AMTD MPF SCHEME (the "Plan")

NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

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 directors of AMTD Global Markets Limited (the "**Sponsor**"), and Bank Consortium Trust Company Limited (the "**Trustee**"), accept responsibility for the information contained in this document as being accurate as at the date of this document.

Unless otherwise defined herein, terms used in this document bear the same meaning as in the principal brochure of the Plan dated December 2018, as amended by the first addendum dated January 2019 (together, the "**Principal Brochure**").

Dear Participating Employer / Member,

Thank you for your continued support of the Plan. We are writing to inform you of the arrangements relating to the tax deductible voluntary contributions in respect of the Plan which will take effect from 1 August 2019:

Summary of tax deductible voluntary contributions:
• From 1 April 2019, tax deductible voluntary contributions ("**TVC**") to an MPF scheme and premiums paid for qualifying deferred annuity policy ("**qualifying annuity premiums**") are (subject to an aggregate maximum tax deductible limit per year of assessment) tax deductible in accordance with the Inland Revenue Ordinance.
• The aggregate maximum tax deductible limit for the year of assessment 2019/2020 is HK$60,000.
• All accrued benefits derived from TVC will be subject to the same vesting and preservation rules and withdrawal restrictions which apply to accrued benefits derived from mandatory contributions made to an MPF scheme. In particular, members should note that the accrued benefits held in a TVC account (as defined below) can only be withdrawn upon retirement age 65 or on other statutory grounds under the MPF legislation.
Should you have any enquiries regarding the contents of this Notice, please contact AMTD MPF Hotline at 3163 3260.

1. Tax Deductible Voluntary Contributions ("TVC")

(a) Introduction

Changes to the Inland Revenue Ordinance took effect on 1 April 2019. From 1 April 2019, similar to qualifying annuity premiums, MPF voluntary contributions (i.e. TVC) made in a specified account set up by Members (namely, **TVC account**) can also enjoy tax concession in order for them to meet the long-term saving objective for retirement protection. **With effect from 1 August 2019, our Plan offers TVC account to eligible persons.**

Your investment decision should not be based on this Notice alone. We encourage you to read the second addendum to the Principal Brochure carefully because the new arrangement may affect your retirement planning and tax benefits associated with the TVC account.

(b) What is TVC?

TVC is a new type of contributions and can only be paid into a TVC account of an MPF scheme. TVC may enjoy tax concession. Other characteristics of TVC are as follows:

- TVC can only be made directly by persons who fulfil the eligibility requirements mentioned in sub-paragraph (d) below;

- Involvement of employers is not required;
- Although it is voluntary in nature, TVC is subject to the same vesting and preservation rules and withdrawal restrictions applicable to mandatory contributions.

Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deductible limit per year of assessment) ("**TVC balances**") will be preserved **and can only be withdrawn on statutory grounds, as follows**:

(i) Retirement (attaining the age of 65) / early retirement (attaining the age of 60 and ceased all employment/ self-employment with no intention of becoming employed or self-employed again)
(ii) Death
(iii) Small balances
(iv) Permanent departure from Hong Kong SAR
(v) Total incapacity
(vi) Terminal illness

A person who is admitted to participate in the Plan to make TVC ("**TVC member**") can make his own fund selection or choose to invest in accordance with the DIS (i.e. Default Investment Strategy) under the Plan according to his circumstances and risk appetite. If a TVC member fails to submit to the Trustee a specific investment instruction or does not make any investment choice at the time the TVC account is opened, his TVC will be invested in accordance with the DIS. Please refer to sub-section 5.4A headed "Default Fund and Default Investment Strategy" under the section headed "5. CONTRIBUTIONS AND WITHDRAWAL" of the Principal Brochure for details of the DIS arrangement.

TVC can only be made into a TVC account, which is separate from a contribution account or a personal account. Any other form of contribution that is not made into the TVC account is not TVC (for example, voluntary contributions that are made by employee members through their participating employers will not be eligible for claiming TVC tax deduction).

For the avoidance of doubt, the protection of accrued benefits under the MPFS Ordinance is not applicable to TVC account, which means TVC balances will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt member.

(c) Tax Concessions for TVC

TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The aggregate maximum tax deductible limit for the year of assessment 2019/2020 is HK$60,000. It should be noted that the above aggregate maximum tax deductible limit is an aggregate limit for TVC and any qualifying annuity premiums paid in a year of assessment, rather than for TVC only, and any claim for tax deductions will be applied to TVC before qualifying annuity premiums. A "**year of assessment**" is the period from 1 April in any year to 31 March in the immediately succeeding year, both days inclusive.

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

(d) Eligibility

Any person who is:

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

can make TVC to an MPF scheme by opening a TVC account.

Each eligible person can only have one TVC account under the Plan.

The Trustee may reject an application to open a TVC account or refuse to accept a transfer or payment of TVC to the Plan in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of an applicant or a TVC member 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 and the Sponsor may consider appropriate.

There is no maximum limit imposed on the amount or frequency of contribution made to the TVC account, unless otherwise specified in the relevant application form. The current minimum amount of TVC per transaction is HK$500 in the case of lump sum contribution and HK$300 in the case of monthly contribution through direct debit. TVC will be fully vested in the TVC member once it is paid into the Plan.

(e) Transfer of TVC Balances

TVC members may, at any time, choose to have all TVC balances in the TVC account in the Plan transferred to another MPF scheme in which the TVC member holds a TVC account. **Transfer of TVC balances in part or to a contribution account / personal account, however, will not be accepted.**

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

TVC accounts with zero balance and in respect of which there is no transaction activity for 365 days may be terminated by the Trustee (For further details on the cessation of membership of a TVC member, please refer to sub-paragraph (g) below).

<u>Note: Investment involves risks and the TVC balance in a TVC account (as tax incentivized retirement savings) may go up as well as down.</u>

Accrued benefits derived from TVC transferred to another MPF scheme will also be subject to the same vesting and preservation rules and withdrawal restrictions applicable to mandatory contributions in the MPF legislation.

A TVC member who holds a TVC account in another MPF scheme ("**transferor TVC account**") may request to transfer his accrued benefits in the transferor TVC account to his TVC account in the Plan. The Trustee may in its discretion refuse to allow or accept such accrued benefits to be transferred to the Plan in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of a TVC member 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 and the Sponsor may consider appropriate.

For further details on (i) the transfer of TVC balances to the Plan and (ii) the transfer of TVC balances from the Plan, please refer to the section 5.5 and section 5.10, respectively of the Principal Brochure.

(f) Payment of TVC Balances

A TVC member who is entitled to payment of TVC balances may request to withdraw such benefits in one lump sum. As an alternative to withdrawing the TVC balance in a lump sum, a TVC member who has attained the age of 65 years or on early retirement on or after reaching the age of 60 (with him having certified to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment) may elect to withdraw his TVC balances by instalments.

A request for payment of TVC balances (as applicable) shall be made in a form specified by the MPF Authority and be accompanied by such documents as may be required by the MPFS Ordinance, the Regulation or by the Trustee from time to time.

(g) Cessation of Membership of a TVC Member

The membership of a TVC member may be terminated by the Trustee with the written agreement of the TVC member given not earlier than 60 days before the termination.

In addition, the membership of a TVC member may be terminated by the Trustee if at termination, the TVC account has no accrued benefits, and has had no activity for 365 days. In the case of such termination, the requirement for a written agreement of the TVC member (as described in the preceding paragraph) does not apply.

2. Amendments to the Principal Brochure and Trust Deed

The Principal Brochure is amended by way of the second addendum dated August 2019 ("**Second Addendum**") to reflect the applicable changes described herein and other miscellaneous amendment for clarifications and for enhancement. The Trust Deed of the Plan is revised by way of a [Fourth] Supplemental Deed ("**amended Trust Deed**") to reflect the applicable changes described herein. The changes described in this document are in summary form only. Members should review the Principal Brochure (as revised) for further details on the changes made.

3. Documents Available

Copies of the Principal Brochure as amended by the Second Addendum will be available at the Sponsor's website (www.amtdgroup.com) and may be inspected during normal working hours at the offices of the Trustee and the Sponsor free of charge upon request.

The Trust Deed (including the supplemental deeds) will be available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Sponsor and the Trustee upon request.

4. For Further Information

Should you have any enquiries regarding the changes, please contact AMTD MPF Hotline at 3163 3260.

Yours faithfully,

AMTD Global Markets Limited
Bank Consortium Trust Company Limited

July 2019