Notice to Participating Employers and Members of the HSBC Mandatory Provident Fund (each, the 'Scheme Participant', and collectively, the 'Scheme Participants')

The Hongkong and Shanghai Banking Corporation Limited and HSBC Provident Fund Trustee (Hong Kong) Limited have prepared and accepted responsibility of this notice. The contents in this notice are accurate as of the date of its issuance.

May 2019

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

HSBC Mandatory Provident Fund – SuperTrust Plus
HSBC Mandatory Provident Fund – ValueChoice

Various changes are being made to the HSBC Mandatory Provident Fund – SuperTrust Plus (the '**HSBC SuperTrust Plus**') and HSBC Mandatory Provident Fund – ValueChoice (the '**HSBC ValueChoice**') (each, the '**HSBC Master Trust**', and collectively, the '**HSBC Master Trusts**') and are outlined in the box below.

Subject to relevant regulatory approval, the HSBC ValueChoice will be merged into the HSBC SuperTrust Plus (the 'Merger') with effect from 1 July 2019. For details of the Merger, please refer to the notice dated March 2019 (the 'Merger Notice') posted on the HSBC MPF website www.hsbc.com.hk/mpf or you may request a copy of the Merger Notice by contacting the HSBC MPF Employer Hotline (852) 2583 8033 or HSBC MPF Member Hotline (852) 3128 0128. The Merger Notice applies to the Scheme Participants of the HSBC ValueChoice and it has been sent to the said Scheme Participants by post or via Personal Internet Banking in March 2019.

Terms not defined in this notice have the same meanings as in the 'Principal Brochures' of each of the HSBC Master Trusts.

This box summarises the key changes (the 'Changes') to the HSBC Master Trusts, which are elaborated in the main body of this notice.

Changes

With effect from 1 April 2019 (the 'Effective Date'), the features of tax deductible voluntary contributions ('TVC') will be made to the HSBC Master Trusts, in particular:

(a) Any person who fulfils the eligibility requirements as mentioned in section 3 of this notice can set up a TVC account and pay TVC into such account.

(b) TVC is a new type of contribution and can only be paid into a TVC account of a Registered Scheme, such as the HSBC Master Trusts.

(c) TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is HK$60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.

(d) TVC is voluntary in nature. However, it is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. In particular, Members should note that the accrued benefits derived from TVC can only be withdrawn upon retirement age at 65 or on other statutory grounds under the MPF legislation.

(e) Please refer to the main body of this notice for other details with regard to TVC.

If you have any questions 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.

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Tax Deductible Voluntary Contributions

Changes to the Inland Revenue Ordinance have become effective on 1 April 2019. From 1 April 2019, similar to premiums paid for qualifying deferred annuity products, MPF voluntary contributions made in a specified account set-up by Members of the HSBC Master Trusts (namely, a TVC account) can also enjoy tax concessions in order for them to meet the long-term saving objective for retirement protection.

Your investment decision should not be based on this document alone. We encourage you to read the first supplement to the 'Principal Brochures' of each of the HSBC Master Trusts carefully because the new arrangement may affect your retirement planning and tax benefits associated with the TVC account.

1. **What is TVC?**

TVC is a new type of contribution and can only be paid into a TVC account of a Registered Scheme, such as the HSBC Master Trusts. TVC may enjoy tax concessions. Other characteristics of TVC are as follows:

- TVC can only be made directly by the persons who fulfil the eligibility requirements as mentioned in section 3 below;
- Involvement of employers is not required;
- Although it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions.

Accordingly, any accrued benefits derived from TVC (including the TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved. **Members should note that accrued benefits held in a TVC account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation.**

TVC Account Holders can make their own fund selection or choose to invest in DIS under the HSBC Master Trust according to their own risk tolerance level and financial circumstances. If a TVC Account Holder fails to submit to the Trustee a Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his/her TVC will be invested in DIS.

2. **Tax concessions for TVC**

TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The maximum tax deductible amount for the year of assessment 2019/2020 is HK$60,000. It is an aggregate limit for both TVC and other qualifying annuity premiums.

Same as the tax deduction for mandatory contributions and other tax concessions, the individual tax payer (not the Trustee, Sponsor and/or other operators of the HSBC Master Trusts) is responsible for the application of tax deduction and keeping track of how the maximum tax deductible limit is fully utilized. In this regard, the Trustee will provide a TVC summary to facilitate TVC Account Holders in filling in the relevant tax concession information on their tax return if TVC is made by the Member to the HSBC Master Trusts during a year of assessment.

3. **Eligibility**

Any person who is:

- **a current holder of contribution account or personal account of a Registered Scheme; or**
- **a current member of an MPF exempted ORSO scheme,**

can make TVC to the HSBC Master Trusts by opening a TVC account.

The Trustee of the HSBC Master Trusts may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering/tax reporting; and/or (iii) other circumstances which the Trustee may consider appropriate.

In addition, for compliance purposes, there could be circumstances (such as (i) to (iii) in the preceding paragraph) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such a timeframe.

4. Transfer of TVC Benefits

TVC Account Holder may, at any time, choose to have ALL accrued benefits in the TVC account in the HSBC Master Trusts transferred to a TVC account in another Registered Scheme nominated by such TVC Account Holder. **Transfer of TVC Benefits in part or to a contribution account/personal account, however, will not be accepted.**

For the avoidance of doubt, such benefit transfer amount cannot be claimed as deductions for taxation purpose.

5. Termination of TVC accounts

TVC accounts with zero balance and in respect of which there is no transaction activity for 365 days may be terminated by the Trustee.

Note: Investment involves risks and the account balance of TVC (as tax incentivized retirement savings) may go up as well as down.

If you have any questions 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.

Supplement to each of the 'Principal Brochures' of the HSBC Master Trusts have been issued to reflect the TVC and the consequential changes associated with the Changes set out in this notice and certain editorial changes (e.g. enhancing the disclosure wording with regard to the relevance of the SFC's authorization). You may refer to the relevant supplement for further details. The 'Principal Brochures' and their respective supplements are available on the HSBC MPF website 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.

Likewise, the relevant 'Master Trust Deed' of each HSBC Master Trust have also been amended to reflect the TVC. Scheme Participants are entitled to the benefits of and bound by the provisions of the relevant 'Master Trust Deed'. Please refer to the relevant 'Master Trust Deed' and its supplemental deed for further details of all the changes made. Copies of the 'Master Trust Deed' and its supplemental deed of each HSBC Master Trust as for the time being in force may be inspected during normal working hours at the office of the Administrator, free of charge and/or obtained from the Administrator at a cost of HK$500 each. Should you wish to visit the Administrator's office to inspect copies of the 'Master Trust Deed', please call HSBC MPF Employer Hotline on (852) 2583 8033 or HSBC MPF Member Hotline on (852) 3128 0128 to arrange for an appointment.

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'.