

March 2016

Frequently Asked Questions to the Scheme Participants of the HSBC Mandatory Provident Fund — SimpleChoice

Merger of the HSBC Mandatory Provident Fund — SimpleChoice (the 'HSBC SC') and the HSBC Mandatory Provident Fund — ValueChoice (the 'HSBC VC') is scheduled to take effect on 1 July 2016 (the "Effective Date"), subject to relevant regulatory approval.

General

1. What is the Merger of the HSBC SC and the HSBC VC?

With effect from the Effective Date which is scheduled for 1 July 2016, subject to relevant regulatory approval:

- (a) the HSBC SC will be merged into the HSBC VC, each HSBC SC constituent fund will be merged into the relevant corresponding HSBC VC constituent fund (including the newly established Global Equity Fund) (the "**Merger**");
- (b) scheme participants of the HSBC SC immediately before the Merger will become the scheme participants of the HSBC VC (each, a "**Transferring Participant**"). A new constituent fund, i.e. Global Equity Fund, has been established under the HSBC VC and will be launched on the Effective Date. The investment objective and policy, fees level and fees and charges structure of this Global Equity Fund will be the same as those of the Global Equity Fund under the HSBC SC;
- (c) unit holdings and the value of such unit holdings of Transferring Participants of the HSBC SC immediately before the Merger will be transferred to the corresponding funds in the HSBC VC, without any changes to the numbers of those unit holdings and corresponding value of those unit holdings;
- (d) for those who are currently under SimpleChoice — Asset Allocation, the arrangement under Question 12 will apply.

2. When will be the Effective Date of the Merger?

The Merger is scheduled to take effect on 1 July 2016, subject to relevant regulatory approval.

3. Why does HSBC MPF merge the HSBC SC with the HSBC VC?

HSBC MPF believes that the Merger will enable the scheme participants who invest in the HSBC SC constituent funds to enjoy the economies of scale as a result of fixed costs being spread over a larger asset base, with an aim that the fund expense ratio could be lowered in the long run. Similarly, scheme participants who invest in the corresponding HSBC VC constituent funds will enjoy the economies of scale as a result of the larger asset base. In addition, following the merger of the HSBC SC and the HSBC VC, scheme participants of the HSBC SC will be offered a wider choice of constituent funds to meet the preference and risk profile of the scheme participants.

4. What options do I have if I do not want to be involved in the Merger?

HSBC MPF believes that the Merger is in the best interest of scheme participants. The three constituent funds in HSBC SC will be merged into the corresponding HSBC VC constituent funds and there is no change in their investment objectives and management.

Over the long run, HSBC MPF believes that the Merger will enable the scheme participants who invest in the HSBC SC constituent funds to enjoy the economies of scale as a result of fixed costs being spread over a larger asset base.

Also, we are committed to ensuring that interests of our scheme participants are adequately protected in the Merger, and that the Merger would not create any adverse impact on their accrued benefits. The total number of units and the value of those units in each HSBC VC constituent fund held by a Transferring Participant immediately after the Merger would be the same as the total number of units and the value of those units in the corresponding HSBC SC constituent fund held by the Transferring Participant immediately before the Merger.

However, we respect the scheme participants' decisions. If you would really like to, you could transfer your accrued benefits to other MPF schemes in the usual manner as permitted by the scheme rules and relevant regulations.

For employee members, personal account holders and self-employed persons, you may contact the HSBC MPF Member Hotline on 3128 0128 or for employers, you may contact the HSBC MPF Employer Hotline on 2583 8033 for further details.

5. Do I need to do anything to transfer my MPF account/scheme from the HSBC SC to the HSBC VC?

No. With effect from the Effective Date of the Merger, ie 1 July 2016¹, you will become a scheme participant of the HSBC VC automatically.

There will not be any adverse impact on your accrued benefits and your investment mandates in the HSBC SC will automatically become your investment mandates in the HSBC VC immediately after the Merger (except for those who are currently under SimpleChoice — Asset Allocation where the arrangement under Question 12 will apply). Also, the three constituent funds in HSBC SC will be merged into the corresponding HSBC VC constituent funds and there is no change in their investment objectives and management. The total number of units and the value of those units in each corresponding HSBC VC constituent fund held by a Transferring Participant immediately after the Merger would be the same as the total number of units and the value of those units in the corresponding HSBC SC constituent fund held by the Transferring Participant immediately before the Merger.

However, if you are a member making/wishing to make Flexi-Contributions, an employer, or a self-employed person, please take note of the following changes to payment arrangements:

- If you are paying by cheque: From now on until 30 June 2016, cheques should continue to be made payable to "HSBC MPF SimpleChoice" or "HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — SimpleChoice". After the Merger has taken effect on 1 July 2016¹, cheques should be made payable to "HSBC MPF ValueChoice" or "HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — ValueChoice".
- If you are paying by direct debit: There is no need to update your direct debit instructions and no action is required of you. Your payment instructions under the HSBC SC will continue to be applicable under the HSBC VC after the Merger. No charge will be incurred for the change of payment instruction from the HSBC SC to the HSBC VC.

6. Can I use the forms of the HSBC SC after the Merger?

You should **continue** to use remittance statements, employee application forms and any other forms of the **HSBC SC until 30 June 2016**. You should **ONLY** use the corresponding forms of the **HSBC VC after the Merger** (that is **from 1 July 2016¹ onwards**) which are available for download at HSBC MPF website www.hsbc.com.hk/mpf.

7. Will I suffer financial loss as a result of the Merger?

No. The three constituent funds in HSBC SC will be merged into the corresponding HSBC VC constituent funds. The total number and value of units in each corresponding HSBC VC constituent funds held by a Transferring Participant immediately after the Merger would be the same as the total number and the value of those units in the HSBC SC constituent funds held by the Transferring Participant immediately before the Merger.

¹ Subject to relevant regulatory approval

Your investment mandates in the HSBC SC will automatically become your investment mandates in the HSBC VC immediately after the Merger (except for those who are currently under SimpleChoice — Asset Allocation where the arrangement under Question 12 will apply).

8. Will I pay more management fees after the Merger?

The level of management fees of each of the three constituent funds under the HSBC SC is the same as that of the corresponding constituent fund with the same name under the HSBC VC (including the new Global Equity Fund to be established under the HSBC VC).

9. How will HSBC MPF communicate with the customers about the Merger?

Notice of the Merger will be given to all scheme participants of the HSBC SC by post at least three months before the Merger becomes effective and it will be posted on the HSBC MPF website. A newspaper notice will be published on Hong Kong Economic Times and South China Morning Post on 31 March 2016.

Transfer and confirmation statements will be sent by post to the last known address of each Transferring Participant in or around July to August 2016.

10. Will my investment mandates be changed during the Merger?

No. Your investment mandates in the HSBC SC will become your investment mandates in the HSBC VC immediately after the Merger. The same investment mandates will apply to your accrued benefits as well as all future contributions and transfer-in amounts paid to the HSBC VC.

However, if you are currently under the SimpleChoice — Asset Allocation, the arrangement under Question 12 will apply.

11. Who will bear the cost of the Merger?

The costs of the Merger will be borne by HPFT and HSBC Life, as agreed between themselves, that is HSBC Provident Fund Trustee (Hong Kong) Limited and HSBC Life (International) Limited, respectively. No associated costs of the Merger will be borne by the scheme participants.

12. What if I am currently under the SimpleChoice — Asset Allocation?

For any HSBC SC member who is under the SimpleChoice — Asset Allocation immediately before the Merger (each, an “AA Transferring Participant”), regardless of whether he/she was defaulted to, or had opted for this arrangement voluntary as his/her investment strategy, his/her existing accrued benefits in the HSBC SC will be transferred to the HSBC VC based on the asset allocation immediately before the Merger. No further adjustment to the asset allocation in accordance with the AA Transferring Participant’s age will be carried out automatically in the future. Furthermore, his/her future contributions and transfer-in benefits to the HSBC VC will be invested based on the same asset allocation immediately before the Merger. These arrangements in the preceding provisions of this paragraph are referred to as “AA Transfer Arrangement”.

A scheme participant who is currently participating in the SimpleChoice — Asset Allocation may submit a valid rebalance of existing portfolio instruction to change his/her investment mandate anytime before or following the Merger. On receipt of such instruction prior to the deadlines specified below, his/her accrued benefits, future contributions and transfer-in benefits will follow such revised investment mandate and the AA Transfer Arrangement will not apply after the Merger:

- (a) 4 pm on 29 June 2016 if the instruction is submitted through Personal Internet Banking or IVRS;
or
- (b) 23 June 2016 if the instruction is submitted in paper form.

Valid rebalance of existing portfolio instruction given by the relevant scheme participant after the respective dates above will be processed in the normal business manner. If any such instructions cannot be effected before the Effective Date, they will be carried out under HSBC VC as soon as practicable after the Effective Date as if the instructions were given under the HSBC VC. In such cases,

their existing accrued benefits in HSBC SC will be transferred to HSBC VC based on the asset allocation immediately before the Merger, and their future contributions and transfer-in benefits paid to HSBC VC will be invested in accordance with the asset allocation immediately before the Merger (in accordance with the AA Transfer Arrangement as described in the preceding provisions of this paragraph), until their instructions have been processed under HSBC VC. Any scheme participant under the AA Arrangement and does not opt out of it before the Merger will be considered as AA Transferring Participant and considered to have chosen to be under the AA Transfer Arrangement after the Merger.

13. Is there anything I should pay attention if I submit dealing instructions close to the Effective Date of the Merger?

All valid dealing instructions given by the scheme participants of the HSBC SC received by the Administrator of the HSBC SC will be effected in the normal business manner under the HSBC SC before the Effective Date of the Merger.

However, any such instructions that cannot be completed under the HSBC SC before the Effective Date will be carried out under the HSBC VC as soon as practicable after the Effective Date, as if the instructions were given under the HSBC VC. Therefore, there is no need for you to place the instructions again.

All other instructions, such as updating members' records and particulars, will continue to be handled and processed in the normal business manner.

14. What should I do if I have further questions about the Merger?

For employee members, personal account holders and self-employed persons, you may contact the HSBC MPF Member Hotline on 3128 0128 to talk to our customer service representatives or for employers, you may contact the HSBC MPF Employer Hotline on 2583 8033.

Seminars will be held to brief the scheme participants on the Merger. Further details of the seminars will be available in the HSBC MPF website at www.hsbc.com.hk/mpf from May 2016.

Employee members and personal account holders

15. Will there be any suspension of service channels?

To facilitate a smooth transition of the Merger, there will be a temporary suspension on some of the MPF services. You will therefore not be able to place any dealing instructions and make enquires (excluding enquiry of 'Projection on MPF Benefits' on Personal Internet Banking) on MPF accounts via Personal Internet Banking or IVRS after 4 pm, 29 June 2016 to 11.59 pm, 3 July 2016. As an alternative, please call HSBC MPF Member Hotline or approach our MPF specialists at any of the designated HSBC branches listed in www.hsbc.com.hk/mpf during normal operating hours. If any instructions cannot be effected under the HSBC SC before the Effective Date, they will be carried out under the HSBC VC as soon as practicable after the Effective Date, as if the instructions were given under the HSBC VC. Therefore, there is no need for you to place the instructions again.

16. Will my MPF membership number, Employer ID/Scheme ID or pay centre ID be changed as a result of the Merger?

No. Your MPF membership number, Employer ID/Scheme ID and pay centre ID will remain unchanged after the Merger.

17. If I have Flexi-Contributions under the HSBC SC, what do I need to do?

If you are a member making/wishing to make Flexi-Contributions, please take note of the following changes to the payment arrangements:

- If you are paying by cheque: From now on until 30 June 2016, cheques should continue to be made payable to “HSBC MPF SimpleChoice” or “HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — SimpleChoice”. After the Merger has taken effect on 1 July 2016¹, cheques should be made payable to “HSBC MPF ValueChoice” or “HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — ValueChoice”.
- If you are paying by direct debit: There is no need to update your direct debit instructions and no action is required of you. Your payment instructions under HSBC SC will continue to be applicable under the HSBC VC after the Merger. No charge will be incurred for the change of payment instructions from the HSBC SC to the HSBC VC.

Employers

18. Will my Employer ID or pay centre ID be changed after the Merger?

No. Your employer ID and pay centre ID will remain unchanged after the Merger.

19. I am an employer of the HSBC SC Scheme. Is there any change to my payment of arrangements after the Merger?

Yes, please take note of the following changes to the payment arrangements:

- If you are paying by cheque: From now on until 30 June 2016, cheques should continue to be made payable to “HSBC MPF SimpleChoice” or “HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — SimpleChoice”. After the Merger has taken effect on 1 July 2016¹, cheques should be made payable to “HSBC MPF ValueChoice” or “HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — ValueChoice”.
- If you are paying by direct debit: There is no need to update your direct debit instructions and no action is required of you. Your payment instructions under HSBC SC will continue to be applicable under the HSBC VC after the Merger. No charge will be incurred for the change of payment instruction from the HSBC SC to the HSBC VC.

20. Will there be any suspension in processing contribution instructions?

Processing of contribution instructions will not be suspended due to the Merger. In particular, the operation of the Business Internet Banking and its corresponding services will not be suspended.

If any valid instructions given by the scheme participants of the HSBC SC cannot be effected under the HSBC SC before the Effective Date, they will be carried out under the HSBC VC as soon as practicable after the Effective Date, as if the instructions were given under the HSBC VC. Therefore, there is no need for you to place the instructions again.

21. Will my investment mandates for the reserve account balance be changed during the Merger?

No. Your investment mandates in the HSBC SC will automatically become your investment mandates under the HSBC VC after the Merger. The same investment mandates will apply to the reserve account balance on the Effective Date of the Merger, and any future unvested benefits arising from the reserve account under the HSBC VC.

¹ Subject to relevant regulatory approval

Self-employed persons

22. Will there be any suspension of service channels and processing of contribution instructions?

To facilitate a smooth transition of the Merger, there will be a temporary suspension on some of the MPF services. You will therefore not be able to place any dealing instructions and make enquiries (excluding enquiry of 'Projection on MPF Benefits' on Personal Internet Banking) on your MPF accounts via Personal Internet Banking or IVRS after 4 pm, 29 June 2016 to 11.59 pm, 3 July 2016. As an alternative, please call HSBC MPF Member Hotline or approach a MPF specialist at any of the designated HSBC branches listed in www.hsbc.com.hk/mpf during normal operating hours. If any instructions cannot be effected under the HSBC SC before the Effective Date, they will be carried out under the HSBC VC as soon as practicable after the Effective Date, as if the instructions were given under the HSBC VC. Therefore, there is no need for you to place the instructions again.

23. Is there any change to my payment arrangements after the Merger?

Yes, please take note of the following changes to the payment arrangements:

- If you are paying by cheque: From now on until 30 June 2016, cheques should continue to be made payable to "HSBC MPF SimpleChoice" or "HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — SimpleChoice". After the Merger has taken effect on 1 July 2016¹, cheques should be made payable to "HSBC MPF ValueChoice" or "HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — ValueChoice".
- If you are paying by direct debit: There is no need to update your direct debit instructions and no action is required of you. Your payment instructions under HSBC SC will continue to be applicable under the HSBC VC after the Merger. No charge will be incurred for the change of payment instruction from the HSBC SC to the HSBC VC.

¹ Subject to relevant regulatory approval

Issued by HSBC Life (International) Limited

Note: Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the relevant 'Principal Brochure'.