AIA MPF – PRIME VALUE CHOICE

First Addendum to the Principal Brochure issued in March 2019

Issued on 1 April 2019

This Addendum forms part of and shall be read in conjunction with the Principal Brochure of AIA MPF – Prime Value Choice (the "**Scheme**") issued in March 2019. All capitalized terms in this Addendum shall have the same meaning as in the Principal Brochure of the Scheme, unless otherwise indicated.

A. With effect from 1 April 2019, the following changes related to tax deductible voluntary contributions will be made to the Principal Brochure:

1. Page 1 - Important Notes

Replace the second last bullet point in its entirety with the following:

"• Members reaching 65th birthday or early retiring on reaching age 60 may apply (subject to the completion of such document or form (in such form and on such terms) as the Trustee may require from time to time, subject to the relevant MPF requirements, and prescribe from time to time) for payment of the MPF Benefits or TVC Benefits (as the case may be) in instalments. Please refer to "3. Payment of benefits" under Section D of the Principal Brochure for further details."

2. Page 4 - Glossary

Replace the definitions of "External Relevant Employee Member", "Member" and "Member's Voluntary Account" in their entirety with the following, respectively:

" **"External Relevant Employee Member"** means any employee who is neither a Personal Account Member nor a TVC Account Holder, and who has made an application to become a Member of the Scheme and has been admitted as a Member notwithstanding that his/her employer does not participate in the Scheme."

" **"Member"** means a person who has been admitted to membership of the Scheme and who has not ceased to be a Member. For the avoidance of doubt, "Member" includes an "Employee Member", "Personal Account Member", "External Relevant Employee Member", "Self-employed Member" and "TVC Account Holder". "

" **"Member's Voluntary Account"** means that notional account maintained in respect of that Member into which voluntary contributions by that Member, voluntary contributions by an employer in respect of that Employee Member who has then become a Personal Account Member and has elected to retain his/her benefits payable under the Scheme in his/her Member's Voluntary Account, amounts transferred from another retirement benefits scheme and amounts transferred from an Employer's Voluntary Account (other than amounts in respect of mandatory contributions under the MPF Ordinance, TVC, amounts transferred from another Registered Scheme to the TVC account under the Scheme, amounts the Participating Employer contributes to the Scheme that are treated as mandatory contributions under section 2(3) of the MPF Ordinance, any contribution surcharge paid in respect of the Member in accordance with the MPF Ordinance, any amount equal to that Member's Minimum MPF Benefits and any income or profits arising from any investments of the contributions, surcharges and benefits mentioned above but taking into account any losses in respect thereof), are credited in accordance with the terms of the Master Trust Deed."

3. **Page 6 - Glossary**

   Replace the first sentence in the definition of "Personal Account Member" in its entirety with the following:

   " **“Personal Account Member”** means, for the purpose of this Principal Brochure, a Member who is not an Employee Member, an External Relevant Employee Member, a Self-employed Member or a TVC Account Holder."

4. **Page 7 - Glossary**

   Add the following definitions in the appropriate alphabetical order:

   " **“TVC”** means tax deductible voluntary contributions as defined in the MPF Ordinance."

   " **“TVC account”** has the meaning given to it in the MPF Ordinance."

   " **“TVC Account Holder”** means a Member who has been admitted to participate in the Scheme as a TVC Account Holder in accordance with the terms of the Master Trust Deed."

   " **“TVC Balance”** means, in respect of a TVC Account Holder, and at any date, the value of the balance held in the TVC account of such TVC Account Holder in the Scheme, as determined in accordance with the terms of the Master Trust Deed."

   " **“TVC Benefits”** means benefits, in respect of a TVC Account Holder, derived from TVC of such TVC Account Holder paid or transferred into the TVC account of such TVC Account Holder in the Scheme, and payable in accordance with the terms of the Master Trust Deed."

5. **Page 14 - Section C - "1. Application for participating in the Scheme"**

   Replace the first paragraph in its entirety with the following:

   "Membership of the Scheme is open to the following persons:

   - any employees (regardless of whether their employers are Participating Employers);
   - self-employed persons;
   - persons applying to become Personal Account Members; and
   - persons who are eligible and wish to make TVC in the Scheme."

6. **Page 14 - Section C - "2. Withdrawal from participation in the Scheme"**

   Insert the following paragraph at the end of the sub-section:

   "For details with regard to the withdrawal from participation of a TVC Account Holder, please refer to the sub-section headed "Withdrawal and Termination" under the sub-section headed "*TVC*" under the sub-section headed "**1. Contributions**" under Section D."

7. **Page 16 - Section C - "3. Transfers from the Scheme"**

   Insert the following new sub-section headed "*Transfer of accrued benefits in a TVC account of a TVC Account Holder*" immediately after the sub-section headed "*Summary of transferability of accrued benefits for Employee Members, Self-employed Members and Personal Account Members*":

   "For details with regard to transfer of the accrued benefits in a TVC account from the Scheme to another Registered Scheme, please refer to the sub-section headed "Portability" under the sub-section headed "*TVC*" under the sub-section headed "**1. Contributions**" under Section D."

8. **Page 16 - Section C - "3. Transfers from the Scheme"**

   Replace the first paragraph under the sub-section headed "*Time limits for completing transfer requests*" in its entirety with the following:

"It is expected that the transfer of MPF Balances, Voluntary Balances and TVC Balances will normally be completed within 10 Business Days but in any event within 30 days after, the later of (i) the date on which a completed transfer request form has been received, or (ii) where applicable, the last contribution day in respect of the Employee Member who has ceased to be employed by the Participating Employer and who made an election to transfer upon cessation of employment."

9. Page 17 - Section C - "3. Transfers from the Scheme"

Replace the sub-section headed "*Minimum residual balance for partial transfers of a Member's Voluntary Balance*" in its entirety with the following:

" *Minimum residual balance for partial transfers of a Member's Voluntary Balance*

The Trustee, with the consent of the Sponsor, may refuse to comply with a request for a partial transfer of a Member's Voluntary Balance if the value of the Member's Voluntary Balance remaining in the Scheme after such transfer will be less than HK$5,000, or such other amount as the Trustee may specify to the Member. For the avoidance of doubt, no partial transfer of TVC Balance is allowed."

10. Page 17 - Section C - "4. Transfers to the Scheme"

Replace the sub-section in its entirety with the following:

"The Trustee may allow transfers into the Scheme from other retirement benefit schemes, provided such transfers are made in accordance with and permitted under the MPF Legislation. Normally such transfers will be the result of:

- a Participating Employer requesting the Trustee to accept sums in respect of an Employee Member from another retirement benefits scheme;
- an Employee Member, a Self-employed Member, an External Relevant Employee Member or a Personal Account Member requesting the Trustee to accept a sum to be paid to the Scheme from:-
  (i) the contribution account or personal account of another retirement benefits scheme; or
  (ii) such other accounts from an occupational retirement scheme exempted under section 5 of the MPF Ordinance; or
- a TVC Account Holder requesting the Trustee to accept a sum to be paid to the Scheme from a TVC account of another Registered Scheme (for details with regard to transfer of the accrued benefits from a TVC account in another Registered Scheme to the Scheme, please refer to the sub-section headed "Portability" under the sub-section headed "*TVC*" under the sub-section headed "**1. Contributions**" under Section D).

11. Page 17 - Section D - "1. Contributions"

Replace the last sentence in the first paragraph under the sub-section headed "*Voluntary contributions*" in its entirety with the following:

"For the avoidance of doubt, subject to the MPF Legislation, the word "Member" in this paragraph and in any other provisions of this Principal Brochure where a Member's voluntary contributions or voluntary benefits are concerned includes "Personal Account Member" and "External Relevant Employee Member", but excludes "TVC Account Holder"."

12. Page 19 - Section D - "1. Contributions"

Insert the following new sub-section headed "*TVC*" immediately after the existing sub-section headed "*Voluntary contributions*":

" *TVC*

Any person who fulfils the eligibility requirements as mentioned in the sub-section headed "Eligibility" below can set up a TVC account under the Scheme and pay TVC into such account. TVC paid into the account will be eligible for tax deduction in accordance with the Inland Revenue Ordinance (Cap. 112 of the laws of Hong Kong). With effect from [1 April 2019], the Scheme offers TVC accounts to eligible persons.

The characteristics of TVC are as follows:

- TVC can only be made directly by eligible persons into TVC account of a Registered Scheme in order to enjoy tax concession, subject to relevant conditions. Please refer to the sub-sections headed "Tax Concession Arrangement in TVC" and "Eligibility" respectively below for details;
- Involvement of employers is not required;
- Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF Legislation. Please refer to the sub-section headed "Withdrawal and Termination" below for details.

Tax Concession Arrangement in TVC

The maximum tax concession amount for TVC in each year of assessment is set out in the Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HK$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only; and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.

To facilitate the tax return filing by TVC Account Holders, the Trustee will provide a TVC summary to each TVC Account Holder if TVC is made by him/her to the Scheme during a year of assessment. Such summary will be made available around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April).

Eligibility

Any person who falls under any one of the following categories may open a TVC account:

- an employee member of a Registered Scheme;
- a self-employed person member of a Registered Scheme;
- a personal account holder of a Registered Scheme;
- a member of an occupational retirement scheme exempted under section 5 of the MPF Ordinance.

Each eligible person can only have one TVC account under a Registered Scheme.

The Trustee may reject any application to open a TVC account in the Scheme in the event of (i) 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.

For compliance purposes, there could be circumstances (such as (i) to (iii) in the preceding paragraph) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

Contributions

TVC can only be made into a TVC account, which is separate from an MPF contribution account or a Personal Account. Any other forms of voluntary contributions that are not made into the TVC account are not TVC (for example, voluntary contributions that are made by Employee Members through their Participating Employers will not be eligible for claiming TVC tax deduction).

TVC is subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions. This also applies to contributions that exceed the maximum tax deductible amount per assessment year.

The relevant application form sets out the minimum limit imposed on the amount and/or frequency of contribution made to the TVC account. TVC will be fully vested in the TVC Account Holder once it is paid into the Scheme.

For the avoidance of doubt, the protection of accrued benefits under the MPF Ordinance is not applicable to the TVC account, meaning that accrued benefits derived from TVC will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of a bankrupt TVC Account Holder.

TVC Account Holders can make their own fund selection or choose to invest in the MPF default investment strategy under the Scheme according to their circumstance and risk appetite. If a TVC Account Holder fails to submit to the Trustee a valid Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his/her TVC will be invested in the MPF default investment strategy. Please refer to the sub-section headed "7. MPF default investment strategy" under Section D of this Principal Brochure for details of the arrangement of the MPF default investment strategy.

Portability

TVC is portable and TVC Account Holders should note that:

- A TVC Account Holder may at any time choose to transfer the accrued benefits derived from TVC to another Registered Scheme that offers TVC;
- The transfer must be in a lump sum (full account balance);
- The TVC account in the original Registered Scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- For the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the Member in another Registered Scheme cannot be claimed as deductions for taxation purpose; and
- Transfer of TVC accrued benefits to another TVC account of the Member in another Registered Scheme will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF Legislation.

Withdrawal and Termination

As with MPF Benefits, the TVC Benefits will be paid in the following withdrawal conditions only:

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

In addition, the Trustee must provide phased withdrawal options to the following withdrawal conditions:

- Retirement (attaining the age of 65)
- Early retirement (attaining the age of 60 and ceased all employment/self-employment with no intention of becoming employed or self-employed again).

Apart from the withdrawal of accrued benefits, the Trustee may terminate the Member's TVC account if:

1. the balance of the TVC account is zero; and

2. there is no transaction activity in respect of the TVC account for 365 days."

13. Page 22 - Section D - "2. Switching between Constituent Funds"

Replace the sub-section headed "*Termination of Constituent Funds*" in its entirety with the following:

" *Termination of Constituent Funds*

With effect from 31 December, 2015, the Sponsor or the Trustee may, determine that any Constituent Fund shall terminate (the “Terminating Fund”) in accordance with the provisions of the Master Trust Deed. The Members investing in the Terminating Fund (each, a “Terminating Fund Member”) will be given a choice to have his or her MPF Balance, TVC Balance, Member’s voluntary balance or employer’s voluntary balance invested in other Constituent Fund(s) in accordance with the terms of the Master Trust Deed. Where the Terminating Fund Member fails to provide his or her election, the Trustee may effect such redemptions of the Terminating Fund and subscriptions of other Constituent Fund(s) as it may consider appropriate."

14. Page 22 - Section D - "3. Payment of benefits"

Replace the second and third paragraphs in their entirety with the following:

"Currently, only members reaching 65th birthday or early retiring on reaching age 60 may apply (subject to the completion of such document or form (in such form and on such terms) as the Trustee may require from time to time) for payment of the MPF Benefits or TVC Benefits in instalments. Where a member falling under any of the above categories opts for payment of benefits in instalments, he/she may specify the withdrawal amount he/she wishes to withdraw by submitting to the Trustee a valid claim form (which can be downloaded from the Trustee’s website at mpf.aia.com.hk) as the Trustee may require from time to time. The withdrawal charge payable in respect of each withdrawal can only include Necessary Transaction Costs (as more particularly described in Section E). In particular, if the member chooses to have the benefits to be paid to his/her bank account directly, bank charges may apply by the member’s banking account.

Benefits from the Scheme are split into 3 types: MPF Benefits (derived from the mandatory 5% contributions and any special contributions), Voluntary Benefits (derived from voluntary contributions) and TVC Benefits (derived from TVC)."

15. Page 23 - Section D - "3. Payment of benefits"

Replace the second last paragraph in its entirety with the following new sub-sections headed "*TVC Benefits*" and "*Timing of payment*" respectively:

" *TVC Benefits*

For details on when TVC Benefits are payable, please refer to the sub-section headed "Withdrawal and Termination" under the sub-section headed "*TVC*" under the sub-section headed "**1. Contributions**" under Section D.

Timing of payment

For the payment of MPF Benefits, Voluntary Benefits or TVC Benefits, the normal period for payment will be 10 days after receipt of a request for payment. The maximum period between the date of receipt of a request for payment of MPF Benefits and TVC Benefits and the date of payment of such benefits will be as specified in the General Regulation. The maximum period for processing of payments of Voluntary Benefits would be generally around 30 days and is also subject to the submission of all relevant documents which are to the satisfaction of the Trustee. If the Scheme is subject to an audit or investigation by or on behalf of the MPFA, then any payment will be made within 30 days after the MPFA has given its consent or appropriate notification to the Trustee.”

16. Page 25 - Section D - "6. LifeEasy"

Replace the second bullet point appearing in the third paragraph in its entirety with the following:

"• Non-Employment Related Investments - Voluntary contributions and investments from a Member under the Happy Retirement Savings Program, as well as TVC and investments (including any benefits transferred to a TVC account under the Scheme from another Registered Scheme)."

17. Page 26 - Section D - "6. LifeEasy"

Replace the first sentence in the paragraph under the sub-section headed "**(2) Non-Employment Related Investments**" in its entirety with the following:
"(I) TVC Account Holders, and (II) Members who have participated in the Happy Retirement Savings Program, a voluntary savings plan to help Members accumulate future potential wealth and prepare for the Members' retirement, can select to contribute in the Non-Employment Related Investments."

18. Page 47 - Section E - Additional Notes

Replace paragraph (m) in its entirety with the following:

"Additional costs and expenses may be imposed by the Trustee or Administrator, subject to the MPF Legislation, for additional services which are not described in the Principal Brochure or not required under the MPF Legislation to be provided. Any costs and expenses (whether being set-up fee, annual fee or any other additional costs and expenses) which the Trustee and the Administrator determine to be wholly attributable to a specific Participating Employer, External Relevant Employee Member, Self-employed Member, Personal Account Member or TVC Account Holder will be borne by that Participating Employer, External Relevant Employee Member, Self-employed Member, Personal Account Member or TVC Account Holder (as the case may be). If the Participating Employer, External Relevant Employee Member, Self-employed Member, Personal Account Member or TVC Account Holder (as the case may be) fails to pay such costs and expenses, then the Trustee may (and, where directed by the Sponsor, must), subject to the MPF Legislation, redeem units credited to,

(i) in respect of any amount outstanding from the Participating Employer, the Reserve Account,

(ii) in respect of any amount outstanding from an External Relevant Employee Member, Self-employed Member or Personal Account Member: that External Relevant Employee Member's, Self-employed Member's or Personal Account Member's Voluntary Account (and, if there is no Member's Voluntary Account, or the Member's Voluntary Account is insufficient to cover the outstanding amount, the Member's Employer's Voluntary Account), and

(iii) in respect of any amount outstanding from a TVC Account Holder, that TVC Account Holder's TVC account.

The Trustee has the discretion to waive part or all of the above fees."

19. Pages 48 to 50 - Section E - "Annex: other fees and charges for providing additional services"

Add the following note after note * appearing after the table in the Annex:

"Note: For the avoidance of doubt, the fees and charges in the above table do not apply to TVC Account Holders."

20. Page 51 - Section F - "2. Taxation"

Replace this sub-section in its entirety with the following:

"It is our understanding that investors will enjoy the following tax benefits:

(a) An employer's profits tax liability will be reduced by his/her contributions to the Scheme, up to the limits set out in the Inland Revenue Ordinance.

(b) Employees will be able to deduct a maximum of HK$18,000 per annum of mandatory contributions for salaries tax purposes.

(c) Benefits attributable to mandatory contributions may be received by an employee free of tax whilst benefits attributable to voluntary contributions may be received by an employee free of tax if they fall within the limits set out in the Inland Revenue Ordinance.

(d) TVC Account Holders will be able to deduct the TVC paid into their TVC account, subject to a maximum deduction per year as specified in the Inland Revenue Ordinance (more information can be found in the sub-section headed "Tax Concession Arrangement in TVC" under the sub-section headed "*TVC*" under the sub-section headed "**1. Contributions**" under Section D).

We recommend that you seek professional advice regarding your own particular tax circumstances."

21. Page 51 - Section F - "3. Reports and accounts"

Insert the following paragraph at the end of the sub-section:

"If TVC is made by a Member to the Scheme during a year of assessment, a TVC summary will be made available to the TVC Account Holder around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April)."

22. Page 74 - "SCHEDULE 17 Guaranteed Portfolio"

Replace the last two sub-paragraphs in sub-section (h) headed "**Features of the Guarantee**" in its entirety with the following:

"On any withdrawal other than a “Deemed Withdrawal” or total withdrawal which in the opinion of the Trustee is due to the cessation of participation of any Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) in the Scheme, Members will be entitled to the balance standing to the Individual Accounts as at the date of withdrawal.

In a “Deemed Withdrawal” or total withdrawal situation which in the opinion of the Trustee is due to the cessation of participation of any Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) in the Scheme, the Individual Account of an Employee Member of the withdrawing Participating Employer may be subject to a discretionary adjustment (which may reduce the balance of his/her Individual Account). The discretionary adjustment is determined at the sole discretion of the Insurer on withdrawal but will in no event exceed 5% of the Individual Account balance. A “Deemed Withdrawal” means any event where a Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) sets up another Registered Scheme with another Registered Scheme provider and funds are then withdrawn from the Guaranteed Portfolio."

23. Page 76 - "SCHEDULE 17 Guaranteed Portfolio"

Replace the last sub-paragraph in paragraph (i) under sub-section (i) headed "**Illustrative examples**" in its entirety with the following:

"Members will be entitled to the balance standing in the Individual Accounts as at the date of withdrawal (other than a “Deemed Withdrawal” or total withdrawal which in the opinion of the Trustee is due to the cessation of participation of any Participating Employer (other than a Self-employed Member, Personal Account Member, External Relevant Employee Member or TVC Account Holder) in the Scheme - please see (h) for further details)."

B. With effect from 1 April 2019, the following miscellaneous change will be made to the Principal Brochure:

1. Page 13 - Section B

Replace the paragraph headed "*Insurer (for the underlying fund in which the Guaranteed Portfolio invests only)*" in its entirety with the following:

"*Insurer (for the underlying fund in which the Guaranteed Portfolio invests only)*
AIA Company Limited
27th Floor, Hopewell Centre,
183 Queen’s Road East,
Wanchai,
Hong Kong"