

AIA RETIREMENT FUND SCHEME

First Addendum to the Principal Brochure issued on 1 February 2021

Issue on 30 June 2021

This First Addendum forms part of and shall be read in conjunction with the Principal Brochure of AIA Retirement Fund Scheme (the "**Scheme**") issued on 1 February 2021, as amended from time to time (the "**Principal Brochure**"). All capitalized terms in this First Addendum shall have the same meaning as in the Principal Brochure of the Scheme, unless otherwise indicated.

With effect from 30 June 2021, the Investment Manager, investment objective and policy, and underlying fund of the AIA Global Bond Fund will be changed. The fees and the risk disclosures of the AIA Global Bond Fund will be updated accordingly. Certain parts of the Principal Brochure shall be updated as follows:

1. Page 6 – Remove the last bullet point "Franklin Advisers, Inc." under "Investment Managers" section.
2. Page 13 – Replace the sub-section headed "Deed of Establishment Amendment" under the "Flexibility" section with the following:

"The Trustee may by deed amend the deed of establishment. The Trustee will give one month's or such shorter period of notice as permitted by the applicable regulatory requirements for any alteration to the deed of establishment."
3. Page 21 – Replace the second last sentence in the last paragraph of the sub-section headed "ORSO Registration Fees" under the "Professional Services" section with the following:

"Any increase to an investment choice's aggregate trustee fee / investment management fee at the Scheme level and trustee fee / management fee at the underlying fund level are subject to a minimum of three months' notice."
4. Page 24 – Remove the last paragraph relating to Franklin Advisers, Inc. under "Investment Managers" sub-section in the "Offices of Participants" section.
5. Page 33 – Remove the second paragraph under "Fees" sub-section under the "AIA Capital Guaranteed Fund" part of the "Fund Fact Sheets" section.

6. Page 35 – Replace the paragraph appearing under the heading "AIA Global Bond Fund" part of the "Fund Fact Sheets" section with the following:

"Investment manager at the fund level: PineBridge Investments Asia Limited (the "Investment Manager")

Investment manager at the underlying fund level: PineBridge Investments Hong Kong Limited"

7. Page 35 – Replace the first three paragraphs in the "The Fund" sub-section under the "AIA Global Bond Fund" part of the "Fund Fact Sheets" section with the following:

"AIA Global Bond Fund (the "**Fund**"), established in 2016, invests solely in the PineBridge Fund Series – PineBridge Global Bond Fund (the "**Underlying Fund**"). The Fund is denominated in United States dollars. The investment objective of the Underlying Fund is to seek a high level of return from a combination of current income and capital appreciation by investing in a portfolio of debt securities denominated in US dollars and a variety of foreign currencies.

The assets of the Underlying Fund shall predominantly (i.e. at least 70% of the total net assets) be invested in fixed or floating rate fixed income securities in the international markets, issued by governments, supranational organizations and corporates.

The Underlying Fund will not focus its investment in any specific industries or sectors although the allocation in certain industries or sectors may be relatively significant at particular times, depending on different factors including but not limited to the investment manager's views of the fundamental economic and market conditions, investment trends across the globe, the duration and yield of the debt securities and their issuers.

The investment manager may invest up to 100% of the assets of the Underlying Fund in fixed income securities rated investment grade which also satisfy the minimum credit rating as stipulated by the Mandatory Provident Fund Schemes Authority.

The fixed income securities that the Underlying Fund may invest in are mainly in hard currencies (including but not limited to US dollars, Euro, Australian dollars, Canadian dollars, Japanese yen, Swiss franc and British pounds). The investment manager may, having regard to the prevailing market situations and subject to the current investment policy of the Underlying Fund, adjust the exposure to fixed income securities denominated in currencies other than the hard currencies.

The investment manager may invest up to 30% of the total net assets of the Underlying Fund in debt instruments with loss-absorption features including, but not limited to, certain Additional Tier 1 and Tier 2 capital instruments, external LAC

debt instruments under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules, debt instruments issued under a regime of non-Hong Kong jurisdictions which implements the Financial Stability Board's standards for "Total Loss-absorbing Capacity Term Sheet", non-preferred senior debt instruments, senior or subordinated debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of a trigger event.

The investment manager may also invest up to 30% of the total net assets of the Underlying Fund in money market instruments, cash or cash equivalents as permitted under the Mandatory Provident Fund Schemes (General) Regulation and the Guidelines of the Mandatory Provident Fund Schemes Authority.

The investment manager does not intend to engage in securities lending.

The investment manager may from time to time acquire financial derivative instruments for hedging purposes in accordance with Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation and the SFC Code on Unit Trusts and Mutual Funds.

The Underlying Fund's net derivative exposure may be up to 50% of its net asset value. The net derivative exposure shall be calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the Securities and Futures Commission which may be updated from time to time."

8. Page 37 – Replace paragraph vi. "Foreign currency risk" in the "Risks" sub-section under the "AIA Global Bond Fund" part of the "Fund Fact Sheets" section with the following:

"vi. Foreign currency risk: The Underlying Fund may invest in holdings denominated in other currencies and therefore be exposed to currency movement, which may cause the value of the investments of the Underlying Fund to diminish or increase. In addition, such investment may expose the Underlying Fund to changes in foreign exchange rates and the possibility of exchange control regulations. The Underlying Fund may seek to hedge currency exposure, which can limit the potential for currency gains, or take a currency position for investments purposes, which can result in substantial loss to the Underlying Fund. To the extent that the Underlying Fund seeks to hedge or protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved, and the value of the Underlying Fund may be adversely affected."

9. Pages 38-40 – Remove paragraphs viii. "Mortgage dollar roll risk" and xiii. "China Bond Connect risk" in the "Risks" sub-section under the "AIA Global Bond Fund" part of the "Fund Fact Sheets" section and re-number the paragraphs in this sub-section accordingly.

10. Page 38 – Replace paragraph ix. "Derivative risk" (to be renumbered as viii) in the "Risks" sub-section under the "AIA Global Bond Fund" part of the "Fund Fact Sheets" section with the following:
 - "viii. Risk of using financial derivative instruments for hedging purposes: The use of financial derivative instruments may limit potential gains or be ineffective in hedging the risk exposure of the Underlying Fund and may result in significant losses. The use of financial derivative instruments may expose the Underlying Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which may have an adverse effect on the net asset value of the Underlying Fund."

11. Page 40 – Add a new paragraph xiii. "Concentration risk" in the "Risks" sub-section under the "AIA Global Bond Fund" part of the "Fund Fact Sheets" section as follows:
 - "xiii. Concentration risk: The Underlying Fund's investment in specific industries or sectors may be relatively significant at particular times depending on different factors including but not limited to the investment manager's view of the fundamental economic and market conditions, investment trends across the globe, the duration and yield of the debt securities and their issuers. As such, the value of the Underlying Fund may be more volatile than that of an Underlying Fund having a more diverse portfolio of investments."

12. Page 40 – Add the following paragraph immediately above the paragraph commencing "A member or external retirement scheme investor":

"The Fund, through its investment in the Underlying Fund, is subject to the risks listed above associated with the securities and other investments held by the Underlying Fund. In the worst case scenario, a member who invests in this Fund may suffer a significant loss to his/her investments."

13. Page 40 – Replace the first two paragraphs in the "Fees" sub-section under the "AIA Global Bond Fund" part of the "Fund Fact Sheets" section with the following:

"A trustee fee of up to 0.3% per annum, and an investment management fee of up to 0.69% per annum, of the total net asset value of the Fund shall be payable from the Fund to the Trustee and Investment Manager respectively. Such fee shall accrue daily based on the calculation basis described above and be payable monthly in arrears. The aggregate of (i) trustee fee and the investment management fee of the Fund; (ii) trustee fee and management fee of the Underlying Fund; and (iii) other expenses will not exceed 0.99% per annum of the Fund's net asset value."

14. Pages 29, 41, 44, 47, 51, 54, 57, 61, 65, 69, 72, 75, 79, 82, 87 and 92 – Remove the sentence "Any changes to the above fees will be announced by the Trustee at least three months in advance."
15. Page 94 – Replace the wording for the AIA Global Bond Fund under the column "Trustee Fee / Investment Management Fee" of the Retirement Fund Level in the "Summary of Fees and Charges" section with the following:

"The trustee fee is up to 0.3% p.a. of the net asset value of the Fund.

An investment management fee of up to 0.69% p.a. of the net asset value of the Fund will be charged."
16. Page 94 – Replace the wording for the AIA Global Bond Fund under the column "Trustee Fee / Management Fee" of the Underlying Fund Level in the "Summary of Fees and Charges" section with the following:

"The aggregate of (i) trustee fee and the investment management fee of the Fund; (ii) trustee fee and management fee of the underlying fund; and (iii) other expenses will not exceed 0.99% p.a. of the Fund's net asset value."