

## Notice to Participating Employers, Employee Members, Self-employed Members and Deferred Members of HSBC Mandatory Provident Fund – ValueChoice (collectively, the “Scheme Participants”)

December 2017

**Important: If you are in any doubt about the contents of this notice, you should seek independent professional advice.**

### HSBC Mandatory Provident Fund – ValueChoice – Hang Seng H-Share Index Tracking Fund

Changes are being made to the HSBC Mandatory Provident Fund – ValueChoice (the “**HSBC Master Trust**”) to reflect:

- (a) certain changes to Hang Seng China Enterprises Index (the “**Relevant Index**”), for which the Hang Seng H-Share Index Tracking Fund (the “**Relevant Constituent Fund**”) and the underlying Hang Seng H-Share Index ETF (the “**Underlying ETF**”) are having the investment objective to match as closely as practicable the performance of it; and
- (b) the name changes of the Relevant Constituent Fund and the Underlying ETF.

The changes will be effective from 5 March 2018 (the “**Effective Date**”). If, for whatever reason, there is any change to the Effective Date, we will notify the Scheme Participants via SMS, email and notification on HSBC MPF website [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf)<sup>1</sup>.

Terms not defined in this notice have the same meanings as in the ‘Principal Brochure’ of the HSBC Master Trust.

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

- (a) **Because certain changes will be made to the Relevant Index (as briefly described in (b) below and elaborated in section 1.1), the disclosure about the Relevant Index in the ‘Principal Brochure’ of the HSBC Master Trust will have to be updated accordingly.**
- (b) **With effect from the Effective Date, Red-chips and private enterprises (“P-Chips”) will become eligible to join the Relevant Index as index constituents and a collective total of 10 Red-chips and P-chips will be added to the Relevant Index, while the H-shares constituents in the Relevant Index will remain at 40.**
- (c) **Notwithstanding the changes, the investment objective and policy of the Relevant Constituent Fund will remain unchanged and there will be no material change or increase in the overall risk profile of the Relevant Constituent Fund. The Trustee therefore confirms that the changes will not have any adverse impact on the HSBC Master Trust or the interests of the Scheme Participants.**
- (d) **Actions required of the Members:**
  - **A Member who does not wish to be affected by the change to the Relevant Constituent Fund may exit the Relevant Constituent Fund or transfer out of the HSBC Master Trust to another Registered Scheme in such manner and within such timeframe as set out in section 3.**
  - **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 HSBC Master Trust, then his/her existing balance invested in the Relevant Constituent Fund and/or new contributions and accrued benefits transferred from another Registered Scheme (as the case may be) will continue to invest in the Relevant Constituent Fund, and he/she will be subject to the changes elaborated in section 1.**
- (e) **If you have any queries in relation to the changes set out in this notice, please contact the HSBC MPF Employer Hotline (852) 2583 8033 or HSBC MPF Member Hotline (852) 3128 0128.**

<sup>1</sup> SMS and email will be sent to Scheme Participants in respect of whom we have records of their valid mobile phone numbers and email addresses.

## 1. Details of the changes

### 1.1. Changes to the Relevant Index

Currently, in order for the Relevant Constituent Fund to achieve its investment objective, i.e. to match as closely as practicable the performance of the Relevant Index, the Relevant Constituent Fund invests directly in the Underlying ETF and/or invests indirectly in an approved ITCIS with a similar investment objective through an approved pooled investment fund.

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

### 1.2. Name changes

In response to the changes to the Relevant Index as described in section 1.1, from the Effective Date, the names of the Relevant Constituent Fund and the Underlying ETF will be changed as follows:

	Existing Name	New Name
Relevant Constituent Fund	Hang Seng H-Share Index Tracking Fund	Hang Seng China Enterprises Index Tracking Fund
Underlying ETF	Hang Seng H-Share Index ETF	Hang Seng China Enterprises Index ETF

## 2. Impacts on the HSBC Master Trust and Scheme Participants

Notwithstanding the changes described in section 1, the investment objective and policy of the Relevant Constituent Fund will remain unchanged and there will be no material change or increase in the overall risk profile of the Relevant Constituent Fund. The Trustee therefore confirms that the changes described in section 1 will not have any adverse impact on the HSBC Master Trust or the interests of the Scheme Participants, and that such changes will be in the interests of the Scheme Participants and the interests of the Scheme Participants will be adequately protected and will not be prejudiced in the exercise.

## 3. Actions required

- 3.1. A Member of the HSBC Master Trust may submit valid dealing instructions to HSBC Life (International) Limited via the Trustee by completing the Change of Investment Instruction Form (form code: INBV) or via the designated service channels, e.g. Personal Internet Banking or Interactive Voice Response System ("IVRS") by the following respective cut-off dates in order to switch out the existing balance from the Relevant Constituent Fund and/or change his/her existing investment options so that the new contributions and accrued benefits transferred from another Registered Scheme will not be invested in the Relevant Constituent Fund.

Forms or Designated Service Channels	Received on or before
Via Paper Form — Change of Investment Instruction Form (form code: INBV)	23 February 2018
Via Personal Internet Banking or IVRS <sup>^</sup>	4pm, 2 March 2018

<sup>^</sup> Asset switch of existing balance instruction cannot be processed via IVRS.

- 3.2. Self-employed Members and Deferred Members who do not wish to be affected by the changes in section 1 may transfer out of the HSBC Master Trust to another Registered Scheme by completing and submitting the following forms, and having such valid request reaching the Administrator by 12 February 2018:

Types of Member	Form Name(s) and Form Code(s)
Self-employed Member	Cessation of Self-employment/Transfer of Accrued Benefit Notification Form (form code: IN33) and Scheme Member's Request for Fund Transfer Form (form code: INPM) or Scheme Member's Request for Fund Transfer Form (form code: INPM) with necessary information especially on item (7) under Section II
Deferred Member	Scheme Member's Request for Fund Transfer Form (form code: INPM)

- 3.3. However, an Employee Member will not be entitled to transfer out of the HSBC 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 Registered Scheme of their choice once every year under the employee choice arrangement.

- 3.4. 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 HSBC Master Trust (as the case may be). Any invalid switching/transfer-out instructions will be rejected.
- 3.5. There will be no fees or penalty, bid/offer spread or transfer fee imposed on any such switching/transfer out. The Members of the HSBC Master Trust should review all terms and conditions under the HSBC Master Trust and its Constituent Funds before making any decision.
- 3.6. If, by the cut-off dates as set out in sections 3.1 and 3.2: (a) HSBC Life (International) Limited does 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 HSBC Master Trust to another Registered Scheme, then the affected Member's existing balance invested in the Relevant Constituent Fund and/or new contributions and accrued benefits transferred from another Registered Scheme (as the case may be) will continue to invest in the Relevant Constituent Fund, and he/she will be subject to the changes elaborated in section 1.**

\*\*\*\*

Supplement to the 'Principal Brochure' of the HSBC Master Trust will be issued to reflect the changes as summarised in this notice. You may refer to the relevant supplement for further details. The 'Principal Brochure' and its supplements will be available on HSBC MPF website [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf) or you may request copies of them by contacting the HSBC MPF Employer Hotline (852) 2583 8033 or HSBC MPF Member Hotline (852) 3128 0128.

For further information, please feel free to contact the above HSBC MPF Employer Hotline or HSBC MPF Member Hotline.

Issued by The Hongkong and Shanghai Banking Corporation Limited and HSBC Provident Fund Trustee (Hong Kong) 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'.*