

Important Notes

- If you are in doubt about the contents of this Principal Brochure, you should seek independent professional financial advice.
- The **AIA International Deposit Administration Fund** in the Scheme is a capital guaranteed fund. Your investments in the AIA International Deposit Administration Fund are subject to the credit risk of the Guarantor. Your entitlement to the capital guarantee under AIA International Deposit Administration Fund for each calendar year will be subject to your continued investment in the AIA International Deposit Administration Fund until the end of each calendar year and the termination or withdrawal from the AIA International Deposit Administration Fund before such date will be fully exposed to fluctuations in the value of the assets comprising the Investment Portfolio.
- You should consider your own risk tolerance level and financial circumstances before choosing the Investment Portfolio. When, in deciding whether to invest in the Scheme, you are in doubt as to whether the Scheme is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice.
- To reflect material changes, this Principal Brochure and the Investment Portfolio Fact Sheet may from time to time be updated and intending subscribers should enquire of the Product Provider as to the issue of any latest version. The Product Provider accepts responsibility for the information contained in the Principal Brochure being accurate as at the date of the Principal Brochure. The Product Provider confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.
- The Principal Brochure has been authorised by the SFC pursuant to section 105 of the SFO. The SFC's authorisation is not a recommendation or endorsement of the Scheme nor does it guarantee the commercial merits of the Scheme or its performance. It does not mean the Scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

September 2022

AIA International Retirement Fund Scheme

Contents

Principal Brochure

1. Introduction	3
2. Key Operators	3
3. Administrative Matters.....	6
4. Investment Portfolio	10
5. Risk Factors	11
6. Fees and Charges.....	15
7. Miscellaneous	16
8. Investment Portfolio Fact Sheet	19
9. Glossary	19
Appendix - Investment Portfolio Fact Sheet	21
• AIA International Deposit Administration Fund	22

1. Introduction

The Scheme, which is structured as a trust, is a pooled retirement scheme set up on 1 December 1987 by AIA International Limited, a member of the AIA Group.

Employers can benefit from their participation in the Scheme as it can attract and retain employees by improving their benefits.

Employees can benefit from their participation in the Scheme as the retirement benefits may enhance financial security for the employees and their families.

Defined terms used in this Principal Brochure are defined in section 9 of this Principal Brochure.

2. Key Operators

Operator	Name of Institution	Details	Address and Contact Information
<ul style="list-style-type: none">• Trustee• Product Provider• Administrator	AIA Company (Trustee) Limited	The Trustee, incorporated under the laws of Hong Kong on 10 July 1987, is the present sole trustee of the Scheme. The Trustee, also being the Product Provider, will carry out its responsibilities as a Product Provider as provided under the PRF Code.	<u>Registered address:</u> 11/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong <u>Customer Service Centre*:</u> 12/F, AIA Tower, 183 Electric Road North Point, Hong Kong <u>Postal address:</u> 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong

			<p>Tel. No.: 2100 1500</p> <p>*Please note that a customer service counter is available at the Customer Service Centre, but not at the other location stated above.</p>
<ul style="list-style-type: none"> Insurer and Guarantor of AIA International Deposit Administration Fund 	AIA International Limited (Hong Kong Branch)	<p>The Insurer was incorporated in Bermuda with limited liability.</p> <p>The Insurer is also the Guarantor with respect to AIA International Deposit Administration Fund</p>	<p><u>Registered address:</u></p> <p>Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda</p> <p><u>Principal place of business in Hong Kong:</u></p> <p>1/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong</p>
Management Company	PineBridge Investments Asia Limited	The Management Company, incorporated in Bermuda in 1986, is a SFC licensed asset management company licensed to carry on type 1	<p>Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda</p> <p>Tel. No.: 3970</p>

		<p>(dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities.</p> <p>The Management Company is the sole management company of the Investment Portfolio under the Scheme.</p>	3639
Custodian	<p><u>Before 18 November 2022</u></p> <p>AIA Company (Trustee) Limited</p>	The Trustee is responsible for the safekeeping of the assets of the Scheme.	<p><u>Registered address:</u></p> <p>11/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong</p>
	<p><u>On and after 18 November 2022</u></p> <p>Citibank, N.A.</p>	The Trustee is responsible for the safekeeping of the assets of the Scheme. The Trustee has appointed Citibank, N.A., a delegate of the Trustee, as the custodian for the safekeeping of the assets of the Scheme.	<p><u>Registered address:</u></p> <p>5800 South Corporate Place Sioux Falls, SD 57108, United States of America</p> <p><u>Principal place of business in Hong Kong:</u></p> <p>50/F, Champion Tower, 3 Garden Road, Central, Hong Kong</p> <p>Tel. No.: 2868 8888</p>

3. Administrative Matters

3.1 General

(a) Establishment of Employer Retirement Plan

An employer can join the Scheme by executing a deed of participation to adhere to the Scheme (which is governed by the Trust Deed) and establish a Retirement Plan specific to such employer. Under the Trust Deed, the rules governing the Retirement Plan benefits due to the participating members are set out and must be adopted by the employer.

The scheme participants are to pay contributions to the Scheme in such manner and at such frequency as the Trustee may prescribe from time to time. Subject to the ongoing fees payable by the Investment Portfolio as detailed in the Investment Portfolio Fact Sheet of this Principal Brochure, all of the contributions after deducting the administration charge as specified in the deed of participation will be applied for investment purposes. Contributions must be paid to the Scheme in HKD or in such other currency as the Trustee may agree.

The Trustee has the absolute discretion over whether or not to accept an employer into the Scheme. In case of unusual or difficult procedures in meeting the requirements of an employer, a different charging scale may be applied with the agreement of such employer.

(b) Occupational Retirement Schemes Ordinance

According to the ORSO, each employer who participates in the Scheme may need to register its Retirement Plan with the Registrar. The Administrator will assist in the registration process and will keep proper accounts, records and annual financial statements of the Scheme for auditing and filing purposes with the relevant authorities, as well as carrying out the other daily operation and administration of the Scheme. The Administrator will also ensure the separation of the employees' benefits from that of the employer's accounts.

(c) Long Service Payment/Severance Payment Offset

Under the Employment Ordinance (Cap. 57 of the laws of Hong Kong), employees who meet certain criteria are entitled to receive statutory long service payment/severance payment. Employers are entitled to apply for the benefits payable out of the employer's portion from the Scheme to offset the aforementioned payment.

(d) Variation of the Retirement Plan Rules

The Scheme allows the employer to change the Retirement Plan rules by executing a deed of variation, subject to certain limitations. This gives the employer the flexibility to adopt Retirement Plan rules which suit the employer's needs.

(e) Discretionary Contribution (Optional)

In addition to normal contributions, an employer may opt to make additional contributions on behalf of an employee in such manner, on such terms and at such time as the employer may agree with the Trustee from time to time.

(f) Transferring Existing Plan

An employer's existing retirement plan can be transferred to the Scheme. The value of assets to be transferred from the existing retirement plan to the Scheme will be agreed with the relevant service provider(s) of the employer's existing retirement plan, and then transferred to the Scheme by way of the execution of a deed of participation to adhere to the Scheme by the employer.

3.2 Benefits

(a) Scheme Operation

Benefits are payable in one cash lump sum and will normally be paid within 31 days from the occurrence of the following events, whichever is the latest: (i) the date the Trustee receives notice of an employee's termination of employment from the employer; or (ii) the date the Trustee receives the final payment of contribution in respect of the member; or (iii) the effective date of the member's termination of employment. No interest is payable from the date of termination of employment of a member until the date of such payment. Benefits will be paid in HKD or subject to the Trustee's approval, its equivalent at the prevailing market rate.

Scheme participants are advised to seek professional advice regarding their own particular tax circumstances and the possible tax implications on their holding interests in the Scheme.

Retirement Plans are usually divided into two main categories:

- Defined contribution plan
- Defined benefit plan

(b) Defined Contribution Plan

A defined contribution plan is usually more popular due to the simplicity of its design and operation. Moreover, it provides employers with better planning as the employer's contribution can be budgeted for. Each employer and the employees (in accordance with the Retirement Plan rules) contribute a fixed percentage of the employees' salary to the Scheme each month. These contributions are recorded separately and then invested according to the investment choices. Annual statements are issued to the employer and its employees summarising the accumulated contributions and investment returns.

Example of a Defined Contribution Plan Design

An employer may adopt a set of rules tailored specifically to meet its particular requirements.

An example of a defined contribution plan is as follows:

Defined Contribution Plan Design (for reference only)			
1. Contribution rate	Years of service	Employer	Employee
	Less than 5 years	5.0%	5.0%
	5-10 years	7.5%	5.0%
	more than 10 years	10.0%	5.0%
2. Normal retirement age	When setting up a new Retirement Plan, an employer has the flexibility to set the normal retirement age. At an employee's retirement, subject to the provisions of the rules governing the employer's Retirement Plan, the retiring employee will generally be entitled to his/her accumulated benefits. The provisions which may have an impact on a retiring employee's entitlement to his/her accumulated benefits include provisions on forfeiture of benefits where an employee resigns to avoid summary dismissal or is summarily dismissed by the employer.		
3. Death during employment	If an employee dies during his/her term of employment, his/her accumulated benefits will normally be paid to the named beneficiary.		
4. Permanent disability or ill health	If an employee leaves his/her service because he/she is permanently disabled or unfit to continue to work, the accumulated benefits will be paid in full.		
5. Resignation or termination before retirement age	If an employee leaves his/her service before reaching the normal retirement age, he/she will, under normal circumstances, receive the part of the benefits attributable to his/her own contributions with investment returns plus a vested proportion of the accumulated benefits from the contributions made by the employer in respect of the employee in accordance with the following vesting scale:		
	Completed years of services	Vested proportion of accumulated benefits from employer's contributions	
	Less than 3 years	Nil	
	3 years	30%	
	4 years	40%	
	5 years	50%	
	6 years	60%	
	7 years	70%	
	8 years	80%	

	9 years	90%
	10 years or more	100%
An exception to the above described entitlement on resignation would be cases where an employee resigns to avoid summary dismissal, and the Retirement Plan's documentation provides for forfeiture of benefits where an employee resigns to avoid summary dismissal.		

(c) Defined Benefit Plan

A defined benefit plan is an occupational retirement scheme which is not a defined contribution plan (as detailed in section 3.2 (b) above). For some defined benefit plans, the employees' retirement benefits are determined by a formula which multiplies the employees' final salary and years of service (e.g. it can be a certain percentage (factor) of the final salary for each year of completed services). These plans are called defined benefit plans because the benefit rather than the contribution level is defined.

The employer's contributions required to provide the defined benefit need to be actuarially determined and reviewed at least every three years and are subject to changes. The Administrator possesses the expertise to provide this service. For more information, please contact the Administrator.

Employees' contributions may also be made to a defined benefit plan and withdrawal of benefits are usually based on these contributions and interest plus either an additional vested benefit based on these contributions or a discounted proportion of the retirement benefits (based on an actuarially determined formula).

The responsibility of ensuring sufficient funds for the benefits of the employees rests with the employer.

3.3 Scheme Administration Services

The Administrator renders the following services:

- assist in Retirement Plan design and advise on subsequent improvements and changes
- prepare contract documents for the Retirement Plan
- assist in obtaining relevant registration(s) from relevant authorities
- assist in printing of explanatory leaflets and employee communications
- assist in organising enrollment meetings
- general administration and record keeping
- ensure ongoing compliance with applicable legislation and regulations
- calculate and payment of benefits
- prepare annual statements for both employers and employees

4. Investment Portfolio

4.1 General Information

Upon joining the Scheme, the employer can invest its own contribution and the scheme members' contributions in the Investment Portfolio. The Investment Portfolio available under the Scheme is listed below:

Investment Portfolio	Year of Establishment
1. AIA International Deposit Administration Fund	1987

Profile of the Investment Portfolio is attached to the Investment Portfolio Fact Sheet. The investment returns of the Investment Portfolio may go up as well as down.

The Product Provider selects the Investment Portfolio(s) available for the employers and members participating in the Scheme and may delete from or add to the list of Investment Portfolios from time to time. A notice of at least three months will be given to all scheme participants if an Investment Portfolio is to be terminated from the Scheme.

4.2 Investment Requirements and Restrictions

(a) Investment Portfolio Requirements

The Investment Portfolio is a guaranteed fund and must comply with the requirements under Chapter 9 of the PRF Code.

In addition, no money of the Investment Portfolio may be invested in the securities of, or lent to, as applicable, the Product Provider, the Management Company, the Guarantor, the Trustee or any of their respective Connected Persons except where any of these parties is a substantial financial institution or an insurance company. For these purposes, securities do not include interests in collective investment schemes, either authorised under section 104 of the SFO or recognised jurisdiction schemes pursuant to section 1.2 of the UT Code.

For details of the Investment Portfolio's investment restrictions, please refer to the Investment Portfolio Fact Sheet.

(b) Borrowing

The Investment Portfolio may not borrow for the account of the Investment Portfolio, unless the borrowed amounts do not in aggregate exceed 10% of the net asset value of the Investment Portfolio, and then only as a temporary measure, for the purpose of meeting redemption requests or defraying operating expenses.

(c) Rebate Arrangement

The Management Company and its Connected Persons will not receive cash or other rebates from brokers or dealers in respect of directing transactions in the investment of Scheme save that goods and services may be retained which are of demonstrable

benefit to the investors and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates and the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

Please note that "goods and services" referred to in the paragraph immediately above may include, among other things, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services; and investment-related publications. Such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

4.3 Dealing in the Investment Portfolio

Scheme participants may submit requests to purchase or redeem amounts/units in the Investment Portfolio in such manner as the Trustee may determine from time to time and such requests will be processed within a timeline determined by the Trustee which will generally be within one calendar month from the date the Trustee receives a valid claim, unless additional time is required in light of the special circumstances (e.g. foreign exchange control) in the relevant market(s) rendering payment of redemption money within the aforesaid time period not practicable.

5. Risk Factors

Investment involves risks. Investors should always consider their own risk/reward profile before making an investment choice. The Investment Portfolio is subject to market fluctuations and to the risks inherent in all investments. The price of units of the Investment Portfolio and the value of investments from them may go down as well as up. You may have investment income when the price of units of an Investment Portfolio goes up, and you may suffer a loss when the price of units of an Investment Portfolio goes down. The performance of the investments in the Investment Portfolio will be affected by a number of risk factors, including but not limited to those set out in this section. In this section, the term "fund" is used to describe, as the case may be, the Investment Portfolio and/or its respective underlying fund(s).

5.1 Market risk

The investments into the funds are subject to the risks inherent in all securities. Market risk includes such factors as changes in economic environment, consumption pattern, lack of publicly available information of investments and their issuers and investors' expectations, which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the net asset value per unit of the relevant fund. The price of units and the distributions from them (if any) may go down as well as up.

There can be no assurance that an investor will achieve profits or avoid losses. The value of investments and the income (if any) derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the funds and suffer a loss. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets, there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons and as a result, may have adverse impact to the relevant fund and its investors.

5.2 Hedging risk

Managers of the funds are permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

5.3 Exchange rate risk

The funds may invest in assets quoted in currencies other than the base currency of the funds. The performance of the funds may therefore be affected unfavourably by movements in the exchange rates between the currencies in which the assets are held and the base currency of the funds and by changes in exchange rate control.

5.4 Political, economic and social risk

All financial markets and therefore the value of the funds may at times be adversely affected by changes in political, economic and social conditions and policies. Such risk is prevalent especially in emerging markets. For example, legal and regulatory risks may arise from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress, and the funds may be subject to more restrictive regulatory regimes potentially preventing the funds from making the fullest possible use of the investment limits. The funds may also be adversely affected by changes in political conditions, and in legal, regulatory and tax requirements. For funds that are guaranteed funds, the guarantee feature of the funds will not be affected by political, economic and social risks. However, the guarantor and the value of the funds' assets may be affected by changes in political, economic and social conditions and policies.

5.5 Withholding tax risk

The funds may be subject to withholding tax including under FATCA which may decrease its unit price affecting the return unfavourably.

5.6 Valuation risk

Valuation of the funds' investments may involve uncertainties and judgmental determinations as the valuation of certain investments (e.g. over the counter ("**OTC**") bonds) may be uncertain when markets undergo abnormal volatility/activities

impacting prices or the ability to ascertain prices. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the funds.

5.7 Settlement risk

Settlement procedures in developing countries/regions invested in by a fund may be less developed or less reliable, causing the relevant fund to experience problems with delivery of securities, or transfer of title to securities, before receipt of payment for their sale. A fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. A fund may incur substantial losses if its counterparty fails to pay for securities such fund has delivered, or for any reason fails to complete its contractual obligations owed to such fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for a fund if investment opportunities are missed or if a fund is unable to acquire or dispose of a security as a result.

5.8 Custodial risk

Custodians or sub-custodians of the funds may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the funds invest in markets where custodial and/or settlement systems are immature or are not fully developed, the assets of the funds may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the funds may take a longer time to recover their assets. In the worst case scenario, such as the retroactive application of legislation and fraud or improper registration of title, the funds may even be unable to recover any of their assets, causing loss to the funds. The cost borne by the funds in investing and holding investment in such market will be generally higher than in organised securities markets.

5.9 Interest rate risk

The funds may invest in debt securities and/or deposits whose values will be subject to interest rate movements. Fixed income securities with longer maturity dates are particularly susceptible to interest rate changes and may experience significant price volatility. Interest rate risk refers to the risk that the relative value of a security, especially a bond, may worsen due to increase in interest rate, and therefore potentially resulting in the value of the funds being adversely affected.

For the Investment Portfolio, interest rate movements may affect the yield declared.

5.10 Counterparty risk

When OTC or other bilateral contracts are entered into (such as OTC derivatives, repurchase agreements, security lending etc.), the funds may find themselves exposed to risks arising from the solvency of their counterparties and from their ability to respect the condition of these contracts and the funds/investors may be adversely impacted.

5.11 Credit risk

The funds may invest in debt obligations issued by governments and corporate. Investment in sovereign debts issued or guaranteed by governments as well as in corporate issues involves a high degree of risk, as default can occur if the government or corporate entity is not able or willing to repay the principal and/or interest when due. Fixed income securities are also exposed to the risk of being downgraded, which can adversely affect and/or result in a substantial loss to the funds. Additional risks for sovereign debt include the unilateral rescheduling of sovereign debt by the issuer and the limited legal resources available against a sovereign issuer, which may adversely affect the funds.

The ratings of debt securities by Moody's Investor Services, Standard & Poor's, Fitch's and other international credit rating agencies are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint and do not guarantee the creditworthiness of the security and/or issuer at all times. The rating of an issuer is heavily weighted by past performance and does not necessarily reflect probable future conditions. Rating agencies might not always change their credit rating of an issuer in a timely manner to reflect events that could affect the issuer's ability to make scheduled payment on its obligations. In addition, there may be varying degrees of difference in credit risk of securities within each rating category.

5.12 Credit rating downgrading risk

The credit rating assigned to a debt instrument or its issuer may be re-evaluated and updated based on recent market events or specific developments. As a result, investment grade debt instruments may be subject to the risk of being downgraded to below investment grade debt instruments. Similarly, its issuer having an investment grade rating may be downgraded, for example, as a result of deterioration of its financial conditions. In the event of downgrading in the credit ratings of a debt instrument or an issuer relating to a debt instrument, a fund's investment value in such debt instrument may be adversely affected. Managers of the funds may or may not be able to dispose of the debt instruments, subject to the investment objectives of the relevant funds. In the event of investment grade debt instruments being downgraded to below investment grade debt instruments and such debt instruments continued to be held by the funds, the funds will also be subject to below investment grade debt instruments risk.

5.13 Liquidity risk

A fund may not be able to easily sell securities that it invests in due to adverse market conditions, reduced value of debt instruments or deterioration of creditworthiness of issuers of debt instruments that it invests in. As a result, requests for redemption of units/shares of the fund may be deferred or suspended as the manager of the fund may not be able to dispose of the investments in a timely manner or at a reasonable price, thus affecting the return of the fund. Further, investments made by the fund may become illiquid or less liquid, in particular during periods of market turmoil or economic uncertainty. As such, the lowered liquidity of the investments of the fund would have an adverse impact on the ability of the fund to meet the redemption requests. Absence of liquidity of the investments affects the value of these investments and will have an

adverse impact on the value and return of the fund, and therefore the investments of the scheme participants.

5.14 Guarantor risk

The guarantee of a scheme participant's investments in the Investment Portfolio, and the value of the Investment Portfolio, are subject to the risk of the Guarantor not being able to meet the guarantee obligations. In the worst-case scenario, a scheme participant who invests into the Investment Portfolio may suffer a significant loss to his/her investments if the Guarantor defaults.

5.15 Dilution of performance risk

Due to the guarantee structure of the Investment Portfolio, there may be dilution of performance because part of the investment returns of the Investment Portfolio may need to be set aside to support the respective guarantee.

5.16 Investment risk

Potential returns of the Investment Portfolio in excess of the guaranteed amount are subject to investment risks and are not guaranteed.

5.17 Risk of not being entitled to any guarantee

The entitlement to the guarantee is conditional upon the member's continued investment in the Investment Portfolio until the end of each calendar year. Investments which fail to meet such condition are fully exposed to fluctuations in the value of the assets of the Investment Portfolio.

6. Fees and Charges

6.1 Charges which may be Payable by Scheme Participants

With respect to the Investment Portfolio, scheme participants may have to pay the following fees and charges when dealing in the Investment Portfolio:

Fee	What scheme participants pay
Subscription fee	Nil
Redemption fee	Nil
Administration charge	<u>Annual fund charge</u> - as prescribed in the relevant deed of participation <u>Annual membership charge</u> - as prescribed in the relevant deed of participation <u>Contribution charge</u> - as prescribed in the relevant deed of participation
Annual ORSO-related charge	Auditor fee and solicitor fee - not exceeding HKD1,000

Early termination charge	An early termination charge is applicable if the participating employer withdraws from the Scheme by giving not less than 31 days' notice in writing to the Trustee in the first five Scheme Years as follows (a " Scheme Year " is defined as the first 12 months of a participating employer's participation and each 12 months' period after that):	
	<u>Scheme Year</u>	<u>% of Plan Asset Value</u>
	1 st	5%
	2 nd	4%
	3 rd	3%
	4 th	2%
	5 th	1%
	6th or onwards	0%

Additional costs and expenses arising as a result of specific requests made by an employer and/or member, which are incurred by the Trustee and/or the Administrator as a result of such specific request, will be borne by that such employer and/or member. If the employer and/or member fails to pay for such costs and expenses, the Trustee may redeem the necessary credited units of such employer and/or member with their respective consents (as applicable), to settle such costs and expenses so incurred by the Trustee and/or the Administrator.

6.2 Ongoing Fees Payable by the Investment Portfolio

For details of the fees and charges payable by the Investment Portfolio, please refer to the Investment Portfolio Fact Sheet.

7. Miscellaneous

7.1 Scheme Documents

Scheme participants may view the latest Principal Brochure, notices, announcements, and the latest available net asset value of the Investment Portfolio at aia.com.hk. Please note that the website has not been reviewed by the SFC.

7.2 Governing Law and Jurisdiction

The Scheme and its Investment Portfolio were incorporated in Hong Kong and shall be construed according to the laws of Hong Kong and it is acknowledged that the parties concerned have the right to bring legal action in a Hong Kong court of law as well as in any court elsewhere which has a relevant connection to the Scheme.

7.3 Amendment to the Scheme's Trust Deed

The Trustee may by way of a deed amend the Trust Deed. The Trustee will give three month's or such shorter period of notice as permitted by the applicable regulatory requirements for any alteration to the Trust Deed.

7.4 Duration and Termination of the Scheme

The Scheme will continue in force until the termination of the Scheme by the Trustee (as detailed below).

In accordance with the Trust Deed, the Trustee may, with the consent in writing of the AIA International Limited (Hong Kong Branch), seek to terminate or wind up the Scheme by giving at least three months written notice to all participating Employers, and such notice will contain the reasons for the termination, termination arrangements, alternatives available to scheme participants and expected costs involved with the termination. Where the Trustee decides to terminate the Scheme, the unclaimed proceeds of scheme participants during the termination process may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

7.5 FATCA

Under the FATCA provisions of the US Hiring Incentives to Restore Employment (HIRE) Act, 30% US withholding may be levied on certain US sourced income received, gross proceeds received on sales of the assets giving rise to US sourced dividend or interest income, and any payments that are classified as “Foreign Passthru Payments” as defined below in each case when paid to a FFI that does not comply with FATCA or a Non-Financial Foreign Entity that does not comply with certain documentation requirements. FATCA imposes withholding on certain payments known as “Foreign Passthru Payments” from FFIs regardless of whether such payments have any connection to US source payments. The IRS and the US Treasury Department have not issued implementing guidance regarding FATCA withholding on Foreign Passthru Payments.

FATCA applies to the Scheme because the Scheme is an FFI under FATCA. In general, there should be no withholding on payments to an FFI that complies with FATCA. Under US Treasury Regulations, FATCA compliance can be achieved by the Scheme entering into and being compliant with the terms of an FFI agreement with the IRS under which the Scheme would, among other things, provide certain US tax reporting with respect to the holdings of and payments to certain members in the Scheme, including members identified as US persons.

The Scheme is subject to the Hong Kong IGA under which the Scheme is required to comply with FATCA, as implemented through the Hong Kong IGA and through applicable provisions of the US Treasury Regulations issued under FATCA, and report any FATCA-required information to the IRS. The Hong Kong IGA modifies certain FATCA requirements set forth in the US Treasury Regulations but generally requires similar information to be disclosed to the IRS. The Scheme intends to comply with FATCA and does not expect to be subject to the 30% FATCA withholding tax on payments received by the Scheme. In addition, the Scheme will not impose FATCA withholding on any payments made to members unless the Scheme is required to withhold under FATCA. The Scheme expects that such FATCA withholding will not be required until the date of publication in the US Federal Register of final regulations defining the term “Foreign Passthru Payment” for FATCA purposes. The Scheme has agreed to be subject to the terms of an FFI agreement and has registered with the IRS.

However, there can be no assurance that the Scheme can remain FATCA compliant given the complexities of the FATCA requirements.

The Scheme may require a member to (i) provide the Scheme with personal information (e.g. his/her status as a US or non-US person and, if he/she is a US person, his/her US federal taxpayer identification number), and (ii) consent to the Scheme reporting such personal information, his/her other account information and any information relating to any other account held by such member, to the IRS where applicable. If a member fails to comply with requests from the Scheme relating to FATCA, the Scheme may be required to reflect such information of the member when the Scheme reports information relating to aggregated account balance for, and the number of, non-consenting US accounts to the IRS.

Prospective members should consult their own tax advisers regarding the possible implications of FATCA on their holding interests in the Scheme and the information that may be required to be provided and disclosed to the Scheme and the Trustee, and in certain circumstances ultimately to the IRS. The application of the FATCA withholding rules and the information that may be required to be reported and disclosed are subject to change.

Any discussion of US federal income tax considerations herein 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 US federal tax penalties that may be imposed on such person. A prospective member should seek advice from his/her own tax advisor based on his/her particular circumstances and with respect to his/her own FATCA status and the effects of the implementation of FATCA.

7.6 Liquidity Risk Management

The Management Company has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of the Investment Portfolio and to ensure that the liquidity profile of the Investment Portfolio will facilitate compliance with its obligation to meet redemption requests. The Management Company's liquidity risk management policy takes into account the investment strategy, liquidity profile, and withdrawal rules of the Scheme. Such policy involves the monitoring of the profile of investments held by the Investment Portfolio on an on-going basis and includes details on periodic stress testing carried out by the Management Company on the Investment Portfolio, where applicable, to manage the liquidity risks under normal and stressed or extreme market conditions.

The liquidity risk management policy, together with the Management Company's liquidity risk management tools, seeks to achieve fair treatment of the scheme participants and to safeguard the interests of the scheme participants. The liquidity risk management tools that may be employed by the Management Company may include temporary borrowing (as detailed under section 4.2(b)).

In practice, the Management Company will consult the Trustee and have regard to the best interests of the scheme participants before the use of any liquidity risk management tools. While these tools are intended to reduce the impact of any potential liquidity risk, scheme participants should note that there is a risk that the tools

may be ineffective to manage any such liquidity risk (please refer to section 5 for more details).

8. Investment Portfolio Fact Sheet

The Investment Portfolio under the Scheme is subject to its (i) investment objective and policy; (ii) risks; (iii) fees and charges; and (iv) valuation, pricing and dealing arrangements. The information with respect to the Investment Portfolio is set out under the Investment Portfolio Fact Sheet in the Appendix to this Principal Brochure.

9. Glossary

For the purposes of this Principal Brochure, unless otherwise specifically expressed, the following terms shall have the following meanings:

"Administrator" for the purposes of the definition of "Administrator" under ORSO means AIA Company (Trustee) Limited.

"AIA Group" means AIA Group Limited and/or its subsidiaries.

"Connected Person" has the same meaning as ascribed to it in PRF Code.

"FATCA" means the Foreign Account Tax Compliance Act of the US.

"FFI" means a foreign financial institution under FATCA.

"Guarantor" means the guarantor of the Investment Portfolio as set out in the table in section 2 of this Principal Brochure.

"HKD" or **"HK Dollars"** means the currency of Hong Kong.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Hong Kong IGA" means the Model 2 Intergovernmental Agreement between Hong Kong and the US.

"Insurer" means AIA International Limited (Hong Kong Branch).

"Investment Portfolio" means an investment portfolio under the Scheme.

"Investment Portfolio Fact Sheet" means an investment portfolio fact sheet containing the relevant information of an Investment Portfolio.

"IRS" means the US Internal Revenue Service.

"Management Company" means PineBridge Investments Asia Limited.

"MPFA" means the Mandatory Provident Fund Schemes Authority established under the MPFSO.

"MPFSO" means the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong).

"ORSO" means the Occupational Retirement Schemes Ordinance (Cap. 426 of the

laws of Hong Kong).

"PRF Code" means the Code on Pooled Retirement Funds issued by the SFC.

"Principal Brochure" means this principal brochure.

"Product Provider" has the same meaning ascribed to it in the PRF Code.

"Registrar" means the registrar of occupational retirement schemes (as defined in ORSO). The MPFA assumes the role of the Registrar.

"Retirement Plan" means a retirement plan established by an employer who executes a deed of participation to adhere to the Scheme as governed by the Trust Deed.

"Scheme" means the AIA International Retirement Fund Scheme.

"SFC" means the Securities and Futures Commission of Hong Kong.

"SFO" means the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

"Trust Deed" means the deed of establishment (including the rules attached thereto) dated 1 December 1987, as amended from time to time, which established the Scheme.

"Trustee" means AIA Company (Trustee) Limited.

"US" means the United States of America.

"USD" means the currency of the US.

"UT Code" means the Code on Unit Trusts and Mutual Funds issued by the SFC.

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For more information about the Scheme, please contact our hotline at 2100 1888/2200 6288.

Note: For the full meaning and effect of this Principal Brochure, the provisions herein should be read in the context of the constitutive documents of the Scheme which include the Trust Deed, and the appropriate deed of participation between the Trustee and the relevant employer, as may be amended from time to time.

Appendix - Investment Portfolio Fact Sheet

AIA International Deposit Administration Fund

Quick facts

Product Provider:	AIA Company (Trustee) Limited
Trustee:	AIA Company (Trustee) Limited
Management Company:	PineBridge Investments Asia Limited
Guarantor:	AIA International Limited (Hong Kong Branch)
Base currency:	USD
Dealing frequency:	Daily

Objectives and investment policy

Objectives

The AIA International Deposit Administration Fund (the "**Investment Portfolio**") aims to achieve a stable, consistent, predictable rate of return and the guarantee of capital by investing primarily in, but not limited to, fixed income instruments or any product which, in the opinion of the Guarantor, provides economically equivalent returns.

Investment policy

The Investment Portfolio will achieve the objective through investments in the AIA Guaranteed Fund (the "**Underlying Fund**") under the AIA Retirement Fund Scheme ("**AIARFS**"), an SFC authorised pooled retirement fund, by the Trustee as an "external investor" to the AIARFS, in its capacity as trustee of each Retirement Plan under the Scheme, each such Retirement Plan being an ORSO scheme. The Investment Portfolio may hold ancillary cash or cash based investments for operational purpose. The following is an indicative asset allocation of the Underlying Fund:

Asset Class	Range
Bonds and Other Fixed Income Instruments	87% - 98%
Preferred/Common Stocks	0% - 7%
Cash	2% - 6%

Note: The above asset allocation is for reference only and may vary with changing market conditions subject to the Underlying Fund's management company's discretion.

The Guarantor guarantees the annual investment yield of the Investment Portfolio declared for each calendar year not to be negative.

Investment and borrowing restrictions

The Investment Portfolio will not directly invest in any financial derivative instruments or use any leveraging investment other than for hedging purposes. Please refer to section 4.2 of the Principal Brochure for details.

What is the capital guarantee mechanism and the discretionary benefits?

1. Key terms and conditions of the guarantee

The Guarantor agrees and undertakes to satisfy the capital guarantee under the Investment Portfolio, subject to the conditions set out below under "2. Entitlement of scheme participants".

The Guarantor, at its sole discretion, has the right to retain investment income of the Investment Portfolio in excess of that required to be set aside to meet the guaranteed benefits under the Investment Portfolio.

Annual investment yield

The Trustee will at the end of each calendar year determine and declare the annual investment yield of the Investment Portfolio which will be equal to or more than zero. The final entitlement of the member will be the annual investment yield which is derived from the monthly interim yields (as determined below) and the adjustment at the calendar year end (if the sum of monthly interim yield debited/credited for the calendar year is different from the annual investment yield).

The annual investment yield will be determined and declared by the Trustee:

- firstly, considering the declared monthly interim yield (which may be negative) in respect of the AIA Guaranteed Fund; and
- secondly, deducting any trustee fee, all other fees and charges at the Investment Portfolio level (i.e. costs, charges, taxes and expenses related to registration, auditing, custodial services and investments which will be charged against the Investment Portfolio); and
- thirdly, where applicable, an adjustment from or to the Reserve (as described in point 1(ii) below and under "3. Reserve mechanism").

Any amount in excess of the capital guaranteed amount is considered discretionary benefit. The discretionary benefit declared by the Trustee, if any, could be nominal.

Monthly interim yield

A monthly interim yield which may be negative will be declared by the Trustee at its discretion, taking into account the net investment income, in consultation with the Guarantor each month

for the next month and credited to or debited from, as the case may be, the members on a daily basis. The monthly interim yield is determined in the following manner:

- (i) The net investment income of the Investment Portfolio is declared by the Trustee taking into account the declared monthly interim yield (which may be negative) in respect of the AIA Guaranteed Fund; less the fees and charges of the Investment Portfolio (i.e. costs, charges, taxes and expenses related to registration, auditing, custodial services and investments which shall be charged against the Investment Portfolio).
- (ii) Scenarios (a) to (c) set out the relationship among the net investment income, the monthly interim yield and the Reserve (as defined in "3. Reserve mechanism"):
 - (a) In cases where the net investment income is greater than the monthly interim yield, an amount equal to the difference between the net investment income and the monthly interim yield will be transferred into the Reserve.
 - (b) In cases where the net investment income is less than the monthly interim yield, an amount equal to the shortfall will be transferred out of the Reserve to provide the monthly interim yield.
 - (c) In cases where the net investment income is equal to the monthly interim yield, no amount will be transferred into or out of the Reserve.

Scenarios (a) to (c) apply regardless of whether the net investment income or the monthly interim yield is positive or negative.

Due to the guarantee structure of the Investment Portfolio, there may be dilution of performance.

2. Entitlement of scheme participants

A member's entitlement to any capital guarantee under the Investment Portfolio for each calendar year will be subject to the member's continued investment in the Investment Portfolio until the end of each calendar year.

If a member switches out his/her investment from the Investment Portfolio before the end of the relevant calendar year for any reason, the guarantee of capital will not apply and the member would be entitled to his/her contribution and the monthly interim yield that has been declared and credited to or debited from his/her account until the date of switching. As such, the guarantee of having an annual yield for the relevant calendar year not to be negative would not be applicable to such member. In addition, a member who switches out his/her investment from the Investment Portfolio before the end of the relevant calendar year may not receive the whole amount of his/her contribution if the monthly interim yield declared is negative.

3. Reserve mechanism

In relation to the capital guarantee, an investment reserve (the "**Reserve**") has been set up for stabilisation purpose.

On a monthly basis, the Trustee will determine whether an amount needs to be deducted from or added to the Reserve from the net investment income before allocation of the monthly

interim yield proportionately to the account balance of each participating employer's plan on a daily basis. For details, please see point 1(ii) above.

At the end of the calendar year, an adjustment (if any) may be made from or to the Reserve for providing the annual investment yield.

If the Reserve is insufficient to provide the monthly interim yield or the annual investment yield, the Guarantor will make up the shortfall to ensure that the capital guarantee is fulfilled.

The Reserve is owned by the Investment Portfolio. It does not form part of the assets of the Management Company, the Trustee or the Guarantor and cannot be repatriated to any party.

4. Historical rate of return

Scheme participants can obtain information on the historical rate of return declared for the last five years at aia.com.hk. Please note that the website has not been reviewed by the SFC. Past performance should not be taken as an indication of future performance.

What are the key risks?

Investment involves risks. Please refer to section 5 of the Principal Brochure for details including the risk factors.

- Market risk
- Hedging risk
- Exchange rate risk
- Political, economic and social risk
- Withholding tax risk
- Valuation risk
- Settlement risk
- Custodial risk
- Interest rate risk
- Counterparty risk
- Credit risk
- Credit rating downgrading risk
- Liquidity risk
- Guarantor risk
- Dilution of performance risk
- Investment risk
- Risk of not being entitled to any guarantee

In the worst case scenario, a member who invests into this Investment Portfolio may suffer a significant loss to his/her investments.

What are the fees and charges?

Charges which may be payable by you

Please refer to section 6.1 of the Principal Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate
<i>Investment Portfolio Level</i>	
Trustee Fee / Investment Management Fee (as a % of the Investment Portfolio's net asset value)	Not exceeding 1%, currently waived
Guarantee Fee	Nil
<i>Underlying Fund Level</i>	
Trustee Fee / Management Fee (as a % of the net asset value of the relevant underlying investment)	1%

Note: Fees chargeable not in the form of a percentage of the net asset value of the Investment Portfolio are not included in the investment management fee in the above table.

Other than the fees and charges summarised in the above table, the Investment Portfolio or its underlying fund(s) will also bear all fees and expenses incurred in connection with or in relation to, as applicable, the Scheme, the Investment Portfolio or the relevant underlying fund(s), including custody, sub-custody expenses and stamp duties, any application, authorisation, annual or other fees payable to any regulatory authorities, and any levy imposed by the relevant Hong Kong legislation, in particular, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, proxy fees and expenses, collection fees and expenses, insurance and security costs (if any), the fees and expenses of the auditors, legal charges and other advisory charges, the expenses of giving notices to or otherwise communicating with participating employers (as applicable), the costs and expenses incurred in effecting and maintaining any insurance, other expenses required by any other applicable laws or regulations to be taken out in respect of the Scheme, the Investment Portfolio or the relevant underlying fund(s) (as applicable) and other costs as described in the constitutive documents.

Valuation, pricing and dealing arrangements

1. Valuation arrangement

Given the Investment Portfolio is a guaranteed fund, its valuation would be determined by the value of net assets and liabilities under the Investment Portfolio, taking into account the monthly interim yield and annual investment yield in accordance with the prevailing generally accepted accounting practices. Please refer to "1. Key terms and conditions of the guarantee" for the determination of the monthly interim yield, annual investment yield and a member's entitlement under the Investment Portfolio at the end of the relevant calendar year. Valuation of the Investment Portfolio will be made after the close of business on the last day of each calendar month by the Trustee or its service provider(s).

2. Pricing arrangement

Trustee fee and investment management fee at the Investment Portfolio level shall accrue monthly based on the calculation basis described above and be payable monthly in arrears. Trustee fee at the Investment Portfolio level is currently waived.

Any increase to the Investment Portfolio's aggregate of the following: (i) trustee fee and investment management fee (inclusive of, where applicable, trustee fee and management fee of underlying fund(s)) at the Investment Portfolio level; and (ii) where applicable, trustee fee and management fee at the underlying fund level, is subject to a minimum of three months' notice.

3. Dealing arrangement

Please refer to section 4.3 of the Principal Brochure for details.

Additional information

Upon any partial or total withdrawal request made by a participating employer which is due to a retirement plan termination made under the Scheme, the Trustee shall pay (at the participating employer's option):

- the withdrawal amount payable to the participating employer (the "**Withdrawal Amount**") by 20 quarterly installments each being an amount equal to one-twentieth of the Withdrawal Amount with the amount of investment earnings credited thereon after the effective date of the plan termination being paid at the last installment; or
- the Withdrawal Amount less an amount, which is to be determined by the Trustee at its sole discretion to reflect the difference between the participating employer's accumulation in the participating employer's account (as the case may be) and the market value of the underlying assets;

provided always that if the Withdrawal Amount exceeds US\$25 million, the Trustee has the right to pay the Withdrawal Amount by installments over a period not exceeding five years with any investment earnings credited thereon after the effective date being paid at the last installment.

Below is an illustration to demonstrate the guarantee mechanism of the Investment Portfolio:

Date	Opening balance (US\$)	Monthly contribution (US\$) (a)	Monthly interim yield		Member entitlement (US\$)*
			Percentage (%)	Equivalent amount (US\$) (b)^	
1/1/2021	1,000.00				1,000.00
1/31/2021		50.00	0.10%	1.00	1,051.00
2/28/2021		50.00	0.10%	1.05	1,102.05
3/31/2021		50.00	0.10%	1.10	1,153.15
4/30/2021		50.00	0.10%	1.15	1,204.30
5/31/2021		50.00	0.10%	1.20	1,255.50
6/30/2021		50.00	0.10%	1.26	1,306.76
7/31/2021		50.00	0.10%	1.31	1,358.07
8/31/2021		50.00	0.10%	1.36	1,409.43
9/30/2021		50.00	0.10%	1.41	1,460.84
10/31/2021		50.00	0.10%	1.46	1,512.30
11/30/2021		50.00	0.10%	1.51	1,563.81
12/31/2021		50.00	0.10%	1.56	1,615.37
	Guaranteed 1,600.00 total:		Member entitlement total:		1,615.37

^ Monthly interim yield in the equivalent amount in US\$ (i.e. (b) in the above table) is the member entitled at the end of the last month times the monthly interim yield of current month (expressed as a percentage).

* Member entitlement (US\$) as of the end of the month is the balance brought forward from the last month plus the amounts in (a) and (b) in the table above (rounded to nearest two decimal places).

Assumptions:

At the Investment Portfolio level

At the beginning of the calendar year, the monthly interim yield declared is 0.10% (i.e. 1.20% / 12 months), taking into account the declared monthly interim yield in respect of the AIA Guaranteed Fund.

At the end of the calendar year, the annual investment yield declared by the Trustee is 1.20%.

Accordingly, the member balance at the end of the calendar year will be US\$1,615.37.

Important

If you are in doubt, you should seek professional advice.

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For the full meaning and effect of this Principal Brochure, the provisions herein should be read in the context of the constitutive documents of the Scheme.

Investment involves risks and the Investment Portfolio under the Scheme may not be suitable for everyone. Investment performance and returns may go down as well as up.