

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

March 2016

Important: This notice is important and requires your immediate attention. If you are in any doubt about the content of this notice, you should seek independent professional advice.

Restructuring of the HSBC Mandatory Provident Fund – SuperTrust (the “HSBC ST”), and the HSBC Mandatory Provident Fund – SuperTrust Plus (the “HSBC STP”) (each, a “Scheme” and collectively, the “Schemes”)

- This notice is in relation to the restructuring of the Schemes whereby the HSBC ST is to be merged with the HSBC STP (the “Merger”) with effect from 1 July 2016 (the “Effective Date”).
- With effect from the Effective Date, Transferring Participants (as defined on page 2 of this notice) will become participants of the HSBC STP, and their accrued benefits under the HSBC ST will be transferred to the HSBC STP as a result of the Merger. No action needs to be taken by the Transferring Participants in the course of the Merger.
- The Merger will enable the Transferring Participants under the HSBC ST who invest in the constituent funds under the HSBC ST to enjoy the economies of scale that will allow fixed costs to spread over a larger asset base, with an aim that the fund expense ratio could be lower in the long run. Similarly, scheme participants who invest in the corresponding constituent funds under the HSBC STP will enjoy the economies of scale as a result of the larger asset base. In addition, following the Merger, Transferring Participants who are under the HSBC ST will be offered a wider variety of choices of constituent funds to meet their risk profile.
- The fees and charges structure of the HSBC STP are the same as that under the HSBC ST, and will remain unaffected by the Merger.
- The costs of the Merger will be borne by HPFT and HSBC Life (as defined on page 1 of this notice), as agreed between themselves. No costs of the Merger will be borne by the Scheme Participants.
- The Merger will be in the interests of the Scheme Participants of the HSBC ST and there will be no adverse impact on the accrued benefits. Also, after the Merger, the Transferring Participants will be able to continue to enjoy the services they currently enjoy under the HSBC ST.
- Seminars will be held to brief the Scheme Participants on the Merger. Further details of the seminars will be available on HSBC MPF website www.hsbc.com.hk/mpf from May 2016.
- If you have any questions or concerns about the Merger, please contact the HSBC MPF Member Hotline 3128 0128 or HSBC MPF Employer Hotline 2583 8033.

We, HSBC Provident Fund Trustee (Hong Kong) Limited (“HPFT”, “we” or “us”), are the trustee of the Schemes. The information accompanying this notice contains details of the restructuring of the Schemes, that is the Merger, pursuant to clause 21A of the trust deed of HSBC ST. The Merger has been approved in principle by the Mandatory Provident Fund Schemes Authority and is scheduled to take effect on the Effective Date. Terms not defined in this notice have the same meaning as in the Principal Brochure of the Schemes.

As your accrued benefits under the HSBC ST will be transferred to the HSBC STP as a result of the Merger, you must read this notice carefully. **Any valid request to transfer out of the HSBC ST by a Scheme Participant who does not wish to be transferred to the HSBC STP under the Merger must be submitted through the transferee trustee and reach HSBC Life (International) Limited (“HSBC Life”), the Administrator of the HSBC ST, by 13 June 2016.** Any such transfer-out, as with the usual transfer-out, will not be subject to any withdrawal conditions, limitation, charge or penalty. Where a Scheme Participant invests in the Guaranteed Fund and wishes to have his/her accrued benefits transferred out of

the HSBC ST, no guarantee will apply to the Scheme Participant's balance in the Guaranteed Fund unless coincidentally any one of the "Guarantee Conditions" (as specified in the Principal Brochure of the Schemes) is met.

For the purpose of this notice, unless this notice otherwise specifies, a Scheme Participant immediately before the Merger and whose benefits and membership will be automatically transferred to the HSBC STP is referred to as "**Transferring Participants**".

1. Key operators and financial year

HSBC ST and HSBC STP have the same key operators, that is HPFT being the Trustee and Custodian and HSBC Life being the Sponsor and Administrator.

Both Schemes have the same financial year end, that is 30 June.

2. Constituent fund(s) ("CF(s)")

2.1 Reasons for merging the CFs

It is proposed that each CF available under the HSBC ST will be merged into the relevant corresponding CF available under the HSBC STP with the same name and same investment objectives and policies. HPFT believes that the Merger will enable the Scheme Participants who invest in the CFs under the HSBC ST to enjoy the economies of scale that will allow fixed costs to spread over a larger asset base. Similarly, scheme participants who invest in the corresponding CFs under the HSBC STP will enjoy the economies of scale as a result of the larger asset base. Therefore, HPFT expects that there will be no prejudice to the interests of the scheme participants of the Schemes as a result of the Merger. In addition, following the Merger, Scheme Participants who are under the HSBC ST will be offered a wider variety of choices of CFs to meet the risk profile of the Scheme Participants. Details of the CFs under the respective HSBC ST and HSBC STP are set out below.

2.2 CFs available under the HSBC ST and under the HSBC STP

The HSBC ST consists of the following five CFs:

- (i) MPF Conservative Fund
 - (ii) Guaranteed Fund
 - (iii) Balanced Fund
 - (iv) Growth Fund
 - (v) Hang Seng Index Tracking Fund
- (collectively, the "**HSBC ST CFs**" and each, a "**HSBC ST CF**").

The HSBC STP consists of the following 14 CFs:

- (i) MPF Conservative Fund
 - (ii) Guaranteed Fund
 - (iii) Global Bond Fund
 - (iv) Flexi-Managed Fund
 - (v) Stable Fund
 - (vi) Stable Growth Fund
 - (vii) Balanced Fund
 - (viii) Growth Fund
 - (ix) Hang Seng Index Tracking Fund
 - (x) North American Equity Fund
 - (xi) European Equity Fund
 - (xii) Asia Pacific Equity Fund
 - (xiii) Hong Kong and Chinese Equity Fund
 - (xiv) Chinese Equity Fund
- (collectively, the "**HSBC STP CFs**" and each, a "**HSBC STP CF**").

2.3 Structure under each of the HSBC ST and the HSBC STP

The five corresponding CFs which are involved in the Merger under the HSBC STP (having the same names with the same investment objectives and policies as those of the HSBC ST CFs) are:

- (i) MPF Conservative Fund
- (ii) Guaranteed Fund
- (iii) Balanced Fund
- (iv) Growth Fund
- (v) Hang Seng Index Tracking Fund

(collectively, the “**corresponding HSBC STP CFs**” and, each, a “**corresponding HSBC STP CF**”).

Each of the HSBC ST CFs and the corresponding HSBC STP CFs, other than Hang Seng Index Tracking Fund, is a feeder fund investing solely in an underlying approved pooled investment fund (“**APIF**”). Each underlying APIF is established in the form of a unit trust, save for the APIF for the Guaranteed Fund, which is in the form of an insurance policy. Hang Seng Index Tracking Fund invests in an approved index tracking collective investment scheme (“**approved ITCIS**”) with a similar investment objective or invests indirectly in an approved ITCIS with a similar investment objective through an APIF.

The investment objective and policy, and underlying APIF and/or (in the case of Hang Seng Index Tracking Fund) approved ITCIS, of each of the HSBC ST CFs is identical to that of the relevant corresponding HSBC STP CF.

In addition, the fees and charges structure for the HSBC ST CFs is the same as the corresponding HSBC STP CFs.

2.4 Merger of the CFs

In order to achieve the merger of each HSBC ST CF into the relevant corresponding HSBC STP CF, it is proposed that:

- (a) Given the investment objective and structure of each HSBC ST CF are the same as the relevant corresponding HSBC STP CF, each HSBC ST CF will be merged into the relevant corresponding HSBC STP CF. The table below shows how each HSBC ST CF will be matched up with the relevant corresponding HSBC STP CF:

Name of CF	Available under HSBC ST	Available under HSBC STP
MPF Conservative Fund	✓	✓
Guaranteed Fund	✓	✓
Balanced Fund	✓	✓
Growth Fund	✓	✓
Hang Seng Index Tracking Fund	✓	✓
Global Bond Fund		✓
Flexi-Managed Fund		✓
Stable Fund		✓
Stable Growth Fund		✓
North American Equity Fund		✓
European Equity Fund		✓
Asia Pacific Equity Fund		✓
Hong Kong and Chinese Equity Fund		✓
Chinese Equity Fund		✓

- (b) To effect the Merger, in respect of each HSBC ST CF:
- (i) units of the HSBC ST CF will be redeemed in kind;
 - (ii) the redemption proceeds (in the form of units of the relevant underlying APIF or approved ITCIS) of the HSBC ST CF will be transferred from HPFT as the trustee of the HSBC ST (“**HSBC ST Trustee**”) to HPFT as the trustee of the HSBC STP (“**HSBC STP Trustee**”); and
 - (iii) the redemption proceeds in (ii) will be used to subscribe for units of the relevant corresponding HSBC STP CF. Further details are set out in (c) below.
- (c) In order to minimise any potential market risks and the fluctuation in the price of the investments, all redemptions of units of each HSBC ST CF under the HSBC ST, transfers of the redemption proceeds of each HSBC ST CF from the HSBC ST to the HSBC STP, and subscriptions for units of the relevant corresponding HSBC STP CF under the HSBC STP will be carried out on the Effective Date based on the applicable redemption and subscription prices as of the valuation day immediately before the Effective Date, that is the last dealing day of the HSBC ST.
- (d) Because the unit price of a HSBC ST CF is the same as the corresponding HSBC STP CF, **the total number of units and the value of those units in each corresponding HSBC STP CF 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 HSBC ST CF held by the Transferring Participant immediately before the Merger.** The tables below illustrate how the same number of units and unit value is to be transferred from a HSBC ST CF to a corresponding HSBC STP CF:

Before the Merger — HSBC ST Fund Code	Unit Price immediately before the Merger*	Account Balance — Employer Mandatory Contributions		Account Balance — Member Mandatory Contributions	
		No. of units	HKD	No. of units	HKD
BLF	12.61	558.799	7,046.46	558.799	7,046.46
GRF	15.39	12.512	192.56	12.512	192.56
		Total:	7,239.02	Total:	7,239.02

After the Merger — HSBC STP Fund Code	Unit Price immediately after the Merger*	Account Balance — Employer Mandatory Contributions		Account Balance — Member Mandatory Contributions	
		No. of units	HKD	No. of units	HKD
BLF	12.61	558.799	7,046.46	558.799	7,046.46
GRF	15.39	12.512	192.56	12.512	192.56
		Total:	7,239.02	Total:	7,239.02

* The Unit Price will be calculated using the fund price as at 30 June 2016.

Note:

The above is hypothetical illustration and for reference only.
BLF refers to Balanced Fund and GRF refers to Growth Fund.

- (e) No bid and offer spreads or other transaction costs will be levied in respect of the redemptions and subscriptions of units of the constituent funds of the Schemes or underlying APIFs or approved ITCISs to effect the Merger.
- (f) As **the overall fees and charges payable by the Transferring Participants under the HSBC STP immediately after the Merger will be the same as the overall fees and charges payable by them under the HSBC ST immediately before the Merger**, the Merger will not in itself have any adverse financial impact on the interests of the Transferring Participants.
- (g) The costs of the Merger will be borne by HPFT and HSBC Life, as agreed between themselves. No costs of the Merger will be borne by the Scheme Participants.

2.5 Arrangement relating to the Guaranteed Fund

Upon completion of the Merger, Transferring Participants of the HSBC ST who have holding in the Guaranteed Fund immediately before the Merger will have their holding transferred to the Guaranteed Fund under the HSBC STP (the "**Guaranteed Fund STP**"). The same rate of guarantee under the Guaranteed Fund under the HSBC ST will apply to the investments in the Guaranteed Fund STP. The Actual Balance and the Guaranteed Balance (both terms being defined in the Principal Brochure of the Schemes) in the new account in respect of a Transferring Participant under the HSBC STP immediately after the Merger will have the same value and nominal balance respectively as the Actual Balance and the Guaranteed Balance in the existing account in respect of that Transferring Participant under the HSBC ST immediately before the Merger. The merger of the Guaranteed Fund under the HSBC ST into the Guaranteed Fund under the HSBC STP will not affect each such Transferring Participant's right to the guaranteed rates of return to which he/she would otherwise be entitled under the Guaranteed Fund under the HSBC ST.

2.6 Suspension

- (a) Fund dealings will not be suspended.
- (b) Suspension of services

To facilitate smooth transition and system migration for the purpose of the Merger, **the webpage 'MPF/ORSO' on Personal Internet Banking and interactive voice response system (the "IVRS") will be suspended after 4 pm, 29 June 2016 to 3 July 2016 (both days inclusive).** A message regarding the suspension of services will be posted at HSBC MPF website and recorded in the IVRS. During the above suspension period, no dealing instruction and enquiry (excluding enquiry of 'Projection on MPF Benefits' on Personal Internet Banking) can be made via Personal Internet Banking or IVRS.

For the avoidance of doubt, other than the suspension period specified above, dealing instructions through Personal Internet Banking or IVRS will be processed in the normal business manner, subject to the terms already set out on the relevant webpage or IVRS. In particular, **dealing instructions through Personal Internet Banking or IVRS received before the suspension period will be completed before the Effective Date, subject to the terms already set out on the relevant webpage or IVRS (as applicable).**

Kindly note however that **Business Internet Banking and its webpage will not be suspended.**

(c) Cut-off dates for dealing instructions

Scheme Participants may submit valid dealing instructions to the Administrator by the following respective cut-off dates in order to have their instructions processed under the HSBC ST before the Effective Date:

Instruction	Received on or before
Contribution	Via Business Internet Banking: 11.59 pm, 22 June 2016
	Via paper form: 17 June 2016
Rebalance of existing portfolio ¹ / asset switch of existing balance ² / contribution redirection ³	Via Personal Internet Banking or IVRS [^] : 4 pm, 29 June 2016
	Via paper form: 23 June 2016
Redemption* (excluding transfer-out)	Via paper form: 13 June 2016
Transfer-out*	Any valid request to transfer out of the HSBC ST must reach the Administrator by 13 June 2016 [#]

* These instructions cannot be processed via Business Internet Banking, Personal Internet Banking or IVRS.

[^] Asset switch of existing balance instruction cannot be processed via IVRS.

[#] Any request to transfer-out must be accompanied by a transfer form completed by all relevant parties, including the transferee trustee.

The respective dates in the table above were determined by reference to the time required for the relevant transactions to be processed in the normal business manner, and the Effective Date of the Merger.

Valid dealing instructions given by the Scheme Participants after the respective dates in the table above will also be processed in the normal business manner. However, note that dealing instructions cannot be given via Personal Internet Banking or IVRS during the period after 4 pm, 29 June 2016 to 3 July 2016 (both days inclusive) as described in (b) of this section above.

If any instructions (including any transfer-in instructions) cannot be effected under the HSBC ST before the Effective Date, they will be carried out under the HSBC STP as soon as practicable after the Effective Date as if the instructions were given under the HSBC STP. In particular, any valid request to transfer out of the HSBC ST by a Scheme Participant who does not wish to be transferred to the HSBC STP under the Merger must be submitted through the transferee trustee and reach the Administrator by 13 June 2016.

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

Where the Scheme Participant also participates in the HSBC STP, his/her dealing instructions with respect to the HSBC STP CF will not be subject to the cut-off date under the table above.

3. Transfer of membership

3.1 Generally

With effect from the Effective Date, Transferring Participants will become participants of the HSBC STP. HSBC STP Trustee will maintain accounts in respect of each Transferring Participant under the HSBC STP.

¹ Change the investment allocation of existing investments, new contributions and transfer-in MPF Benefits and AVC Benefits (AVC Benefits means benefits derived from voluntary contributions and/or Flexi-Contributions, if applicable).

² Change the investment allocation of existing investments only.

³ Change the investment allocation of the new contributions and transfer-in MPF Benefits and AVC Benefits (AVC Benefits means benefits derived from voluntary contributions and/or Flexi-Contributions, if applicable) only.

3.2 Participation agreements and other instructions under the HSBC ST

- (a) On and with effect from the Effective Date, all participation agreements, application forms, enrolment forms, investment mandates and any other agreements or instructions including direct debit instructions and any outstanding instructions (including any amendments thereto) validly executed or given to the HSBC ST Trustee by the Transferring Participants, subject to the governing rules of the HSBC STP and to the extent that they are not inconsistent with the terms of the Merger, will become as applicable to the participation of such Transferring Participants in the HSBC STP and will take effect as if the same had been executed or given to the HSBC STP Trustee under the HSBC STP.
- (b) On and with effect from the Effective Date, investment mandates for the HSBC ST CFs shall become investment mandates for the respective corresponding HSBC STP CFs. The investment mandates will apply to the future contributions and transfer-in benefits paid to HSBC STP. **The investment allocation of the accrued benefits to be transferred from HSBC ST to HSBC STP will be the same as the investment allocation applicable to such accrued benefits immediately before the Merger.**

3.3 Payment

On and with effect from the Effective Date, all payments formerly made to the HSBC ST should be made payable to "HSBC MPF SuperTrust Plus" or "HSBC Provident Fund Trustee (Hong Kong) Limited A/C HSBC Mandatory Provident Fund — SuperTrust Plus".

4. Notification regarding the transfer

Transfer and confirmation statements informing each Transferring Participant of the units and corresponding amounts that are transferred out of each relevant HSBC ST CF and transferred to the corresponding HSBC STP CF will be sent by post to the last known address of each Transferring Participant in or around July or August 2016. The transfer-out amounts and transfer-in amounts stated in the transfer and confirmation statements will be in the same decimal places with exactly the same amounts (that is no deviation will be noted from the amounts including decimal places).

5. Recognition of scheme service years and benefit entitlement

Notwithstanding the Merger, **the scheme service years and benefit entitlement for all Transferring Participants under the HSBC ST will be recognised under the HSBC STP after the Merger.**

6. Default fund

The default fund under each of the Schemes is the MPF Conservative Fund. Accordingly, where a Transferring Participant has not given a valid investment instruction under the HSBC ST, the contributions payable by or in respect of him/her after the Merger will be invested into the MPF Conservative Fund, the default fund under the HSBC STP.

If you wish to have more details of the HSBC STP, please visit HSBC MPF website www.hsbc.com.hk/mpf or contact the HSBC MPF Member Hotline 3128 0128 or HSBC MPF Employer Hotline 2583 8033.

7. Trust deed and Principal Brochure

The Scheme Participants may wish to inspect copies of the master trust deed of the HSBC STP by visiting the Administrator's offices during normal business hours, free of charge or obtain copies from the Administrator at a cost of HK\$500 each.

To preserve the environment by reducing paper usage, the Trustee will not be sending a copy of the Principal Brochure of the HSBC STP to the Scheme Participants. Scheme Participants may wish to review the Principal Brochure to understand more about the details of the HSBC STP. The Principal Brochure of the HSBC STP is available on HSBC MPF website for download. If you wish to request a copy of the Principal Brochure of the HSBC STP, please contact the HSBC MPF Member Hotline 3128 0128 or HSBC MPF Employer Hotline 2583 8033.

8. Seminars

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

9. Impacts of the Merger on Scheme Participants

As the trustee of the Schemes, **we are committed to ensuring that the interests of our scheme participants are adequately protected in the Merger and that the Merger would not create any adverse impact on the accrued benefits of the scheme participants of the Schemes. Also, after the Merger, the Transferring Participants will be able to continue to enjoy the services they currently enjoy under the HSBC ST.** The Merger has been structured to ensure that accrued benefits of the scheme participants of the Schemes are adequately protected. The Merger will be in the interests of the Scheme Participants of the HSBC ST and there will be no adverse impact on the accrued benefits and services currently enjoyed by the Scheme Participants of the HSBC ST. **In this regard, note that you may continue to access Personal Internet Banking or Business Internet Banking (as the case may be) after the Merger by your existing username and password.**

We will keep you informed in case of any changes in the arrangements in relation to the Merger and will let you know if any actions need to be taken by you. In this connection, please notify us at your earliest convenience if there is any change of your correspondence address.

10. Withdrawal of authorisation and deregistration of HSBC ST

Separate applications will be made to the Mandatory Provident Fund Schemes Authority for the deregistration, and to the Securities and Futures Commission for the withdrawal of authorisation, of the HSBC ST after completion of the Merger when the HSBC ST ceases to have any assets, liabilities and members.

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Frequently Asked Questions on the Merger have been posted at HSBC MPF website www.hsbc.com.hk/mpf. If you have any questions or concerns about the Merger, please do not hesitate to contact the HSBC MPF Member Hotline 3128 0128 or HSBC MPF Employer Hotline 2583 8033.

Issued by 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'.