any payment to any account holder (whether in the capacity of a Member, a participating employer or a beneficiary) before receiving the Required Information. Account holders and controlling persons must update the Trustee and/or any of its authorised person(s) about any changes in the information they have previously provided to the Trustee and/or any of its authorised person(s) as soon as possible and ideally within 30 days of such changes. If the Trustee and/or any of its authorised person(s) do not receive the Required Information in respect of an account holder or a controlling person, the Trustee and/or any of its authorised person(s) may be required to report such person based on the information they have.

We have reached out to the participating employers in December 2019 to inform them about the actions they need to take with regard to AEOI. Separately, we will reach out to the relevant Members in or around June 2020 to provide more details as to what actions they need to take.

For more details, you may wish to refer to the Frequently Asked Questions on AEOI in tax matters related to MPF/ORSO Schemes posted on our website at <http://www.hkbea.com>.

Members, participating employers, and any other account holders and controlling persons should consult their own tax advisers regarding the possible implications of AEOI. The application of the AEOI rules and the information that may be required to be reported and disclosed are subject to change. Please see the IRD website (https://www.ird.gov.hk/eng/tax/dta_aeoi.htm) for more information about AEOI in Hong Kong. Any discussion of tax considerations in this notice is not intended or written to be tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any domestic or foreign tax penalties that may be imposed on such person.

2. Certain miscellaneous changes

2.1. Disclosure on valuation rules

The Explanatory Memorandum and the Trust Deed will be amended to reflect the actual arrangement with regard to the valuation of cash, deposits and similar investments, which will generally be calculated by reference to their face value (together with accrued interest).

2.2. Addition of risk factor

Risk factor on investments in Europe will be added to the Explanatory Memorandum. This risk will apply to certain Constituent Funds with exposure to European securities, as more particularly reflected in the Explanatory Memorandum. The investment objectives and policies of the Constituent Funds remain unaffected.

2.3. Disclosure relating to the Hang Seng China Enterprises Index ETF (the "ETF")

The BEA China Tracker Fund invests in the ETF. With effect from 1st July, 2019, the original trustee of the ETF, HSBC Provident Fund Trustee (Hong Kong) Limited retired as trustee of the ETF, and HSBC Institutional Trust Services (Asia) Limited has been appointed as the new trustee of the ETF. The Explanatory Memorandum will be amended to reflect this change.

In addition, the risk factors associated with the BEA China Tracker Fund will be updated to align with the latest constituent stock composition of the Hang Seng China Enterprises Index, the underlying index of the ETF. Kindly note that the risk and return profile of the BEA China Tracker Fund remains unchanged.

2.4. Changes relating to the BEA (MPF) Long Term Guaranteed Fund

The Explanatory Memorandum will be updated to:

- clarify that the underlying APIF of the BEA (MPF) Long Term Guaranteed Fund will not enter into financial futures and options contracts for any purposes, per the existing policy; and
- reflect the current address of the guarantor of the BEA (MPF) Long Term Guaranteed Fund, Principal Insurance Company (Hong Kong) Limited, i.e. 30th Floor, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

2.5. Other editorial changes

Certain editorial changes will be made to the Explanatory Memorandum to ensure that the Explanatory Memorandum is up-to-date and where appropriate aligns with the underlying fund documentation.

3. Updates for compliance with Part G of the Code

The Explanatory Memorandum will be updated to reflect the latest requirements in Part G of the Code. In particular, the sequence of the contents has been rejigged to be in line with the requirements of the Code, and the contents have been updated in an easy-to-understand and concise manner to enhance readability and clarity. For the purpose of standardisation, the Explanatory Memorandum will be renamed as the "MPF Scheme Brochure". Rest assured that the update to the Explanatory Memorandum per the Code will not in itself result in changes to the operation and features of the Master Trust.

This notice only gives a summary of the major changes to the Master Trust. All the amendments to the Trust Deed and Explanatory Memorandum of the Master Trust will not have any adverse impact on Members. 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

31st March, 2020