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AIA Company (Trustee) Limited
12/F, AIA Tower
183 Electric Road
North Point
Hong Kong

31 August 2022

IMPORTANT NOTE TO PARTICIPATING EMPLOYERS:

1. This notice is important. It requires your immediate attention. If you are in any doubt about the contents of this notice, you should seek independent professional advice. AIA Company (Trustee) Limited (the "Trustee") accepts responsibility for the accuracy of the contents of this notice;
2. You should read this notice carefully because the changes described in this notice may affect the investment of both your accrued benefits and future contributions. Unless defined in this notice, capitalised terms shall have the same meaning as those defined in the Principal Brochure of the Scheme (the "Principal Brochure");
3. Please disseminate the information in this notice to the members of the Scheme.

TO: ALL PARTICIPATING EMPLOYERS AND MEMBERS OF AIA RETIREMENT FUND SCHEME (the "Scheme")

Re: Termination of certain Investment Portfolios

Thank you for your continuous support to AIA.

As a leading retirement solutions provider in Hong Kong, we regularly review our product offering to ensure that you receive quality products and services. As a result of our recent review of the fund offering under the Scheme, we would like to effect the following change with effect from 1 December 2022 (the "Effective Date").

In summary, certain Investment Portfolios will be terminated (each, a "Terminating Investment Portfolio") and their assets will be transferred to certain existing Investment Portfolios (each, a "Transferee Investment Portfolio") (the "Investment Portfolio Consolidation"), as illustrated below.

<u>Terminating Investment Portfolios</u>		<u>Transferee Investment Portfolios</u>
AIA Allianz Capital Stable Fund	<i>will be transferred to</i>	AIA Capital Stable Fund
AIA Allianz Stable Growth Fund	<i>will be transferred to</i>	AIA Balanced Fund
AIA Allianz Growth Fund	<i>will be transferred to</i>	AIA Growth Fund

1. *General*

To simplify the offering of the Investment Portfolios of the Scheme, the Trustee confirms that the termination of Terminating Investment Portfolios will be in the best interests of the scheme participants. The commencement process of the termination of the Terminating Investment Portfolios will take place on the Effective Date and be effected pursuant to clause 3A of the Scheme's trust deed. The Terminating Investment Portfolios share similar investment objectives, risk levels and allocations between equities and

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AIA Company (Trustee) Limited is incorporated in Hong Kong with limited liability.
友邦(信託)有限公司是於香港註冊成立之有限公司。



fixed income securities with the corresponding Transferee Investment Portfolios and are of a relatively smaller fund size than the corresponding Transferee Investment Portfolios. For further details of the investment objectives, policies and asset allocations of the Terminating Investment Portfolios and the corresponding Transferee Investment Portfolios, please refer to the **Appendix**.

The Terminating Investment Portfolios will cease having any investments and operations immediately after the Effective Date.

The estimated costs of the termination are approximately HKD 1 million, which will be borne by the Trustee and will not be borne by the Scheme or the scheme participants. The Investment Portfolio Consolidation will result in diversification of investments which may improve long-term return while reducing overall risk. The Trustee believes that the Investment Portfolio Consolidation will not have any adverse impact on the scheme participants. However, if scheme participants holding units in the Terminating Investment Portfolios and/or have investment mandates to invest in the Transferee Investment Portfolios do not wish to remain investing in and/or invest their future contributions in the Terminating Investment Portfolios, please refer to section 4 below for the alternative available.

2. *Details of the termination of the Terminating Investment Portfolios and Investment Portfolio Consolidation*

The termination of the Terminating Investment Portfolios and the Investment Portfolio Consolidation will take place on the Effective Date and be effected by transferring all assets of the Terminating Investment Portfolios (i.e. the corresponding assets in the Terminating Investment Portfolios of those scheme participants who did not switch out of the Terminating Investment Portfolios before the Effective Date) to the corresponding Transferee Investment Portfolios; thus resulting in consolidating the assets of the Terminating Investment Portfolios into the corresponding Transferee Investment Portfolios.

To achieve the Investment Portfolio Consolidation, for each pair of the Terminating Investment Portfolio and its corresponding Transferee Investment Portfolio, the Trustee will redeem all units in each Terminating Investment Portfolio, and apply the redemption value to acquire units in the corresponding Transferee Investment Portfolio, on the Effective Date.

At the level of the underlying funds invested by the Terminating Investment Portfolios, there will not be an actual realisation of non-cash assets and the units of the underlying fund(s) held by each Terminating Investment Portfolio will simply be transferred by being recorded from the custodian account of the Terminating Investment Portfolio to the custodian account of the corresponding Transferee Investment Portfolio on the same day. As at the Effective Date, each Transferee Investment Portfolio will invest in *additional* underlying fund(s), which will include the same underlying fund(s) of the corresponding Terminating Investment Portfolios, and hold units in such additional underlying fund(s).

The Trustee will ensure that there will be proper transitional (including administrative and operational) arrangements with all related service providers to ensure a smooth transition and proper transfer of the affected scheme participant's instructions under section 3 below.

3. *Transition arrangements*

The last dealing date of all instructions related to the Terminating Investment Portfolios, including subscription, redemption, change of investment mandate and fund switching will be 25 November 2022 (the "**Cut-off Deadline**"). The details of the transitional arrangement for instructions involving the Terminating Investment Portfolios will be as follows:



Types of instructions that involve the Terminating Investment Portfolios	Instructions received at or before the relevant cut-off time on the Cut-off Deadline	Instructions received after the relevant cut-off time on the Cut-off Deadline
Subscriptions (including member enrolment): Contributions and transfer-in monies that involve the Terminating Investment Portfolios	Should the relevant valid and duly completed instructions be received at or before 11:59 p.m. on the Cut-off Deadline , such instructions will be processed under the Trustee's normal service benchmark.	Such instructions that relate to the Terminating Investment Portfolios will be deemed and processed as instructions with respect to the corresponding Transferee Investment Portfolios on or after the Effective Date under the Trustee's normal service benchmark. Instructions that relate to the Investment Portfolios other than the Terminating Investment Portfolios will be processed under the Trustee's normal service benchmark.
Redemptions: Withdrawal claims and transfer-out benefits that involve the Terminating Investment Portfolios	Should the relevant valid and duly completed instructions be received at or before 11:59 p.m. on the Cut-off Deadline , such instructions will be processed under the Trustee's normal service benchmark.	Such instructions that relate to the Terminating Investment Portfolios will be deemed and processed as instructions with respect to the corresponding Transferee Investment Portfolios on or after the Effective Date under the Trustee's normal service benchmark.
Fund switching and change of investment mandate instructions that involve the Terminating Investment Portfolios	Should the relevant valid and duly completed instructions be received at or before 12:00 noon for paper and fax instructions, and 4:00 p.m. for AIA's Interactive Website, mobile app and Interactive Voice Response System instructions on the Cut-off Deadline , such instructions will be processed under the Trustee's normal service benchmark.	Fund switching instructions involving the Terminating Investment Portfolios will be rejected. Change of investment mandate instructions involving the Terminating Investment Portfolios will be rejected. The Trustee will endeavor to reach affected scheme participants and issue rejection letters to the affected scheme participants, save for those untraceable scheme participants whom the Trustee is unable to contact.

Paper submission of instructions should be posted to the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong; instructions through fax can be submitted to (852) 2565 0001, where applicable.



All subscription for and redemption from each Terminating Investment Portfolio (other than for the purpose of redemption as part of the Investment Portfolio Consolidation, as more particularly described in section 5 below) will be suspended from 28 November 2022 to 30 November 2022 (both dates inclusive) (the "**Suspension Period**") in order to process and settle all the dealing instructions that may be received by the Trustee prior to the Suspension Period, as well as settle all liabilities and finalise the books of the Terminating Investment Portfolios for the termination. However, the determination of the net asset value of each Terminating Investment Portfolio will continue and will not be affected during the Suspension Period. The Trustee believes that the Suspension Period of three Business Days is necessary and reasonable to ensure the transitional arrangements can be accurately and properly carried out in the scheme participants' interests.

For the avoidance of doubt, immediately after 4:00 p.m. (Hong Kong time) on the Cut-off Deadline, the Terminating Investment Portfolios will cease to be available for selection on the fund list for fund switching via AIA's Interactive Website, mobile app and Interactive Voice Response System. In addition, scheme participants investing in the Terminating Investment Portfolios cannot effect any fund switching involving rebalancing during the Suspension Period.

Following the completion of the termination of the Terminating Investment Portfolios, the Trustee will perform checking procedures (e.g. reconciliation of affected scheme participants' unitholdings) from the Effective Date to 4 December 2022 (both dates inclusive) for the protection of scheme participants' interests. As such, during such period, scheme participants with accrued benefits and/or investment mandate in the Terminating Investment Portfolios may access AIA's Interactive Website, mobile app and Interactive Voice Response System but only to enquire the total balance at scheme participant account level. Other functions such as fund switching (regardless of whether the Terminating Investment Portfolios are involved) will not be available for scheme participants with accrued benefits and/or investment mandate in the Terminating Investment Portfolios.

However, scheme participants may still submit investment mandate forms via post or fax to make fund switching requests. The requests so received will be processed as per usual practice.

The Trustee will provide and make available new versions of Member Enrolment Forms (with the Terminating Investment Portfolios removed) from the Effective Date onwards. There will be a grace period of three months following the Effective Date during which the Trustee will continue to accept the old version of Member Enrolment Forms. During the grace period, if a scheme participant chooses to invest in any of the Terminating Investment Portfolios, such instructions will be deemed as instructions with respect to the corresponding Transferee Investment Portfolios (instead of the Terminating Investment Portfolios). Please note that old versions of Member Enrolment Forms received after the grace period will be rejected.

4. Is there any action scheme participants need to take in response to the changes set out in this notice?

An employer or member may switch their existing holdings and/or future contributions in the Terminating Investment Portfolio(s) to the other Investment Portfolio(s). Kindly note the cut-off times on the Cut-off Deadline for different types of instructions that involve the Terminating Investment Portfolios in section 3 above.

No fees, penalties or bid/offer spread will be charged or imposed on any such change of investment mandate and fund switching.

If an employer chooses to terminate its participation in the Scheme because of the changes set out in this notice, it may do so free of all charges applicable in connection with the early termination of participation in the Scheme prior to the Effective Date in accordance with the trust deed of the Scheme.



5. *Consequence of the termination of the Terminating Investment Portfolios and Investment Portfolio Consolidation and impacts on scheme participants*

The scheme participants investing in the Terminating Investment Portfolios immediately before the Effective Date (i.e. those who do not exercise their rights to switch out of the Terminating Investment Portfolios) will become investing in the Transferee Investment Portfolios.

The value of holdings of the scheme participants investing in a Terminating Investment Portfolio immediately before the Investment Portfolio Consolidation will be the same as the value of holdings of the scheme participants transferred to the corresponding Transferee Investment Portfolio immediately after the Investment Portfolio Consolidation. The number of units in the Transferee Investment Portfolios to be allocated in respect of each scheme participants concerned will be calculated by dividing the total value of holdings of each Terminating Investment Portfolio attributable to the scheme participants as at the Effective Date by the unit price of the corresponding Transferee Investment Portfolio as at the Effective Date. Because the unit price of the Terminating Investment Portfolio may differ from that of the corresponding Transferee Investment Portfolio, the number of units in the Transferee Investment Portfolio allocated in respect of a scheme participant immediately after the Effective Date may not be the same as the number of units in the Terminating Investment Portfolio attributable to the scheme participant immediately before the Effective Date.

Following the Investment Portfolio Consolidation, a scheme participant's investments will be subject to the investment objectives, policies and fees in relation to the corresponding Transferee Investment Portfolios. For details of the fees of the Transferee Investment Portfolios, please refer to the fund fact sheets of each Transferee Investment Portfolio appended to the revised Principal Brochure of the Scheme.

In addition, if the scheme participants do not exercise their rights to change their investment mandate by the relevant time on the Cut-off Deadline under section 3 above, any future contribution payment/transfer-in benefit received in respect of such scheme participants that would have been invested in the Terminating Investment Portfolios (had it not been transferred to the corresponding Transferee Investment Portfolios) will be invested in the corresponding Transferee Investment Portfolios.

For scheme participants with accrued benefits and/or investment mandate in the Terminating Investment Portfolios, if valid and complete instructions for fund switching and change of investment mandate are not received by the Trustee by or before the relevant cut-off time on the Cut-off Deadline:

- (i) their investments in the Terminating Investment Portfolios, if any, will be redeemed on the Effective Date and the redemption proceeds will be used to acquire the units in the corresponding Transferee Investment Portfolios (such units will be credited to the scheme participants' accounts in the Scheme) on the Effective Date; and
- (ii) their new contributions and transfer-in monies to the Terminating Investment Portfolios, if any, will be invested in the corresponding Transferee Investment Portfolios.

6. *Notification*

Scheme participants who have investment mandate and/or any holding of units in any Terminating Investment Portfolios immediately prior to the Effective Date will receive a statement showing the amount of accrued benefits being transferred and/or investment mandates being updated from the Terminating Investment Portfolios to the corresponding Transferee Investment Portfolios and, if applicable, the unitholdings thereof. The statement will be sent by post to the scheme participants concerned within one month after the Effective Date.



The revised Principal Brochure of the Scheme will be available for download at aia.com.hk on or around the Effective Date.

We are committed to providing you with professional and quality services in the best interest of members.

Should you have any queries, please contact your designated Account Executive or our Employer Hotline at (852) 2100 1888. For members, please call our Member Hotline at (852) 2200 6288.

Yours Sincerely,

Elaine Lau
Chief Executive Officer
AIA Company (Trustee) Limited



Appendix - Investment objectives and policies of the Terminating Investment Portfolios and the Transferee Investment Portfolios

The table below compares the investment objectives and policies of each of the Terminating Investment Portfolios and the corresponding Transferee Investment Portfolios.

Terminating Investment Portfolios	Transferee Investment Portfolios						
AIA Allianz Capital Stable Fund	AIA Capital Stable Fund						
<i>Investment objective</i>	<i>Investment objective</i>						
To provide investors with capital preservation combined with steady capital appreciation over the long term by investing in a diversified portfolio of global equities and fixed-interest securities through the Allianz Choice Capital Stable Fund.	<p>Primary objective: to minimise its short-term capital risk in US dollar terms.</p> <p>Secondary objective: to enhance returns over the long term through limited exposure to global equities.</p>						
<i>Investment policy</i>	<i>Investment policy</i>						
The Fund invests solely in the Allianz Choice Capital Stable Fund, except for a small portion (which is expected to be less than 10% of the net asset value of the Fund) that may be held in cash or cash based investments for operational purposes. The Fund does not guarantee repayment of capital.	<p>The Investment Manager will achieve the objective through a professionally managed portfolio, invested in one or more collective investment schemes authorised by the SFC. The Fund does not guarantee the repayment of capital. Investments are structurally limited in line with the following asset-class exposures:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>30%</td> </tr> <tr> <td>Bonds</td> <td>70%</td> </tr> </tbody> </table> <p>Note: The above asset allocation is for reference only and is subject to changes at the Investment Manager's discretion.</p>	Asset Class	Benchmark	Equities	30%	Bonds	70%
Asset Class	Benchmark						
Equities	30%						
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Terminating Investment Portfolios	Transferee Investment Portfolios						
AIA Allianz Stable Growth Fund	AIA Balanced Fund						
<i>Investment objective</i>	<i>Investment objective</i>						
To achieve a stable overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities through the Allianz Choice Stable Growth Fund.	To maximise its long-term capital appreciation in US dollar terms with moderate risk parameters.						
<i>Investment policy</i>	<i>Investment policy</i>						
The Fund invests solely in the Allianz Choice Stable Growth Fund, except for a small portion (which is expected to be less than 10% of the net asset value of the Fund) that may be held in cash or cash based investments for operational purposes.	<p>The Fund seeks to achieve the investment objective through investing in a balanced portfolio of equities and fixed income securities. The Investment Manager will achieve the objective through a professionally managed portfolio, invested in one or more collective investment schemes authorised by the SFC. Investments are structurally limited in line with the following asset-class exposures:</p> <table border="1" data-bbox="1055 1010 1592 1107"> <thead> <tr> <th>Asset Class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>50%</td> </tr> <tr> <td>Bonds</td> <td>50%</td> </tr> </tbody> </table> <p>Note: The above asset allocation is for reference only and is subject to changes at the Investment Manager's discretion.</p>	Asset Class	Benchmark	Equities	50%	Bonds	50%
Asset Class	Benchmark						
Equities	50%						
Bonds	50%						



Terminating Investment Portfolios	Transferee Investment Portfolios						
AIA Allianz Growth Fund	AIA Growth Fund						
<i>Investment objective</i>	<i>Investment objective</i>						
To maximise long term overall returns by investing primarily in global equities through the Allianz Choice Growth Fund.	To maximise its long-term capital appreciation in US dollar terms.						
<i>Investment policy</i>	<i>Investment policy</i>						
The Fund invests solely in the Allianz Choice Growth Fund, except for a small portion (which is expected to be less than 10% of the net asset value of the Fund) that may be held in cash or cash based investments for operational purposes.	<p>The Fund seeks to achieve the investment objective through investing in an internationally diversified portfolio of securities mainly in equities with balance in bonds and cash. The Investment Manager will achieve the objective through a professionally managed portfolio, invested in one or more collective investment schemes authorised by the SFC. Investments are structurally limited in line with the following asset-class exposures:</p> <table border="1" data-bbox="1055 1082 1592 1177"> <thead> <tr> <th>Asset Class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>85%</td> </tr> <tr> <td>Bonds</td> <td>15%</td> </tr> </tbody> </table> <p>Note: The above asset allocation is for reference only and is subject to changes at the Investment Manager's discretion.</p>	Asset Class	Benchmark	Equities	85%	Bonds	15%
Asset Class	Benchmark						
Equities	85%						
Bonds	15%						