

NOTICE TO PARTICIPANTS

BEA (MPF) VALUE 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) Value Scheme ("**Value Scheme**") accept responsibility for the information contained in this document. Capitalised terms not defined in this document have the same meaning as in the MPF scheme brochure of the Value Scheme ("**MPF Scheme Brochure**").

The table below summarising changes to Value Scheme:

- (a) The BEA Greater China Tracker Fund (the "**BEA GCTF**" or the "**Terminating CF**") currently solely invests into the SPDR® FTSE® Greater China ETF (the "**Terminating Underlying ITCIS**"). On 14th March, 2023, State Street Global Advisors Asia Limited, the manager of the Terminating Underlying ITCIS, issued an Announcement and Notice on hkexnews.hk concerning the proposed cessation of trading, termination, voluntary deauthorisation and delisting and non-applicability of certain provisions of the Code on Unit Trusts and Mutual Funds (the "**Announcement and Notice**"). According to the Announcement and Notice, the last trading day of the units in the Terminating Underlying ITCIS will be 14th June, 2023, after which the Terminating Underlying ITCIS will no longer be traded on the Stock Exchange of Hong Kong. The Terminating Underlying ITCIS is expected to be terminated on or around 14th August, 2023.
- (b) Further to the issuance of the Announcement and Notice, the Trustee has considered alternative arrangements for the Terminating CF as detailed in section 1.3 below. The Trustee has considered from various angles and their potential impacts on the Members, and the Trustee believes that there are no other viable options available but to terminate the Terminating CF (the "**Termination**"). The Trustee considers that the Termination will be in the best interests of the Members and will not have an adverse impact on the interests of the Members, and that the interests of the Members will be adequately protected and will not be prejudiced by the Termination.
- (c) Pursuant to clause 4.1 of the trust deed of the Value Scheme (the "**Trust Deed**"), the Trustee may with the consent of the Sponsor (or shall at the request of the Sponsor) at any time and from time to time determine that any Constituent Fund shall cease to be such by giving not less than one month's notice to each Employer and Member. The Sponsor has provided the requisite consent for the Termination in accordance with clause 4.1 of the Trust Deed. And this notice operates as the requisite notice to Employers and Members under clause 4.1. The Termination will take effect on **15th June, 2023** (the "**Effective Date**"). Should you not switch out of the Terminating CF before the Effective Date, on the Effective Date the redemption proceeds of the Terminating CF will be used to purchase units in BEA Greater China Equity Fund (the "**Default CF**") whereby the Default CF has similar investment objective as the Terminating CF and has a lower management fee than the Terminating CF. For details of the Termination, please refer to section 1 of this notice.
- (d) Further details of the Termination are as follows:
- (i) The cut-off date of all instructions related to the Terminating CF, including subscription, redemption, change of investment mandate and fund switching will be:
- (A) 11 p.m. on 7th June, 2023 for change of investment mandate via online service portal and Interactive Voice Response System instructions ("**E-Submission Cut-off Deadline for Change of Investment Mandate**"), and

(B) 4 p.m. on 8th June, 2023 for (i) for fund switching instruction via online service portal and Interactive Voice Response System instructions ("**E-Submission Cut-off Deadline for Switching**") and (ii) for all instructions (including subscription and redemption) related to the Terminating CF submitted in paper form (which includes email and fax) ("**Paper Submission Cut-off Deadline**").

E-Submission Cut-off Deadline for Change of Investment Mandate, E-Submission Cut-off Deadline for Switching and Paper Submission Cut-off Deadline are collectively referred to as the "**Relevant Cut-off Deadlines**". For details of the Relevant Cut-Off Deadlines, please refer to section 1 of this notice.

- (ii) All dealings in relation to the Terminating CF (other than for the purpose of redemption as described in section 4 of this notice) will be suspended from 9th June, 2023 to 14th June, 2023 (the "**Suspension Period**"). However, the determination of the NAV of the Terminating CF will continue and will not be affected during the Suspension Period.
- (e) No action is required of the Members to effect the Termination. However:
 - (i) a participating employer who does not wish to be involved in the Termination may transfer out of the Scheme;
 - (ii) a Member may transfer his accrued benefits derived from the Member's mandatory contributions in their contribution accounts under the employee choice arrangement once in every calendar year; and
 - (iii) a Member who does not wish to be involved in the Termination may (a) switch their existing investment in the Terminating CF to other Constituent Fund(s), and/or (b) change his/her investment mandate in respect of any new contributions and transfer-in benefits relating to the Terminating CF.
- (f) There will be no fees or penalty, bid/offer spread or transfer fee imposed on any transfer out of the Value Scheme or switching/change of investment mandate instruction as described in section 3 of this notice. The cost of the Termination will be borne by the Trustee. As such, no expenses relating to the Termination will be borne by the Members or the Value Scheme. For details of how the Termination may affect Members, please refer to section 4 of this notice.

If 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.

Thank you for your continuous support to the Value Scheme.

1. Termination of the Terminating CF

- 1.1 The Terminating CF currently solely invests in the Terminating Underlying ITCIS. The Trustee has been notified that the Terminating Underlying ITCIS will be terminated on or around 14th August, 2023. Taking into account the alternatives as outlined in section 1.3 below, the Trustee has decided to terminate the Terminating CF.

- 1.2 The important dates with respect to the Termination are as follows:

<i>At the Terminating CF level</i>	
7 th and 8 th June, 2023	E-Submission Cut-off Deadline for Change of Investment Mandate: 11 p.m. on 7 th June, 2023 E-Submission Cut-off Deadline for Switching: 4 p.m. on 8 th June, 2023 Paper Submission Cut-off Deadline: 4 p.m. on 8 th June, 2023
9 th June, 2023 to 14 th June, 2023	Suspension Period
15 th June, 2023	Effective Date of the Termination
<i>At the Terminating Underlying ITCIS level</i>	
14 th June, 2023	Last trading day
15 th June, 2023	Trading cessation day
On or around 14 th August, 2023	Termination date of the Terminating Underlying ITCIS

- 1.3 The Trustee has considered alternative arrangements for the Terminating CF, namely, (a) potential replacement of the Terminating Underlying ITCIS with another approved ITCIS with a comparable investment objective and policy; and (b) termination of the Terminating CF. With respect to each of these alternatives, the Trustee has considered from various angles and their potential impacts on the Members. The Trustee has conducted a review of the available approved ITCISs in the market and concluded that there is no comparable alternative available.

- 1.4 Accordingly, taking into account the above considerations, the Trustee believes that there are no other viable options available but to terminate the Terminating CF. The Trustee considers that the Termination will be in the best interests of the Members and will not have an adverse impact on the interests of the Members, and that the interests of the Members will be adequately protected and will not be prejudiced by the Termination. For completeness, the Value Scheme will continue to offer Constituent Funds with a full spectrum of risk, from low risk (for downside protection) to high risk (for upside potential).

2. **Default fund arrangement**

- 2.1. Taking into consideration (i) the investment objective and policies, (ii) the risk and return profiles, (iii) the management fees, (iv) the geographical allocation and (v) the investment performance, the Trustee considers that the Default CF would offer a comparable alternative to the Members.
- 2.2. On the Effective Date, the Trustee will redeem all units relating to the Terminating CF in cash and use the redemption proceeds to purchase the units in the Default CF which shares similar investment objective as the Terminating CF. Redemption in cash may give rise to out-of-market risks. In order to mitigate the impact of out-of-market risks (the risks of missing out on the return on a market because of the time lag between receipt of redemption proceeds and subsequent investment of such proceeds) on Members with accrued benefits and/or investment mandate in the Terminating CF, the Terminating CF's holdings of the Terminating Underlying ITCIS will be realized in phases from 5th June, 2023 to 14th June, 2023. Please refer to the **Appendix** to this notice which sets out a more detailed comparison between the Terminating CF and the Default CF.
- 2.3. According to clauses 4.3.3 and 4.3.4 of the Trust Deed, if the Members do not exercise their rights to switch to other Constituent Fund(s) (the "**Transferee CF(s)**") or change their investment mandate to other Transferee CF(s) by the relevant cut-off time on the Relevant Cut-off Deadlines, their existing accrued benefits and any future contribution payment/transfer-in benefits received in respect of such Members that would have been invested in the Terminating CF will be invested in the BEA Core Accumulation Fund and the BEA Age 65 Plus Fund per the default investment strategy under the Scheme. However, for the reasons set out in paragraph 2.2 above, the Trustee is of the view that the Default CF is more preferable in this circumstance. The Trust Deed will therefore be amended to cater for the present arrangement and any similar circumstances in the future.

3. **Transitional arrangements**

- 3.1. The cut-off date of all instructions related to the Terminating CF, including subscription, redemption, change of investment mandate and fund switching will be the Relevant Cut-off Deadlines. The details of the transitional arrangement of instructions involving the Terminating CF will be as follows:

Types of instructions that involve the Terminating CF	Instructions received at or before the relevant cut-off time on the Relevant Cut-off Deadlines	Instructions received after the relevant cut-off time on the Relevant Cut-off Deadlines
Subscriptions (including Member enrolment): Contributions and transfer-in monies that involve the Terminating CF	Should the relevant valid and duly completed instructions be received at or before 4 p.m. on the Paper Submission Cut-off Deadline , such instructions will be processed under the Trustee's normal service benchmark.	Such instructions that relate to the Terminating CF will be deemed and processed as instructions with respect to the corresponding Transferee CF(s) under the Trustee's normal service benchmark. Instructions that relate to the Constituent Fund(s) other than the Terminating CF will be processed under the Trustee's normal service benchmark.
Redemptions: Withdrawal claims and transfer-out benefits that involve the Terminating CF	Should the relevant valid and duly completed instructions be received at or before 4 p.m. on the Paper Submission Cut-off Deadline , such instructions will be processed under the Trustee's normal service benchmark.	Such instructions that relate to the Terminating CF will be deemed and processed as instructions with respect to the corresponding Transferee CF(s) on or after the Effective Date under the Trustee's normal service benchmark.
Fund switching and change of investment mandate instructions that involve the Terminating CF	<p>Should the relevant valid and duly completed instructions be received at or before 4 p.m. on 8th June, 2023 for paper and fax instructions (i.e. the Paper Submission Cut-off Deadline) and for fund switching instruction submitted via online service portal and Interactive Voice Response System instructions (i.e. E-Submission Cut-off Deadline for Switching), and 11 p.m. on 7th June, 2023 for change of investment mandate instructions submitted via online service portal and Interactive Voice Response System instructions (i.e. the E-Submission Cut-off Deadline for Change of Investment Mandate), such instructions will be processed under the Trustee's normal service benchmark.</p> <p>The total value of each affected Member in respect of his/her holdings in the Terminating CF immediately before any fund switching will be the same as the total value of his/hers in respect of the Transferee CF(s) immediately after the fund switching.</p>	<p>Fund switching instructions involving the Terminating CF will be rejected, except with respect to fund switching instruction not involving Terminating CF which will be processed under the Trustee's normal service benchmark.</p> <p>Change of investment mandate instructions involving the Terminating CF will be rejected, except with respect to change of investment mandate instructions to a Constituent Fund not being the Terminating CF which will be processed under the Trustee's normal service benchmark.</p> <p>The Trustee will endeavour to call affected employer and Member and issue rejection letter to the affected employer/Member, save for those untraceable employers/Members whom the Trustee is unable to contact.</p>

- 3.2. Paper submission of instructions should be posted to the Trustee at 32nd Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong; instructions through fax can be submitted to (+852) 3608 6003, where applicable.
- 3.3. All dealings in relation to the Terminating CF (other than for the purpose of redemption as described in section 4 of this notice) will be suspended from 9th June, 2023 to 14th June, 2023 (i.e. the Suspension Period) in order to process and settle all the dealing instructions that may be received by the Trustee prior to the Suspension Period, as well as settle all liabilities and finalise the books of the Terminating CF for the Termination. However, the determination of the NAV of the Terminating CF will continue and will not be affected during the Suspension Period. The Trustee believes that the Suspension Period of four Business Days is necessary and reasonable to ensure the transitional arrangements can be accurately and properly carried out in the interests of the employers and Members under the Scheme. For the avoidance of doubt, members with no accrued benefits in the Terminating CF and do not intend to exercise their rights to change their investment mandate instructions to the Terminating CF before the Suspension Period will not be affected by the suspension.
- 3.4. Under clauses 6.1 and 6.4 of the Trust Deed and 7.1(d) of the MPF Scheme Brochure, the suspension of (i) subscription for and redemption from a Constituent Fund and (ii) the issuance of units of a Constituent Fund, respectively, may only occur together with the suspension of determination of the net asset value of the Constituent Fund. However, in effecting the Termination, all subscription for and redemption from the Terminating CF will be suspended while the determination of the net asset value of the Terminating CF will continue (please refer to paragraph 3.3 above for details). The Trust Deed and the MPF Scheme Brochure will therefore be amended to provide the Trustee the flexibility to declare a suspension of issuance, realization or switching of units relating to a Constituent Fund without a suspension of the determination of the net asset value of the Constituent Fund.
- 3.5. For the avoidance of doubt, immediately after the Relevant Cut-off Deadlines, the Terminating CF will cease to be available for selection on the fund list for fund switching via online service portal and Interactive Voice Response System. In addition, employers and Members investing in the Terminating CF cannot effect any fund switching during the Suspension Period.

4. How may the Termination affect the Members?

4.1 If the Members:

- a. **exercise** their rights to switch or change their investment mandate instructions to the Transferee CF(s) by the relevant cut-off time on the Relevant Cut-off Deadlines, such instructions will be processed under the Trustee's normal service benchmark*;
- b. **do not exercise** their rights to switch to other Transferee CF(s) or change their investment mandate to other Transferee CF(s) by the relevant cut-off time on the Relevant Cut-off Deadlines, their existing accrued benefits and any future contribution payment/transfer-in benefits received in respect of such Members that would have been invested in the Terminating CF will be invested in the Default CF.

**For details on how the above process will be effected, please refer to section 6.3.1 (Mandate to invest contributions) and 6.3.2 (Switching instructions to change investment) of the MPF Scheme Brochure.*

- 4.2 On the Effective Date, employers and Members investing in the Terminating CF immediately before the Effective Date (i.e. those who do not fall under section 4.1(a) above) will become investing in the Default CF. The number of units (including any fraction of units calculated and rounded off in accordance with the Trust Deed) in the Default CF to be allocated in respect of each such employer or Member concerned will be calculated by dividing the total value of holdings of the Terminating CF attributable to the Member as at the Effective Date by the unit price of the Default CF, also as at the Effective Date. Because the unit price of the Terminating CF may differ from the one of the Default CF, the number of units in the Default CF to be allocated in respect of the Member concerned immediately after the Effective Date may not be the same as the number of units in the Terminating CF attributable to such Member immediately before the Effective Date. Rest assured the total value of each affected Member in respect of his/her holdings in the Terminating CF immediately before the Effective Date will be the same as the total value of his/her holdings in respect of the Default CF immediately after the Effective Date.

- 4.3 Employers and Members who have investment mandate and/or any holding of units in the Terminating CF immediately prior to the Effective Date will receive a statement showing the amount of accrued benefits being transferred and/or investment mandates being updated from the Terminating CF to the Default CF and the unitholdings thereof. The statement will be sent by post within two weeks after the Effective Date.
- 4.4 We will liaise with all related service providers including the investment manager, custodian and administrator of the Value Scheme and those of the Terminating Underlying ITCIS to ensure there will be a smooth transition and proper transfer of accrued benefits of the Members from the Terminating CF to the Default CF.
- 4.5 There will be no fees or penalty, bid/offer spread or transfer fee imposed on any transfer out of the Value Scheme or switching/change of investment mandate instruction described in this section 3. The cost of the Termination is estimated to be around HK\$732,000 and will be borne by the Trustee. As such, no expenses relating to the Termination will be borne by the Members or the Value Scheme.
- 4.6 The Trustee will provide and make available new versions of administrative forms (with the Terminating CF removed) from the Effective Date onwards. If an individual on becoming a Member submits the old version of an administrative form after the Effective Date and chooses to invest in the Terminating CF, the Trustee will treat it as an incomplete investment option and all the future mandate will be allocated to the Default CF unless and until the Member subsequently varies his/her investment options. If a Member submits the old version of an administrative form to change his/her investment mandate or to effect a fund switching and chooses to invest in the Terminating CF, the Trustee will treat it as an incomplete instruction, and such instruction will be rejected, and the existing investment (in respect of the existing accrued benefits) will remain unchanged. That said, for the avoidance of doubt, the Trustee will proceed with setting up future mandate for Members who have not selected the Terminating CF in the completed old versions of administrative forms they submitted.

From the Effective Date, you may visit our website at <http://www.hkbea.com> for the updated offering document and amended Trust Deed (per paragraphs 2.3 and 3.4 above) of the Value Scheme or obtain a copy of the updated offering document and amended Trust Deed at the office 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

15th May, 2023

Appendix

	BEA GCTF	Default CF
Fund type	Equity fund	Equity fund
Fund structure	Feeder fund	Feeder fund
Investment objective	To provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE® Greater China HKD Index.	To provide investors with long-term capital growth through exposure to the Greater China equity markets.
Investment policy	<p>The BEA GCTF will invest directly in the SPDR® FTSE® Greater China ETF. The SPDR® FTSE® Greater China ETF aims to provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE® Greater China HKD Index.</p> <p>Whilst the investment objective of the BEA GCTF and the SPDR® FTSE® Greater China ETF is to track the FTSE® Greater China HKD Index, there can be no assurance that the performance of the BEA GCTF and the Terminating Underlying ITCIS will at any time be identical to that of the FTSE® Greater China HKD Index.</p>	The Default CF will invest directly in the BEA Union Investment Greater China Growth Fund (a sub fund of the BEA Union Investment Capital Growth Fund) (" underlying APIF ") to obtain exposure to the Greater China equity markets. The underlying APIF will invest 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.
Asset allocation	100% in equity securities	<p>Not less than 70% in equities securities</p> <p>Up to 10% in other securities as permitted under the Mandatory Provident Fund Schemes (General) Regulation with the remainder held in cash or cash equivalents</p>
Risk profile	High	High
Management fees (As a percentage of net asset value per annum)	0.91%	0.90%
Size of asset under management (as of 31st March, 2023)	HK\$5.74 million	HK\$14.99 million