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AIA Hong Kong

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Hong Kong

Important Document

8 November 2019

Dear customer,

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

Notice to Participating Employers and Members of AIA MPF – Prime Value Choice on fee reduction, voluntary contributions and other changes

Thank you for your continuous support of AIA MPF Services. We are pleased to inform you of the following changes to the Principal Brochure of AIA MPF – Prime Value Choice (the "Scheme") issued in March 2019.

You should read this notice carefully because the changes may affect the investment of both your accrued benefits and future contributions. Capitalised terms not defined in this notice have the same meanings as ascribed to them in the Principal Brochure of the Scheme.

This table summarises the key changes to the Scheme:

Fee reduction

The management fee payable out of certain constituent funds will be reduced with effect from 1 December 2019, due to the reduction of the investment management fee at the constituent fund level. For details as to which constituent funds benefit from such reduction and the extent of the reduction, please refer to Appendix 1 to this notice.

Voluntary contributions

For compliance purposes, there could be circumstances (such as the Relevant Circumstances – as defined in section (b) below) where:

- we may disallow any person, or reject any application by any person, to become an External Relevant Employee Member or, to the extent not prohibited by law, a Personal Account Member.
- we may reject voluntary contributions regardless of whether they are paid by or in respect of any Member or Participating Employer; for details of the refund arrangement of any rejected voluntary contributions, please see (b) below.

Automatic exchange of financial account information ("AEOI")

The Trustee and/or any of its authorised person(s) may require any Member, Participating Employer or a person claiming benefits through a Member, that is considered "account holder" or "controlling person" for the purposes of AEOI to provide the Scheme with the necessary information including personal information for AEOI purposes.

Clarification of investment policy and risks in relation to the Asian Bond Fund

The investment policy of the underlying pooled investment fund in which the Asian Bond Fund invests has been updated to clarify that the underlying pooled investment fund may invest in Chinese bonds (the "Clarification"). Accordingly, with immediate effect, corresponding updates have been made to the investment policy and risks of the Asian Bond Fund. These updates are merely clarificatory in nature.

Miscellaneous changes

For details, please refer to section (e).

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"AIA" or "AIA Hong Kong" herein refers to AIA International Limited (Incorporated in Bermuda with limited liability).
「AIA」、「友邦」或「友邦香港」是指友邦保險(國際)有限公司(於百慕達註冊成立之有限公司)。



Except for fee reduction which will take effect from 1 December 2019, and the AEOI related changes which will take effect from 1 January 2020, the above changes will take immediate effect.

The Trustee confirms that the changes set out in this notice will not have any adverse impact on the Scheme or the interests of the Scheme's participants. The Trustee also confirms that these changes will be in the interests of the Scheme's participants and the interests of the Scheme's participants will be adequately protected and will not be prejudiced by these changes. No action is required of the Scheme's participants to effect these changes.

If you have any questions in relation to the changes set out in this notice, please call our Employer Hotline at 2100 1888 or Member Hotline at 2200 6288.

(a) Fee reduction

The management fee payable out of certain constituent funds will be reduced effective 1 December 2019, due to the reduction of the investment management fee at the constituent fund level. For details as to which constituent funds benefit from such reduction and the extent of the reduction, please refer to Appendix 1 to this notice.

(b) Voluntary contributions

With a view to facilitating the Scheme's tax compliance and fraud and financial crime prevention, thus enhancing the long term viability of the Scheme, with immediate effect, for compliance purposes, there could be circumstances (such as the Relevant Circumstances) where:

- we may disallow any person, or reject any application by any person, to become an External Relevant Employee Member or, to the extent not prohibited by law, a Personal Account Member; and
- we may reject voluntary contributions regardless of whether they are paid by or in respect of any Member or Participating Employer.

"Relevant Circumstances" mean any of the following: (i) the Trustee 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 or tax reporting; and/or (iii) other circumstances which the Trustee and the Sponsor may consider appropriate.

With regard to the change mentioned in the second bullet point above, where any voluntary contributions need to be refunded, the refund will be made within 45 days of receipt of any such voluntary contributions (unless for some exceptional regulatory reasons we are unable to effect a refund within such timeframe). No interest will be payable on any amount so refunded.

The Trustee is of the view that the changes above will help further the purpose of the Scheme, i.e. offering a retirement solution to the Scheme's participants, and will assist the Trustee in monitoring any associated risks to the Scheme or any Scheme's participants arising from the payments of the voluntary contributions to the Scheme.

(c) Automatic exchange of financial account information

(i) Regulatory changes relating to AEOI

Financial institutions in Hong Kong and many other jurisdictions are required to identify account holders who are reportable foreign tax residents under the laws, regulations and international agreements for the implementation of AEOI, and report the information of account holders and controlling persons of certain entity account holders (including but not limited to their names, addresses, dates of birth, places of birth/incorporation, jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s)) and account information (including but not limited to their account balance, income, and



payments to the account holders) (collectively, the "**Reportable Information**") to the local tax authority where the financial institutions operate. The local tax authority, in respect of a reportable foreign tax resident, will provide the Reportable Information of the reportable foreign tax resident to the tax authority of the country of tax residence of the reportable foreign tax resident on a regular, annual basis.

(ii) How does AEOI affect the Scheme?

The Scheme is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, with effect from 1 January 2020, the Trustee will use for the purposes of AEOI the Reportable Information of any individual or entity, whether in the capacity as a Member, a Participating Employer or a person claiming benefits through a Member, that is considered under AEOI to be an "account holder" or "controlling person" of an "account holder" (where applicable).

(iii) Trustee's authority to implement AEOI

The Trustee and/or any of its authorised person(s) may require any "account holder" under AEOI to provide a valid self-certification form and such other information (including the Reportable Information and any documentary evidence) which the Trustee and/or any of its authorised person(s) may at their discretion require from time to time for the implementation of AEOI (collectively, the "**Required Information**"). In addition, where the "account holder" is an entity, the Trustee and/or its authorised person(s) may require the Required Information of its "controlling person(s)".

Where required by AEOI and to the extent not prohibited by applicable law, the Trustee will not accept any applicant to the Scheme or make any payment to any "account holder" (whether in the capacity of a Member, a Participating Employer or a person claiming benefits through a Member) before receiving the Required Information. "Account holders" and "controlling persons" must update the Trustee and/or any of its authorised person(s) about any changes in the information they have previously provided to the Trustee and/or any of its authorised person(s). If the Trustee and/or any of its authorised person(s) do not receive the Required Information in respect of an "account holder" or a "controlling person", the Trustee and/or any of its authorised person(s) may be required to report such person based on the information they have.

For more details, you may wish to refer to the Frequently Asked Questions on AEOI in tax matters related to MPF/ORSO Schemes posted on aia.com.hk.

Members, Participating Employers, and any other "account holders" and "controlling persons" should consult their own tax advisers regarding the possible implications of AEOI on their participation and holding interests in the Scheme and the information that may be required to be provided and disclosed to the Trustee and/or any of its authorised person(s), and where applicable, to the Hong Kong Inland Revenue Department ("IRD") and other tax authorities. The application of the AEOI rules and the information that may be required to be reported and disclosed are subject to change. Please see the IRD website (https://www.ird.gov.hk/eng/tax/dta_aeoi.htm) for more information about AEOI in Hong Kong. Any discussion of tax considerations in this notice is not intended or written to be tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any domestic or foreign tax penalties that may be imposed on such person.

(d) **Clarification of investment policy and risks in relation to the Asian Bond Fund**

As a result of corresponding updates to the underlying pooled investment fund in which the Asian Bond Fund invests, with immediate effect, the investment policy and risks of the Asian Bond Fund have been updated to reflect the following clarifications related to its investment in the underlying pooled investment fund:

- *Chinese bonds*: the underlying pooled investment fund may invest in Chinese bonds through various newly-developed initiatives and investment schemes, including but not limited to Chinese debt securities traded on the China interbank bond market (the "**CIBM**");



- *Investment restrictions:* the underlying pooled investment fund may not invest (directly or indirectly) more than 10% of its net assets in onshore debt securities issued in mainland China; and
- *Risks:* the Asian Bond Fund's risks have been updated to include risks associated with the CIBM and to take into account tax risks associated with the People's Republic of China.

This update to the Asian Bond Fund is merely clarificatory in nature. We can therefore confirm that the Clarification will not alter the way in which the Asian Bond Fund is managed and there is no change to fee levels and risk profile of the Asian Bond Fund.

(e) Miscellaneous changes

The Principal Brochure will be updated to reflect certain editorial and other miscellaneous changes. In addition, the Principal Brochure will be updated to reflect the following:

(i) *Update of the interim and annual rate declared in respect of the Guaranteed Portfolio*

Appendix 2 of the Principal Brochure, which sets out the interim and annual rate declared in respect of the Guaranteed Portfolio will be updated to include the figures for the year 2017 to 2018.

(ii) *Name change of JF Asset Management Limited*

The name of JF Asset Management Limited, the investment manager of the Asian Bond Fund, the Asian Equity Fund, the European Equity Fund, the Japan Equity Fund, the Greater China Equity Fund, the Hong Kong Equity Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio, has been changed to JPMorgan Asset Management (Asia Pacific) Limited, effective 30 July 2019.

Where can you learn more?

The changes will be reflected in the second addendum to the Principal Brochure, and a deed of variation to the Master Trust Deed, of the Scheme. The Principal Brochure of the Scheme and the addenda thereto can be downloaded from aia.com.hk, and the hard copies can be requested at our Employer Hotline at 2100 1888 or Member Hotline at 2200 6288. Copies of the Master Trust Deed may be obtained from the Trustee at such reasonable price as the Trustee may from time to time determine or may be inspected during normal working hours at Customer Service Centre at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong, free of charge.

Yours sincerely,

Elaine Lau
Chief Executive Officer
AIA Company (Trustee) Limited

If you have any questions about the content of this letter, you should seek independent professional advice. AIA Company (Trustee) Limited accepts responsibility for the accuracy of the contents of this notice.

Encl.



Appendix 1

No.	Name of CF(s)	Aggregate management fees covering both the constituent fund and underlying fund levels (% p.a. of NAV)	
		Existing	New
(1)	Manager's Choice Fund	Up to 1.93	Up to 1.73
(2)	Asian Equity Fund	1.7795	1.5795
(3)	European Equity Fund	1.7795	1.5795
(4)	Greater China Equity Fund	Up to 1.825	Up to 1.625
(5)	Hong Kong Equity Fund	Up to 1.825	Up to 1.625
(6)	North American Equity Fund	1.825	1.625
(7)	Green Fund	1.875 (inclusive of the trustee fee at the underlying fund level which is subjected to a minimum of HK\$125,000 p.a.)	1.675 (inclusive of the trustee fee at the underlying fund level which is subjected to a minimum of HK\$125,000 p.a.)
(8)	Growth Portfolio	Up to 1.825	Up to 1.625
(9)	Balanced Portfolio	Up to 1.825	Up to 1.625
(10)	Capital Stable Portfolio	Up to 1.825	Up to 1.625