

Elite Mandatory Provident Fund

Offering Document

IMPORTANT INFORMATION

1. Each of the Constituent Funds in the Elite Mandatory Provident Fund (Plan) invests solely in a single approved pooled investment fund in the form of an insurance policy issued by AXA China Region Insurance Company (Bermuda) Limited (Sponsor). Your investments are therefore subject to the credit risks of the Sponsor.
2. The MPF Conservative Fund of the Plan does not guarantee the repayment of capital.
3. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
4. You should read this offering document for further details including product features, fees and charges and risk factors.

The Sponsor accepts responsibility for the information contained in this offering document as being accurate at the date of publication. However, neither the delivery of this offering document nor the offer or agreement to participate in the Plan shall under any circumstances constitute a representation that the information contained in this offering document is correct as of any time subsequent to such date. This offering document may from time to time be updated.

In this offering document, references to the consent or approval of the Mandatory Provident Fund Schemes Authority (Authority) mean such consent or approval as may be required pursuant to the Mandatory Provident Fund Schemes Ordinance (MPF Ordinance), its subsidiary legislation and any codes or guidelines issued by the Authority pursuant thereto and references to the consent or approval of the Securities and Futures Commission (Commission) mean such consent or approval as may be required pursuant to the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong, its subsidiary legislation and any codes or guidelines issued by the Commission pursuant thereto. Any approval, consent or authorisation granted by the Authority or the Commission does not imply official recommendation of the Plan or the APIFs.

Important: If you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice.



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1. Directory of Parties

Trustee

AXA CHINA REGION TRUSTEES LIMITED

Registered Office
20/F AXA Centre
151 Gloucester Road, Wanchai
Hong Kong

Sponsor and Administrator

AXA CHINA REGION INSURANCE COMPANY (BERMUDA) LIMITED

Registered Office
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Office
20/F AXA Centre
151 Gloucester Road, Wanchai
Hong Kong

Legal Advisers

Baker & McKenzie
23/F One Pacific Place
88 Queensway
Hong Kong

Auditors

DELOITTE TOUCHE TOHMATSU
35/F One Pacific Place
88 Queensway
Hong Kong

2. What is MPF?

In 1995, the Hong Kong Government passed the MPF Ordinance, effectively establishing a framework for a compulsory and privately managed provident fund scheme system for Hong Kong's entire workforce.

All employees and self-employed persons between the ages of 18 and 65 (subject to certain limited exceptions) will be required to join a Mandatory Provident Fund (MPF) scheme to which contributions will be made.

Elite Mandatory Provident Fund (Plan), a readymade provident fund provided by AXA China Region Trustees Limited, is designed to facilitate easy compliance by employers, employees and self-employed persons with the MPF Ordinance, the MPF Schemes (General) Regulation (Regulation), relevant codes and guidelines.

3. Elite Mandatory Provident Fund

The Plan is established by a trust deed dated 5 January 2005 (as amended from time to time) (Trust Deed) and is governed by the laws of the Hong Kong Special Administrative Region. It has a highly flexible structure that offers a range of investment options under one master trust. Any employer or self-employed person can easily join the Plan without going through the procedures of setting up a new scheme. They can then concentrate on what they do best with ease of mind — managing their own businesses.

The Plan has been authorised by the Commission and approved by the Authority. Such authorisation and approval by the Commission and the Authority do not imply official recommendation.

3.1. The Trustee

The trustee and the custodian of assets of the constituent funds of the Plan is AXA China Region Trustees Limited (Trustee). The Trustee has been registered as a trust company in Hong Kong since 1989, and has been approved by the Authority as an approved trustee for MPF schemes.

The Trustee is responsible for a number of functions, including:

- safekeeping of the assets of the Plan;
- keeping of member records and establishing separate accounts for members in respect of their contributions;
- processing payment of contributions and benefits;
- effecting investment of contributions in constituent funds;
- processing transfers; and
- compliance with the MPF Ordinance, Regulation, relevant codes and guidelines and the Trust Deed.

For the purposes of this offering document, references to the MPF Ordinance and Regulation include the codes and guidelines issued by the Authority pursuant to the MPF Ordinance so far as applicable.

3.2. The Sponsor and Administrator

The Sponsor and Administrator is AXA China Region Insurance Company (Bermuda) Limited which was incorporated in Bermuda in 1968. It is an insurer authorised to carry on, amongst others, life insurance business and retirement scheme management business in and from Hong Kong.

The Sponsor is also the issuer of approved pooled investment funds policies (APIF1) in which the constituent funds of the Plan invest. The APIF1 are in turn invested in approved pooled investment funds (except the MPF Conservative Fund which makes direct investments at the APIF1 level) established as sub-funds of ipac Multi-Manager Investment Fund Series (APIF2). The APIF1 and APIF2 are referred to collectively as "APIFs".

The Sponsor is a member of the global AXA Group, a worldwide organization in financial protection and wealth management. It has a history dating back to the early 19th century. For the year of 2008, The AXA Group's revenues were EUR 91.2 billion and, as of 31 December 2008, its assets under management were EUR 981 billion.

3.3. Investment Manager of APIFs

AXA Investment Managers Asia Limited (AXA IM) is the investment manager of the APIFs. AXA IM has delegated the investment management of the APIFs to ipac asset management limited (except the MPF Conservative Fund Policy where the investment management function has been delegated solely to AXA Rosenberg Investment Management Asia Pacific Limited) in order to bring ipac asset management limited's complementary skill set of multi-manager investment to Elite Mandatory Provident Fund.

Who is ipac asset management limited?

Established in 1983, ipac asset management limited is an investment management firm with more than 10 years' experience in multi-manager investing. As of March 2009, ipac asset management limited manages US\$11.2 billion for institutional and retail investors.

Introducing ipac asset management limited's multi-manager investment approach:

ipac asset management limited conducts extensive research into the different asset classes — local and overseas cash, bonds and equities - and combines these asset classes to suit each APIF's objective.

ipac asset management limited's investment team then searches the world for leading specialist fund managers in each asset class and combines them with the aim of achieving consistent and competitive investment returns while closely managing risk. ipac asset management limited continually monitors and reviews these specialist managers to ensure they manage the assets according to expectations.

In managing the APIFs, ipac asset management limited focuses on the following core investment activities:

- **Research investment opportunities**

ipac asset management limited's investment analysts undertake extensive research to develop and maintain a thorough understanding of each asset class, including the key drivers of performance and primary sources of risk.

- **Select fund managers**

ipac asset management limited's in-depth manager research seeks to identify fund managers with a competitive edge in the following areas:

People: An experienced, talented and committed investment team

Investment process: A transparent and sound investment process that is implemented effectively

Business: A strong, stable business with a focus on investment management

Support: An efficient and effective back-office

Portfolio: A portfolio structure consistent with the investment process and with appropriate risk-controls

Performance: A performance track record that is competitive and consistent with the investment process

- **Construct portfolios**

In constructing portfolios, ipac asset management limited seeks to reduce risk through diversification, add fund managers with complementary skill sets, and reduce any unintended biases in the portfolio.

- **Monitor and review**

ipac asset management limited's intense, ongoing monitoring cycle is designed to form judgements about changes that may affect a fund manager's competitive edge or its role within the portfolio. It includes regular monitoring of individual manager portfolios, and reviews with the fund manager.

- **Implement effectively**

ipac asset management limited places a great deal of emphasis on efficient portfolio implementation, and employs a team of experienced specialists dedicated to this task. It is responsible for managing cash flows, portfolio rebalancing and changes to the portfolio.

The multi-manager investment approach means that ipac asset management limited considers leading specialist managers from around the world and appoints those specialist managers it believes are most suited to particular portfolios. Depending on the nature of a portfolio, only one specialist manager may be appointed to manage that portfolio or a mix of specialist managers may be appointed.

The following delegates of ipac asset management limited have been appointed as specialist fund managers to the sub-funds of APIF2:

Specialist Fund Managers' Names and Addresses	Asset Class
AllianceBernstein L.P. 1345 Avenue of the Americas New York, NY 10105-0096 USA	Global equities
Capital International, Inc 11100 Santa Monica Boulevard Los Angeles, CA 90025-3395 USA	Global equities
AXA Rosenberg Investment Management Asia Pacific Limited 57 th Floor, One Island East 18 Westlands Road Quarry Bay Hong Kong	European equities Japanese equities Hong Kong cash and short term deposits

Specialist Fund Managers' Names and Addresses	Asset Class
Lloyd George Investment Management (Bermuda) Limited Canon's Court 22 Victoria Street Hamilton HM12 Bermuda	Asia Pacific (excluding Japan) equities
Pacific Investment Management Company LLC Suite 300 840 Newport Center Drive Newport Beach, CA 92660 USA	Global bonds
Schroder Investment Management Limited 31 Gresham Street London EC2V 7QA United Kingdom	Hong Kong equities
RCM Asia Pacific Limited 21/F Cheung Kong Center 2 Queen's Road Central Hong Kong	Hong Kong equities

ipac asset management limited may change the fund managers at any time on giving 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) to employers and members of the Plan.

3.4. Custodian of APIFs

State Street Bank and Trust Company is the custodian of the assets of the APIFs except for the MPF Conservative Fund Policy, where Citibank N.A. acts as the custodian of the assets of the APIF. As leading financial institutions, State Street Bank and Trust Company and Citibank N.A. had US\$12.04 trillion and US\$11 trillion respectively, in assets under custody as at 31 December 2008.

3.5. How to Join the Plan

To participate in the Plan, an employer or self-employed person needs simply to

- execute a participation agreement (agreeing to be bound by the Trust Deed)
- execute a schedule to the participation agreement (if you wish to make voluntary contributions in respect of your employees or transfer benefits accrued in respect of your employees in other provident fund schemes to the Plan)

Any self-employed person or employee who wishes to participate in the Plan as a member, including as an inactive member (e.g. a person who has amounts held in the Plan or will have amounts transferred to the Plan but in respect of whom no mandatory and voluntary contributions will be made to the Plan), is also required to complete an application for membership.

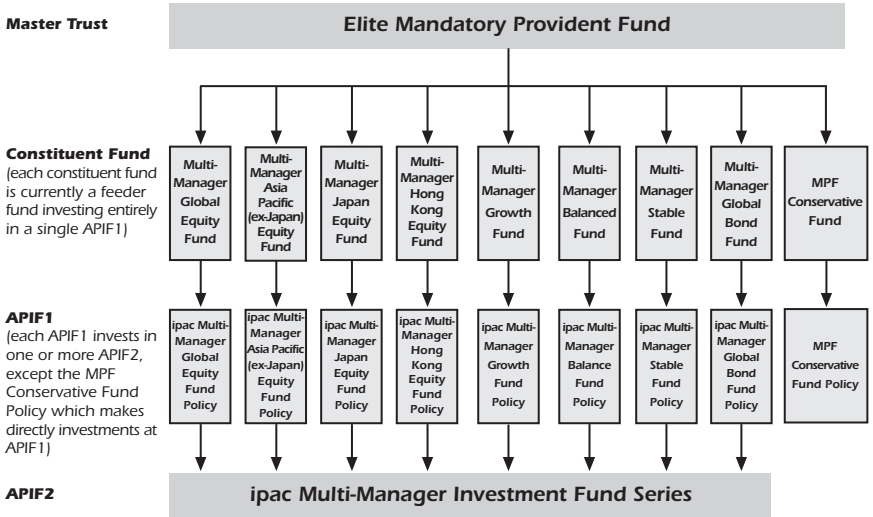
4. Features at a Glance

Eligibility for Membership	All self-employed persons and employees (including temporary and part-time workers) of an employer
Type of Contributions Accepted	<ul style="list-style-type: none"> ▪ Employer's mandatory contributions ▪ Member's mandatory contributions ▪ Employer's voluntary contributions ▪ Member's voluntary contributions ▪ Transfers from other provident fund schemes
Mandatory Contributions	<p>Subject to minimum and maximum levels of relevant income specified by the MPF Ordinance, Regulation, relevant codes and guidelines</p> <ul style="list-style-type: none"> ▪ Employers and members between the ages of 18 and 65 (other than inactive members) will each have to contribute 5% of relevant income of the employee ▪ Self-employed persons between the ages of 18 and 65 will have to contribute 5% of his/her relevant income ▪ no mandatory contributions are required from members earning below the minimum level of relevant income ▪ no mandatory contributions are required from either the employer or member on relevant income above the maximum level
Voluntary Contributions	<ul style="list-style-type: none"> ▪ Employers, employees and self-employed persons may elect to make voluntary contributions in addition to mandatory contributions
Investment Options	<p>Individual member choice of 9 constituent funds:</p> <ul style="list-style-type: none"> ▪ Multi-Manager Global Equity Fund ▪ Multi-Manager Asia Pacific (ex-Japan) Equity Fund ▪ Multi-Manager Japan Equity Fund ▪ Multi-Manager Hong Kong Equity Fund ▪ Multi-Manager Growth Fund ▪ Multi-Manager Balanced Fund ▪ Multi-Manager Stable Fund ▪ Multi-Manager Global Bond Fund ▪ MPF Conservative Fund

Benefits

- All mandatory contributions (net of charges) as adjusted by investment performance are fully and immediately vested in the member. They are payable as accrued benefits in the circumstances set out in the MPF Ordinance, Regulation, relevant codes and guidelines.
- Voluntary contributions made by a member (net of charges) as adjusted by investment performance are fully and immediately vested in the member. Voluntary contributions made by an employer (net of charges) as adjusted by investment performance are vested in the member according to the rules chosen by the employer. Subject to such rules, vested voluntary contributions are usually payable upon the termination of employment of a member.

5. Constituent Funds



The Plan provides flexibility in the choice of investment options. The Trustee has established 9 constituent funds in which contributions may be invested.

Name	Type
Multi-Manager Global Equity Fund	Equities
Multi-Manager Asia Pacific (ex-Japan) Equity Fund	Equities
Multi-Manager Japan Equity Fund	Equities
Multi-Manager Hong Kong Equity Fund	Equities
Multi-Manager Growth Fund	Equities and Bonds
Multi-Manager Balanced Fund	Equities and Bonds
Multi-Manager Stable Fund	Equities and Bonds
Multi-Manager Global Bond Fund	Bonds
MPF Conservative Fund	Money Market

All constituent funds are currently denominated in Hong Kong dollars. Each of the constituent funds is currently a feeder fund and invests entirely in a single APIF1 issued by the Sponsor.

5.1. Investment Objectives and Policies

Each constituent fund has a separate and distinct investment objective and policy.

Investors should note that the risk and return profile for each of the constituent funds represents the Sponsor's expectations based on past experience. However, there is no guarantee that such return will be achieved. In addition, the return of a constituent fund over the short term may be greater than or less than its return over the long term due to market fluctuations and other factors.

(1) Multi-Manager Global Equity Fund

Investment Objective: The fund aims to achieve high capital growth over the long term by investing in global equities.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in an APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of global equities. Minimum of 90% of the assets will be invested into global equities. The remaining assets will be invested into deposits or other permitted investments under the Regulation.

Risk and Return Profile: The fund, due to its high exposure to equities, has a high risk profile in terms of fluctuations in the value of the assets of the fund. Therefore, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(2) Multi-Manager Asia Pacific (ex-Japan) Equity Fund

Investment Objective: The fund aims to achieve high capital growth over the long term by investing in Asia Pacific (ex-Japan) equities.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in an APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of Asia Pacific (ex-Japan) equities. Minimum of 90% of the assets will be invested into Asia Pacific (ex-Japan) equities. The remaining assets will be invested into deposits or other permitted investments under the Regulation.

Risk and Return Profile: The fund, due to its high exposure to equities, has a high risk profile in terms of fluctuations in the value of the assets of the fund. Therefore, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(3) Multi-Manager Japan Equity Fund

Investment Objective: The fund aims to achieve high capital growth over the long term by investing in Japanese equities.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in an APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of Japanese equities. Minimum of 90% of the assets will be invested into Japanese equities. The remaining assets will be invested into deposits or other permitted investments under the Regulation.

Risk and Return Profile: The fund, due to its high exposure to equities, has a high risk profile in terms of fluctuations in the value of the assets of the fund. Therefore, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(4) Multi-Manager Hong Kong Equity Fund

Investment Objective: The fund aims to achieve high capital growth over the long term by investing in Hong Kong equities.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in an APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of Hong Kong equities. Normally 100% of the assets will be invested in Hong Kong equities. The remaining assets will be invested in deposits as appropriate.

Risk and Return Profile: The fund, due to its very high exposure to equities, has a high risk profile in terms of fluctuations in the value of the assets of the fund. Therefore, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(5) Multi-Manager Growth Fund

Investment Objective: The fund aims to achieve high capital growth over the long term by investing primarily in global equities.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in two or more APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of equities, bonds and deposits. Normally around 75% to 100% of the assets will be invested in global equities and up to 20% in global bonds. The remaining assets will be invested in deposits as appropriate.

Risk and Return Profile: The fund, due to its very high exposure to equities, has a high risk profile in terms of fluctuations in the value of the assets of the fund. Therefore, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(6) Multi-Manager Balanced Fund

Investment Objective: The fund aims to achieve moderate capital growth over the long term by investing in a diversified portfolio with greater exposure to global equities.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in two or more APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of equities, bonds and deposits. Normally around 55% to 85% of the assets will be invested in global equities and around 10% to 40% in global bonds. The remaining assets will be invested in deposits as appropriate.

Risk and Return Profile: The fund, due to its high exposure to equities, has a medium to high risk profile in terms of fluctuations in the value of the assets of the fund. Therefore, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(7) Multi-Manager Stable Fund

Investment Objective: The fund aims to achieve some capital growth over the long term by investing in a diversified portfolio with emphasis on less volatile assets such as bonds and deposits.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in two or more APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of equities, bonds and deposits. Normally around 15% to 45% of the assets will be invested in global equities and around 45% to 75% in global bonds. The remaining assets will be invested in deposits as appropriate.

Risk and Return Profile: The fund has a low to medium risk profile in terms of fluctuation in the value of the assets of the fund. However, the return on the fund may still fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

8) Multi-Manager Global Bond Fund

Investment Objective: The fund aims to achieve income and some capital growth over the long term by investing in global bonds.

Investment Policy: The fund currently through an APIF1 (that currently in turn invests in more than one APIF2) utilizes the services of one or more specialist fund managers to invest in a diversified portfolio of investment grade global bonds. Minimum of 90% of the assets will be invested into global bonds. The remaining assets will be invested into deposits or other permitted investments under the Regulation.

Risk and Return Profile: The fund, due to its exposure to bonds, has a medium risk profile in terms of fluctuations in the value of the assets of the fund. However, the return on the fund may fluctuate significantly, particularly in the short term. In the long term, however, the return is expected to be in line with the fund's investment objective.

(9) MPF Conservative Fund

Investment Objective: The fund aims to achieve a return in line with the 'prescribed savings rate' (i.e. broadly the average rate of interest on a Hong Kong dollar savings account) published by the Authority.

Investment Policy: The fund* currently through an APIF invests in Hong Kong dollar denominated deposits and debt securities issued by financial institutions, sovereign issuers and corporate issuers, subject to restrictions applicable to capital preservation funds imposed by the MPF Ordinance, Regulation, relevant codes and guidelines.

* Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. This fund adopts method (i) hence, unit prices/NAV/fund performance quoted have incorporated the impact of such fees and charges.

Risk and Return Profile: The fund is not a guaranteed fund and does not provide any capital or income guarantee. The fund is a conservative and low-risk investment product and is expected to achieve its investment objective in most months. However, future fluctuations in interest rates and hence the value of the assets of the fund together with the possibility of defaults by institutions and issuers mean that in some months the return will inevitably fall below the prescribed savings rate.

As each of the constituent funds is currently a feeder fund, the Trustee does not intend to enter into futures and options contracts or engage in securities lending activities for the account of the constituent funds. Although the Trust Deed does not prohibit the lending of assets of the constituent funds to third parties, the Trustee does not intend to exercise this power in the normal course of managing the constituent funds.

The investment objectives and policies of a constituent fund may be changed on the Trustee giving 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) of the change to employers and members of the Plan.

5.2. Asset Allocations

There is no fixed asset allocation by geographical locations for the constituent funds. The above expected asset allocations of the constituent funds are for indication only in normal circumstances. In order to achieve the investment objectives, the actual asset allocations may at any point in time vary significantly from the asset allocations described above. The Trustee shall not incur any liability for not exercising or utilising its wide powers of investment other than in the manner indicated above. In particular, the Trustee shall not incur any liability if higher returns could have been achieved for any constituent fund if different investments within the stated investment policy had been made.

5.3. Risk Factors

Each constituent fund is subject to market fluctuations and to risks inherent in all investments. **The prices of units of any constituent fund and the income from them may go down as well as up.**

Investment in the MPF Conservative Fund (MCF) is not equivalent to placing funds on deposit with a bank or deposit-taking company. A member's rights on redemption of any units held for the account of the member in the MCF are limited to the bid price of such units at the relevant time, which could be more or less than the offer price at which such units were purchased. This MCF is not subject to the supervision of the Hong Kong Monetary Authority.

5.4. Investment Restrictions

The Trust Deed imposes a number of restrictions and prohibitions on investment of the constituent funds. These are set out in detail below under the section headed "More on Investment".

5.5. Borrowing Restrictions

The Trustee may borrow for the account of a constituent fund for liquidity purposes to meet benefit payments and for other purposes and to the extent permitted under the MPF Ordinance, Regulation, relevant codes and guidelines. The assets of the relevant constituent fund may be charged or pledged as security for any such borrowings as permitted under the MPF Ordinance, Regulation, relevant codes and guidelines.

5.6. APIF1

The APIF1 in which the constituent funds invest are as follows:

Constituent Fund	APIF1
Multi-Manager Global Equity Fund	ipac Multi-Manager Global Equity Fund Policy
Multi-Manager Asia Pacific (ex-Japan) Equity Fund	ipac Multi-Manager Asia Pacific (ex-Japan) Equity Fund Policy
Multi-Manager Japan Equity Fund	ipac Multi-Manager Japan Equity Fund Policy
Multi-Manager Hong Kong Equity Fund	ipac Multi-Manager Hong Kong Equity Fund Policy
Multi-Manager Growth Fund	ipac Multi-Manager Growth Fund Policy
Multi-Manager Balanced Fund	ipac Multi-Manager Balanced Fund Policy
Multi-Manager Stable Fund	ipac Multi-Manager Stable Fund Policy
Multi-Manager Global Bond Fund	ipac Multi-Manager Global Bond Fund Policy
MPF Conservative Fund	MPF Conservative Fund Policy

Each APIF1 (except MPF Conservative Fund Policy which makes direct investments at the APIF1 level) invests in one or more APIF2, being sub-funds of ipac Multi-Manager Investment Fund Series. For further information on the APIF2, please refer to the Explanatory Memorandum for ipac Multi-Manager Investment Fund Series.

The APIFs have been authorised by the Commission and approved by the Authority. Such authorisation and approval by the Commission and the Authority do not imply official recommendation.

Each APIF1 has equivalent provisions in relation to investment objectives and policies, expected asset allocation, risk factors, investment, borrowing restrictions and securities lending as those of the constituent fund which invests in it. However, the Sponsor (who is the issuer of the APIF1) may subject to the MPF Ordinance, Regulation, relevant codes and guidelines enter into futures and options contracts for the account of the ipac Multi-Manager Growth Fund Policy, the ipac Multi-Manager Balanced Fund Policy, the ipac Multi-Manager Stable Fund Policy and the ipac Multi-Manager Global Bond Fund Policy for hedging purposes. In addition, the APIF1 (other than the MPF Conservative Fund Policy and the ipac Multi-Manager Hong Kong Equity Fund Policy) may invest in APIF2 denominated in currencies other than Hong Kong dollars and, accordingly, will be affected by movements in the exchange rate between such currencies and Hong Kong dollars.

All APIFs are governed by the laws of Hong Kong and all APIF1 are denominated in Hong Kong dollars.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the terms of each APIF1 may be amended by the Sponsor by giving no less than 3 months' notice to the Trustee in which event the Trustee will give 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) to employers and members of the Plan. Amendments may be made for any purpose decided by the Sponsor, including for the purpose of varying or imposing new charges or fees in respect of the APIF1. Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, each APIF1 may also be terminated by the Sponsor by giving 3 months' notice to the Trustee in which event the Trustee will give 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) to employers and members of the Plan and all units will be realised in accordance with the terms of the APIF.

6. Contributions

6.1. Payment of Contributions

Mandatory contributions must be paid to the Trustee by the 10th day (or such other day as specified by the MPF Ordinance, Regulation, relevant codes and guidelines from time to time) after the end of the calendar month in which the relevant contribution period ends as required by the MPF Ordinance, Regulation, relevant codes and guidelines.

An employer may by execution of a schedule to participation agreement and a member (other than an inactive member in respect of whom no mandatory and voluntary contributions are made to the Plan) may by execution of an application for membership, elect to make voluntary contributions to the Plan in addition to mandatory contributions on a regular basis. Voluntary contributions must be paid at the same time and in the same manner as mandatory contributions. Voluntary contributions made by an employer in respect of a member are calculated and vested in the member in the manner stated in the relevant schedule.

The Sponsor may also from time to time specify restrictions in relation to voluntary contributions including calculation method, formula, contribution scales and vesting scales.

All contributions to the Plan shall only be paid to the Trustee.

6.2. Investment in Constituent Funds

The Trustee will apply amounts (net of charges) paid by or on behalf of a member to acquire units in the constituent funds pursuant to the instructions of the member given in an investment mandate executed by the member subject to the provisions of the Trust Deed. The Trustee will apply such net amounts to acquire units on a valuation date within 14 business days (excluding any period of suspension in the determination of the net asset value of the relevant constituent fund) of receiving cleared funds and information required by the Trustee.

Pending the acquisition of units in the constituent funds, the Trustee will hold such net amounts in cash or on deposit.

A member must invest employer's mandatory contributions, employer's voluntary contributions and all amounts derived from such contributions in the same way (i.e. all employer's contributions must be invested in the same percentages in the same constituent funds). Similarly, a member must invest the member's mandatory contributions, member's voluntary contributions and all amounts derived from such contributions in the same way (i.e. all member's contributions must be invested in the same percentages in the same constituent funds).

Currently, a member may invest contributions in up to 5 constituent funds. The minimum percentage of each of the following that may be invested in a constituent fund is currently 10% - each payment of the member's mandatory contributions or member's voluntary contributions or each transfer of the member's mandatory contribution balance or member's voluntary contribution balance, or each payment of his/her employer's mandatory contributions or employer's voluntary contributions or each transfer of employer's mandatory contribution balance or employer's voluntary contribution balance.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Sponsor may from time to time restrict and vary the number of constituent funds in which a member may invest and the minimum amount or percentage of contributions and balances of contributions of a member that may be invested in or realised from a single constituent fund.

Units in a constituent fund shall be acquired at the offer price of such units. The calculation of the offer price of units of a constituent fund is set out in the section below headed "Calculation of Offer and Bid Prices of Constituent Funds".

A preliminary charge of 2% of the offer price may be levied by the Sponsor on the issue of units, where and to the extent permitted by the MPF Ordinance, Regulation, relevant codes and guidelines. The Sponsor may levy different rates of preliminary charges by reference to the constituent fund, employer, member, nature or amount of the sums to be invested in the constituent fund or otherwise. No preliminary charge will be levied on the issue of units relating to the MPF Conservative Fund. Currently, no preliminary charge is levied by the Sponsor on other constituent funds either.

Fractions of less than one-tenthousandth of a unit will not be issued and amounts representing such fractions of a unit will be retained by the relevant constituent fund. No units of a constituent fund will be issued where the determination of the net asset value of that constituent fund is suspended (for further details, see section below headed "Suspension of Determination of Net Asset Value").

6.3. Mandates to Invest

On becoming a member of the Plan, a member must give a written investment mandate to the Trustee by completing the investment mandate section on an application for membership setting out how amounts paid by or on behalf of the member to the Plan are to be invested in the constituent funds and returning it to the Trustee. In the absence of a member's valid investment mandate, the Trustee will invest such amounts (net of charges) in the default fund designated by the Trustee with the agreement of the Sponsor from time to time - currently the MPF Conservative Fund.

A member can change the investment mandate by completing the investment mandate section on the change in investment form and returning it to the Trustee. Provided that the new mandate is valid, the new mandate will take effect within 14 business days (excluding any period of suspension in the determination of the net asset value of any relevant constituent fund) after receipt of the new mandate by the Trustee.

6.4. Switching Instructions

A member has the right to give a switching instruction to switch all or part of his/her units in a constituent fund into units in another constituent fund by giving a duly completed change in investment form to the Trustee. However, (i) if the switch relates to employer's contributions, a member must switch no less than 20% of all amounts relating to employer's contributions (whether mandatory or voluntary contributions or balances of such contributions) and (ii) if the switch relates to member's contributions, a member must switch no less than 20% of all amounts relating to member's contributions (whether mandatory or voluntary contributions or balances of such contributions) in that fund. Provided that the switching instruction is valid, the switching instruction will take effect within one calendar month (subject to any suspension in the determination of the net asset value of any relevant constituent fund) after receipt of the change in investment form by the Trustee.

Units of a fund (Existing Units) will be switched into units of another fund (New Units) according to the bid price of the Existing Units and the offer price of the New Units on the relevant valuation dates (subject to any suspension in the determination of the net asset value of the relevant constituent fund). Pending the acquisition of New Units, the Trustee will hold the amounts received on the realisation of Existing Units in cash or on deposit. Unless the Sponsor determines otherwise, provided that the switching instruction is valid, the instruction will be implemented within one month (subject to any suspension in the determination of the net asset value of any relevant constituent fund) after receipt of the switching instruction by the Trustee.

The application for membership form and change in investment form are available from the Sponsor. The Sponsor may limit the number of investment mandates and change in investment forms or switching instructions that may be given by or in respect of a member in any accounting period of the Plan. Currently, there is no maximum number of switching instructions in an accounting period. However, the Trustee will not be responsible to any member for any loss resulting from the non-receipt of an application for membership form, change in investment form, an investment mandate or switching instruction.

6.5. Interest

Any amount held by the Trustee pending acquisition of units, payment or transfer will be held in cash or on deposit. If any amount is placed on deposit, the Trustee will ensure that the rate of interest received for the deposit is reasonable. The interest earned will be used for the payment of any administrative expenses of the Plan for the benefit of members of the Plan or such other purpose as permitted by the MPF Ordinance, Regulation, relevant codes and guidelines from time to time.

7. Benefits

7.1. Entitlement to Mandatory Contributions

A member will become entitled to receive benefits derived from mandatory contributions in the circumstances set out in the MPF Ordinance, Regulation, relevant codes and guidelines. Currently, these circumstances relate to where the member (i) reaches the retirement age of 65 (ii) attains the age of 60 and retires early (iii) permanently departs from Hong Kong (iv) becomes totally incapacitated (v) dies or (vi) has a small balance account not exceeding HK\$5,000.

The benefits payable in respect of a member derived from mandatory contributions shall be the aggregate of all balances of mandatory contributions paid by or in respect of the member. Such balances will reflect the value of units of the relevant constituent funds acquired with such contributions, after taking into account charges and investment performance.

7.2. Entitlement to Voluntary Contributions

A member will become entitled to receive benefits derived from voluntary contributions in the circumstances set out in the MPF Ordinance, Regulation, relevant codes and guidelines, the Trust Deed and the schedule to the relevant participation agreement. For example, on termination of employment a member may be entitled to receive the member's voluntary contribution balance and the vested portion of the employer's voluntary contribution balance. The schedule to the relevant participation agreement may provide for other circumstances in which a member becomes entitled to receive benefits derived from voluntary contributions.

A member who is a self-employed person is entitled to receive benefits derived from his member's voluntary contributions at any time.

The benefits payable in respect of a member derived from voluntary contributions shall be the aggregate of all balances of voluntary contributions paid by the member and the vested portion of all balances of voluntary contributions paid by the employer of the member. Such balances will reflect the value of units of the relevant constituent funds acquired with such contributions, after taking into account charges and investment performance.

7.3. Realisation of Units

Where benefits are payable in respect of a member, the Trustee will realise all the units in the constituent funds held to the account of the member in respect of the benefits and pay the benefits in accordance with the MPF Ordinance, Regulation, relevant codes and guidelines.

Units in a constituent fund realised on a valuation date will be realised at the bid price of such units. The calculation of the bid price of units is set out in the section below headed "Calculation of Offer and Bid Prices of Constituent Funds".

Realisation of units will be suspended and payment of benefits will be delayed where the determination of the net asset value of the relevant constituent fund is suspended (for further details, see the section below headed "Suspension of Determination of Net Asset Value").

Pending payment of benefits, the Trustee will hold the amounts received on realisation of units in cash or on deposit.

In addition, with a view to protecting the interests of members, the Trustee is entitled to limit the number of units of any constituent fund realised on any valuation date to 10% of the total number of units in that constituent fund in issue. In this event, the limitation will apply pro rata so that all members wishing to realise units in that constituent fund on that valuation date will realise the same proportion of such units and units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, on the next valuation date.

7.4. Payment of Benefits

Benefits in respect of mandatory contributions will be paid as soon as reasonably practicable and in any event within 30 days (or such other period specified by the MPF Ordinance, Regulation, relevant codes and guidelines from time to time) after the date the Trustee receives the claim for payment in a duly completed specified form. Payment may be delayed by up to 60 days (or such other period specified by the MPF Ordinance, Regulation, relevant codes and guidelines from time to time) in certain circumstances pursuant to the MPF Ordinance, Regulation, relevant codes and guidelines, including where contributions in respect of the relevant member remain outstanding.

Benefits in respect of voluntary contributions will be paid at the same time as benefits in relation to the mandatory contributions are paid. If no benefits in relation to mandatory contributions will be paid, benefits in respect of voluntary contributions will be paid as soon as reasonably practicable within 30 days after the date the Trustee receives the claim for payment in a duly completed specified form. Payment may be delayed by up to 60 days if contributions in respect of the relevant member remain outstanding.

Benefits will be paid in Hong Kong dollars to the relevant recipient by cheque or telegraphic transfer. Bank charges (if any) incurred in making payment will be borne by the relevant recipient and accordingly will be deducted from the amount of the benefits.

8. Transfers to and from Other Schemes

8.1. Transfers to Other Schemes

An employer or a self-employed person may request by notice in writing personally or through the transferee trustee to have amounts held for the accounts of its employees or his/her account under the Plan transferred to another MPF scheme.

When a member who is an employee of an employer ceases to be employed, the member may elect (except in certain situations as specified by the MPF Ordinance, Regulation, relevant codes and guidelines from time to time) to have amounts held for the account of the member under the Plan transferred to another account in the Plan by notice in writing to the Trustee or to:

- (a) another MPF master trust scheme nominated by the member or an existing account of the member in an industry scheme by notice in writing to the transferee trustee; or
- (b) the MPF scheme in which the member's new employer participates by notice in writing to the transferee trustee.

A member who is a self-employed person or an inactive member may elect by notice in writing to the transferee trustee to have amounts held for the account of the member under the Plan transferred to:

- (a) another MPF master trust scheme nominated by the member or an existing account of the member in an industry scheme; or
- (b) where the member is subsequently employed by an employer, the MPF scheme in which the member's employer participates.

On receipt of a duly completed election form, the Trustee will realise the units in respect of the transfer and arrange for transfer in accordance with the MPF Ordinance, Regulation, relevant codes and guidelines. In normal circumstances, the Trustee will effect a transfer within 30 days (or such other period specified by the MPF Ordinance, Regulation, relevant codes and guidelines from time to time) of receipt of a duly completed election form. Transfers may be delayed in certain circumstances specified under the MPF Ordinance, Regulation, relevant codes and guidelines, including where contributions are outstanding.

Pending the transfer, the Trustee will hold the amount received on realisation of units relating to the transfer in cash or on deposit.

8.2. Transfers from Other Schemes

The Trustee has power to accept transfers from other provident fund schemes in respect of a member. The Trustee will apply amounts received from other provident fund schemes (net of charges) to acquire units in the constituent funds pursuant to the instructions of the member given in accordance with the Trust Deed within 14 business days (excluding any period of suspension in the determination of the net asset value of any relevant constituent fund) following receipt of such amounts in cleared funds and information the Trustee may require. Pending the acquisition of units in the constituent funds, the Trustee will hold such amounts in cash or on deposit.

9. More on Investment

9.1. Establishment and Termination of Constituent Funds

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Trustee may with the agreement of the Sponsor (and shall at the request of the Sponsor) establish new constituent funds in future.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines and prior written approval by the Authority, the Trustee may with the agreement of the Sponsor (and shall at the request of the Sponsor) terminate a constituent fund on giving not less than 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) to employers and members of the Plan. On receipt of such notice, the relevant member shall be entitled to instruct the Trustee to switch amounts invested in the constituent fund to be terminated and to invest future contributions into another constituent fund or funds chosen by the relevant member. If the relevant member fails to make a choice when entitled to do so, the member's units in the terminated constituent fund will be switched into the default fund designated by the Trustee with the agreement of the Sponsor from time to time (currently the MPF Conservative Fund) and future contributions or other amounts paid by or on behalf of the member to the Plan which would otherwise be invested in the terminated constituent fund will be invested in that default fund.

Any of the constituent funds which is a feeder fund shall subject to the MPF Ordinance, Regulation, relevant codes and guidelines and prior written approval by the Authority terminate on the termination of the APIF1 in which the constituent fund invests, in which event 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) will be given to employers and members of the Plan.

9.2. Investment Restrictions

The constituent funds will be subject to the applicable investment restrictions under the MPF Ordinance, Regulation, relevant codes and guidelines.

The Trustee is not immediately required to sell investments if any of the investment restrictions are exceeded as a result of changes in the value of a constituent fund's investments, or the constituent fund receiving, taking up or participating in any rights, bonuses or benefits, or reconstructions, conversions, exchanges or amalgamations or payments out of the assets of the constituent fund or realisations of units but for so long as such limits are exceeded, the Trustee will not acquire any further investments subject to the relevant restrictions and will take all reasonable steps to restore the position so that the limits are no longer exceeded.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Trustee may change the investment objective and policy of a constituent fund by giving 3 months' notice (or such shorter notice as agreed with the Commission and the Authority) to employers and members of the Plan.

9.3. Determination of Net Asset Value

The value of each constituent fund and offer and bid prices shall be determined as at the close of business in the last relevant market to close (or such other time as may be agreed between the Trustee and the Sponsor) on each valuation date by the Trustee subject, amongst others, to the following:

- (a) the value of any unit, share or other interest in a collective investment scheme shall (except in limited circumstances) be calculated by reference to the latest available net asset value per unit, share or other interest of such collective investment scheme (where available) or (if the same is not available) the latest available bid price for such unit, share or other interest;
- (b) the value of any investment not included in paragraph (a) above (excluding any commodity) which is listed, quoted or normally dealt in on a securities market shall (except in limited circumstances) be calculated by reference to the last closing price of such investment or (if no such price is available) midway between the latest available market dealing offer price and the latest market dealing bid price;
- (c) amounts expressed in currencies other than Hong Kong dollars shall be converted to Hong Kong dollars at such prevailing rates of exchange as the Trustee and Sponsor shall consider appropriate; and
- (d) notwithstanding the foregoing, the Trustee may adjust the value of any asset or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Trustee deems relevant, the Trustee considers that such adjustment or use of such other method is required to reflect the fair value thereof.

Units in constituent funds shall be issued and realised on the appropriate valuation date. The valuation date shall be such date as the Trustee and the Sponsor shall determine in respect of each constituent fund. Currently, each business day is a valuation date for all constituent funds.

9.4. Calculation of Offer and Bid Prices of Constituent Funds

The offer price of a unit in a constituent fund (except the MPF Conservative Fund) on a valuation date is the aggregate of a preliminary charge and net asset value per unit rounded up to the nearest cent plus an allowance for transaction cost which might be payable to buy investments for the account of the relevant constituent fund. A preliminary charge of 2% of the offer price may be levied by the Sponsor where and to the extent permitted by the MPF Ordinance, Regulation, relevant codes and guidelines (the preliminary charge is not applicable to the MPF Conservative Fund). Currently, no preliminary charge is levied.

The bid price of a unit in a constituent fund (except the MPF Conservative Fund) on a valuation date is the net asset value per unit rounded down to the nearest cent less an allowance for transaction cost which might be payable to sell investments for the account of the relevant constituent fund.

The offer price and bid price of a unit in the MPF Conservative Fund is the net asset value per unit.

If from the time the bid price is calculated up to the time the proceeds of realisation are converted from any other currency to Hong Kong dollars, there is an officially announced devaluation of that other currency, the proceeds shall be reduced as the Trustee and the Sponsor shall consider appropriate.

The net asset value per unit in a constituent fund is calculated by valuing the assets of that constituent fund, deducting the liabilities attributable to the relevant constituent fund and dividing the resultant sum by the number of units of the fund in issue.

9.5. Calculation of Offer and Bid Prices of APIF1

The APIF1 in which the constituent funds invest, other than the MPF Conservative Fund Policy, have equivalent provisions in relation to calculation of offer and bid prices. A preliminary charge of 3% of the offer price may be levied by the Sponsor. Currently, no preliminary charge is levied.

(a) MPF Conservative Fund Policy

Under the terms of the MPF Conservative Fund Policy, if the actual return per unit of the APIF1 on a valuation date is higher than zero, the offer and bid prices of a unit in the APIF1 on the valuation date shall be the net asset value (net of scheme administration expenses) of a unit as at the last valuation date of the preceding month multiplied by the sum of one plus the lower of the actual return per unit and the notional return per unit on the valuation date. Otherwise, the offer and bid prices of a unit in the APIF1 on a valuation date shall be the net asset value of a unit on the valuation date (ignoring the effect of any issue and realisation of units during the period).

The actual return per unit of the APIF1 on a valuation date shall be the percentage change in the net asset value of a unit from the last valuation date of the preceding month (ignoring the effect of any issue and realisation of units during the period). The notional return of a unit of the APIF1 on a valuation date shall be the proportion of the notional savings rate determined by the Sponsor after taking into consideration the average of the Hong Kong Dollar savings rates for the period since the last valuation date of the preceding month.

9.6. Suspension of Determination of Net Asset Value

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Trustee may declare a suspension of the determination of the net asset value of any constituent fund:

- (a) during any period when any securities market or commodities market on which any of the investments for the time being held for the account of the constituent fund is quoted is closed otherwise than for ordinary holidays;
- (b) during any period when any dealings on any such securities market or commodities market are restricted or suspended;
- (c) during the existence of any state of affairs as a result of which acquisition or disposal of investments for the time being comprised in the constituent fund cannot in the opinion of the Trustee be effected normally;
- (d) during any breakdown in the means of communication normally employed in determining the net asset value of the constituent fund or part thereof or the offer price or bid price of units or when for any other reason the value of any investment for the time being comprised in the constituent fund and representing a significant part of the value thereof cannot in the opinion of the Trustee be promptly and accurately ascertained;
- (e) during any period when the acquisition or realisation of any investment for the time being comprised in the constituent fund or the transfer of funds involved in such acquisition or realisation cannot be effected at normal prices or normal rates of exchange respectively; or
- (f) during any period in which the determination of the net asset value of the APIF1 in which the constituent fund invests is suspended.

There shall be no determination of the net asset value of the constituent fund and no units in the constituent fund may be issued or realised or switched during such period of suspension. The suspension shall continue until with the agreement of the Sponsor the Trustee declares the suspension at an end.

9.7. APIF1

The APIF1 in which the constituent funds invest have equivalent provisions in relation to investment restrictions, determination of net asset value and suspension of determination of net asset value as those of the constituent funds.

9.8. Publication of Prices

The offer price and bid price of a unit in each constituent fund will be published daily in the South China Morning Post and Hong Kong Economic Times.

10. Fees, Charges and Expenses

Fees, charges and expenses will be payable out of the Plan to the extent permitted by the MPF Ordinance, Regulation, relevant codes and guidelines.

10.1. Fee Table

The following table describes the fees, charges and expenses that employers and members may pay upon and after joining the Plan. Important explanatory notes and definitions are set out at the bottom of the table.

(A) Joining Fee & Annual Fee			
Type of Fees	Current Amount (HK\$)	Payable by	
Joining fee ¹ (Note a)	CURRENTLY WAIVED (Previously HK\$5,000 per employer/self-employed person HK\$100 per member)	Employer/ Self-employed person	
Annual fee ²	N/A		
(B) Fees And Charges Payable Arising from Transactions in Individual Member's Account			
Type of Fees & Charges	Name of Constituent Fund	Current Level	Payable by
Contribution charge ³ (Note b)	MPF Conservative Fund	N/A	
	All other constituent funds	CURRENTLY WAIVED (Previously 1% of contribution amount)	Deduct from contributions
Offer spread ⁴ (Note c)	MPF Conservative Fund	N/A	
	All other constituent funds	CURRENTLY WAIVED (Previously from 0% to 0.6% of contribution amount)	Deduct from contributions
Bid spread ⁵ (Note d)	MPF Conservative Fund	N/A	
	All other constituent funds	CURRENTLY WAIVED (Previously from 0% to 0.6% of contribution amount)	Deduct from contributions
Withdrawal charge ⁶	MPF Conservative Fund	N/A	
	All other constituent funds	N/A	

(C) Fund Operating Charges & Expenses of Constituent Funds			
Type of Charges & Expenses	Name of Constituent Fund	Current Level	Deducted from
Management fees ⁷ (Note f)	MPF Conservative Fund	N/A	
	All other constituent funds	CURRENTLY WAIVED	Relevant APIFs' assets
Other expenses	<ul style="list-style-type: none"> ▪ Fees, charges and expenses will only be payable out of the MPF Conservative Fund to the extent permitted by the MPF Ordinance, Regulation, relevant codes and guidelines. Currently, the fees, charges and expenses of MPF Conservative Fund are borne by MPF Conservative Fund Policy. Please refer to "Other Expenses" in section D for information on deduction of scheme administrative expenses from the MPF Conservative Fund Policy. ▪ Subject as provided above in relation to the MPF Conservative Fund, each constituent fund will bear the charges and expenses which are directly attributable to it. Where such charges and expenses are not directly attributable to a constituent fund, each constituent fund will bear such charges and expenses in proportion to its respective net asset value or in such manner as the Trustee with the agreement of the Sponsor shall consider fair and equitable. For such charges and expenses, please refer to Note h. ▪ There are currently no fees charged upon switching of units between constituent funds by a scheme member (Note g). ▪ The Sponsor may also from time to time specify any other fee or charge in relation to the Plan or any constituent fund to be paid by the employers or members or out of any constituent fund. ▪ Currently, such charges and expenses of the constituent funds, other than MPF Conservative Fund, are borne by both the APIF1 and APIF2 in which the constituent funds invest. The terms of the APIF1 and APIF2 have equivalent provisions in relation to such charges and expenses. 		

(D) Fees and Charges Payable Out of the Underlying Funds			
Type of Fees & Charges	Name of APIF	Current Level	Payable by
Offer spread ⁴ (Note c)	MPF Conservative Fund Policy	N/A	
	All APIF1s	CURRENTLY WAIVED (Previously from 0% to 0.6% of subscription amount)	Deduct from subscriptions
	All APIF2s	0% to 1.0% of subscription amount (Note e)	Deduct from subscriptions

(D) Fees and Charges Payable Out of the Underlying Funds

Type of Charges & Expenses	Name of APIF	Current Level	Deducted from
Bid spread ⁵ (Note d)	MPF Conservative Fund Policy	N/A	
	All APIF1s	CURRENTLY WAIVED (Previously from 0% to 0.6% of redemption amount)	Deduct from redemptions
	All APIF2s	0% to 1.0% of redemption amount (Note e)	Deduct from redemptions
Management fee ⁷ (Note f)	MPF Conservative Fund Policy	Please refer to "Other expenses" below	Relevant APIFs' assets
	All other APIFs	Up to 2.00% p.a. of NAV (inclusive of APIF2)	Relevant APIFs' assets
Other expenses (Note f)	<ul style="list-style-type: none"> ▪ Fees, charges and expenses will only be payable out of the MPF Conservative Fund Policy to the extent permitted by the MPF Ordinance, Regulation, relevant codes and guidelines. If the APIF1's return in a month exceeds the prescribed savings rate for that month, 100% of the excess will be deducted from the assets of the APIF1 as scheme administrative expenses and paid to the Sponsor in its capacity as issuer of the APIF1. Scheme administrative expenses including compensation fund levy will be accrued on daily basis. ▪ Subject as provided above in relation to the MPF Conservative Fund Policy and except to the extent paid by the Trustee or Sponsor as issuer of the APIF1, each APIF will bear the charges and expenses which are directly attributable to it. Where such charges and expenses are not directly attributable to an APIFs, each APIFs will bear such charges and expenses in proportion to its respective net asset value or in such manner as the relevant parties shall consider fair and equitable. For such charges and expenses, please refer to Note h. ▪ In return for servicing fees of up to 0.37% p.a. of NAV, the Trustee and Sponsor have agreed to pay certain fees and expenses of the APIFs, as set out in Note h. If the servicing fees are not sufficient to meet these costs and expenses, the Trustee or the Sponsor (as the case may be) will bear the difference. Any amount of the servicing fees that remains after payment of these costs and expenses will be retained by the Trustee or the Sponsor (as the case may be). ▪ Expenses are accrued daily and deducted from the relevant APIFs' assets. 		

(E) Other Fees and Charges for Providing Additional Services

Type of Charges & Expenses	Payable by
<ul style="list-style-type: none">▪ Fees and charges for providing additional services, which are payable to the Administrator upon request, include but are not limited to (as incurred): Handling charges include,<ul style="list-style-type: none">- Each cheque returned due to insufficient funds or any other reasons, and/or re-issuance of replacement cheque<ul style="list-style-type: none">• HK\$100 per cheque- Request for duplicate annual benefit statement<ul style="list-style-type: none">• HK\$50 per statement- Request for quarterly/interim benefit statement<ul style="list-style-type: none">• HK\$200 per statement- Retrieval of remittance statements (up to 7 years)<ul style="list-style-type: none">• HK\$50 per statement	Paid to the Administrator by the employer/member who requests for such service

DEFINITIONS**The following are the definitions of the different types of fees and charges.**

1. **"Joining fee"** means the one-off fee charged by the Sponsor of the Plan and payable by the employers and/or self-employed person upon joining the Plan. Joining fee is the establishment fee as stated in the Trust Deed.
2. **"Annual fee"** means the fee charged by the Trustee/Sponsor of the Plan on an annual basis and payable by the employers and/or members of the Plan.
3. **"Contribution charge"** means the fee charged by the Sponsor of the Plan against any contributions paid to the Plan. This fee is usually charged as a percentage of contributions and will be deducted from contributions. This charge does not apply to the MPF Conservative Fund. Contribution charge is the initial charge as stated in the Trust Deed.
4. **"Offer spread"** is charged by the Trustee/Sponsor/investment manager upon subscription of units of a constituent fund by a scheme member or units of an APIFs. Offer spread does not apply to the MPF Conservative Fund. Offer spread is the aggregate of preliminary charge as stated in the Trust Deed, the insurance policy of APIF1 and trust deed of APIF2, and an allowance for transaction costs (which is the surcharge as stated in the Trust Deed, the insurance policy of APIF1 and trust deed of APIF2).
5. **"Bid spread"** is charged by the Trustee/Sponsor/investment manager upon redemption of units of a constituent fund by a scheme member or an APIFs. Bid spread does not apply to the MPF Conservative Fund. Bid spread is an allowance for transaction costs (which is the deduction as stated in the Trust Deed, the insurance policy of APIF1 and trust deed of APIF2). For APIF2 level, bid spread also includes the realisation charge as stated in the trust deed of the APIF2.

6. **"Withdrawal charge"** means the fee charged by the Trustee/Sponsor of the Plan upon withdrawal of accrued benefits from the Plan. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the MPF Conservative Fund.
7. **"Management fee"** includes fees paid to the Trustee, Sponsor, and the insurer of the APIF insurance policies (i.e. the Sponsor) and investment manager of the Plan (including fees based on fund performance, if any) for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund.

EXPLANATORY NOTES

In respect of any increase in fees and charges from the current level as stated, at least three months' prior notice (or such shorter notice as agreed with the Commission and the Authority) must be given to all members and employers.

Note:

- a. Joining fee of currently up to HK\$5,000 per employer/self-employed person and HK\$100 per member may be levied by the Sponsor. No joining fee will be charged in respect of an inactive member, or an employer/self-employed person joining the Plan in connection with a transfer from another MPF scheme. Currently, no joining fee is levied.
- b. Contribution charge of up to 1% of contribution amount may be levied by the Sponsor. Pursuant to the MPF Ordinance, Regulation, relevant codes and guidelines, no contribution charge will apply to amounts invested in the MPF Conservative Fund or transferred from another MPF scheme. Currently, no contribution charge is levied.
- c. Offer spread is the aggregate of the preliminary charge and an allowance for transaction costs. Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, a preliminary charge of currently up to 2% of the offer price may be levied by the Sponsor at the constituent fund level, and up to 3% of the offer price may be levied at the APIFs level. Currently, no preliminary charge is levied.
- d. Bid spread is an allowance for transaction costs at the constituent fund and APIF1 levels. At APIF2 level, such amount is the aggregate of the realisation charge (which is subject to a maximum of 0.5% of the realisation price) and an allowance for transaction costs. Currently, no realisation charge is levied.
- e. Please note that the allowance for transaction costs is not a source of profit to the Trustee/Sponsor/investment manager and will not bring any benefit to any of them. Such allowance exists in order to make sure that current members do not bear the costs associated with new investments and withdrawals, which may include stamp duty, bank charges, transfer fees, registration fees and government taxes and charges.

The allowance for transaction costs is the investment manager's estimate of the costs of buying and selling investments and is calculated as a pre-determined average of the costs the investment manager expects to incur when assets are bought or sold. There is no allowance for transaction costs for purchase and sale of investments for the constituent funds and APIF1s. As at the date of this document, the investment manager estimates that the allowance for transaction costs for purchase and sale of investments for APIF2 will range from 0% to 1.0%.

The actual range may vary over time depending on the types of investments held in different APIF2s, changes to rates of stamp duty, bank charges, transfer fees etc. and the investment manager's ongoing experience of the costs involved in trading the relevant investments.

The value of a constituent fund's investment in an APIF1 is determined by reference to the net asset value per unit of the APIF1, excluding any APIF1 bid spread or offer spread. Likewise, the value of an APIF1's investment in the APIF2 is determined by reference to the net asset value per unit of the APIF2, excluding any APIF2 bid spread or offer spread.

- f. At the constituent fund level, management fee is the aggregate of Trustee fee of currently up to 1% p.a. of net asset value of the constituent fund and Sponsor fee, which may be levied at the constituent fund level. Currently, no management fee is levied at the constituent fund level.

At the APIFs level, management fee is the aggregate of fees payable to the investment manager (up to the maximum rate of 2.25% p.a. of net asset value of the APIFs), the fees payable to the Sponsor as issuer of the APIF1 (up to the maximum rate of 2.0% p.a. of net asset value of the APIFs) and the fees payable to the Trustee (up to the maximum rate of 1.0% p.a. of net asset value of the APIFs).

Currently, management fee of up to 2.0% p.a. of net asset value of the APIFs payable to the investment manager and the Sponsor as issuer of the APIF1, a servicing fee of up to 0.25% p.a. of net asset value of the APIFs payable to the Sponsor and a fee of up to 0.70% p.a. of net asset value of the APIFs payable to the Trustee (consisting of a trustee fee of up to 0.50% p.a. and a servicing fee of up to 0.20% p.a.) is levied at the APIFs level.

The Sponsor, the Trustee and the investment manager have agreed that the current aggregate of management fees, trustee fees and servicing fees for the APIFs will not exceed 2.37% p.a. of net asset value of the APIFs.

In return for the servicing fees, the Trustee and Sponsor have agreed to pay certain costs and expenses of the APIFs, including the fees and expenses of the custodians and sub-custodians of the assets of the APIFs, the fees and expenses of the registrar, the fees and expenses of the auditors, the costs of obtaining insurance, valuation costs and the costs incurred in the preparation and printing of any explanatory memorandum. If the servicing fees are not sufficient to meet these costs and expenses, the Trustee or the Sponsor (as the case may be) will bear the difference. Any amount of the servicing fees that remains after payment of these costs and expenses will be retained by the Trustee or the Sponsor (as the case may be).

The management fee is accrued on a daily basis and is paid monthly in arrears by the relevant constituent fund/APIF.

Out of the management fee that AXA IM receives for the APIF2, AXA IM will pay the fees of ipac asset management limited, who in turn will pay the fees of the specialist fund managers.

- g. Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, a switching fee of up to 1% of redemption amount may be levied by the Trustee and paid to the Sponsor upon switching of units between constituent funds by a scheme member. This fee does not apply to the MPF Conservative Fund.
- h. For the constituent funds, charges and expenses include but are not limited to the charges and expenses of investing and realising investments, fees and expenses of the custodians, fees and expenses of compliance checking and performance analytics, fees and expenses of investment research and consulting costs, fees and expenses of the auditors, fees and expenses of the registrar, valuation costs, legal fees, charges and expenses incurred in connection with any regulatory approval, costs and expenses incurred to effect any indemnity insurance, compensation fund levy, and charges and expenses incurred in the preparation and printing of any offering document, accounts and reports.

For the APIFs, the Trustee and Sponsor have agreed to pay the fees and expenses of the custodians and sub-custodians of the assets of the APIFs, the fees and expenses of the registrar, the fees and expenses of the auditors, the costs of obtaining insurance, valuation costs and the costs incurred in the preparation and printing of any explanatory memorandum. Other charges and expenses of the APIFs include but are not limited to the charges and expenses of investing and realising investments, fees and expenses of compliance checking and performance analytics, fees and expenses of investment research and consulting costs, legal fees, charges and expenses incurred in connection with any regulatory approval, costs and expenses incurred to effect any indemnity insurance, and compensation fund levy.

- i. Where an APIF2 invests in a fund managed by AXA IM or any of AXA IM's associates, (i) no preliminary charges will be payable by the APIF2 in respect of such investment and no realisation charge will be levied on such APIF2 in respect of any realisation of such investment; and (ii) except where the APIF2 is a fund of funds, there will be no increase in the overall total of preliminary charges, annual management fees or any other costs and charges payable by investors or the relevant APIF2 to AXA IM or any of AXA IM's associates.

No preliminary charges or realisation charge will be payable by an APIF1 in respect of its investment in an APIF2.

A document that illustrates the on-going costs on contributions to the constituent funds (except for the MPF Conservative Fund) is currently available for distribution with this Offering Document. For the illustrative example for the MPF Conservative Fund, please refer to page 37. Before making any investment decisions concerning investments in the Plan, you should ensure that you have the latest version of these documents. A copy of these documents can be obtained from Customer Services Centre at G/F, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

10.2. Cash Commission Rebates and Soft Dollar Benefits

Neither AXA IM, ipac asset management limited, the specialist fund managers nor any of their connected persons (together, "Relevant Persons") may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them.

A Relevant Person may effect transactions by or through the agency of another person with whom the Relevant Person or any of its connected persons have an arrangement under which that party will from time to time provide to or procure for the Relevant Person or any of its connected persons, goods, services or other benefits, such as research and advisory services, computer hardware associated with specialised software or research services and performance measures etc., the nature of which is such that their provision can reasonably be expected to benefit the relevant APIF as a whole and may contribute to an improvement in the APIF's performance and that of the Relevant Person or any of its connected persons in providing services in respect of the APIF and for which no direct payment is made but instead the Relevant Person or any of its connected persons undertakes to place business with that party.

11. Taxation

The following statements regarding taxation are based on advice received by the Sponsor regarding the law and practice in force in Hong Kong at the date of this document.

Employers and members should appreciate that as a result of changing law or practice, the taxation consequences of participating in the Plan may be otherwise than as stated below. This summary is not intended to be comprehensive and should not be relied upon as a substitute for detailed and specific advice. Employers and members should seek professional advice regarding their particular tax circumstances.

11.1. For Employers

Provided that they are not excessive in all the circumstances, initial and special lump sum contributions are allowable for profits tax purposes in five equal instalments over five years.

Annual contributions made by the employer in respect of an employee of up to 15% of the total emoluments of such employee are allowable as a deduction for profits tax purposes. Excess contributions are not deductible.

Refunds of voluntary contributions to the employer will be treated as taxable receipts in the hands of the employer for profits tax purposes. Forfeited voluntary contributions are permitted to revert to the Plan to be used to reduce contributions by the employer or, alternatively, to increase the benefits available to employees.

11.2. For Employees

Lump sum benefits on retirement or incapacity or death are not subject to salaries tax in the hands of the employee. "Retirement" for tax purposes is defined as meaning:

- Retirement from the service of the employer at a specified age of not less than 45 years;
- Retirement after a period of service with the employer of not less than 10 years; or
- Attainment of a specified age of retirement or 60 years, whichever is later (whether or not the employee has in fact retired from his employment at such age).

If an employee leaves service otherwise than on retirement, death or incapacity, a proportion of the employee's accrued benefit paid deriving from his employer's voluntary contributions may be subject to salaries tax.

Salaries tax is not payable on the portion of any payment that represents either the employee's contributions or the investment earnings of the Plan on those contributions.

The employer's contributions are not taxable on the employee. For salaries tax purposes, a deduction from salary is allowed for the amount of the employee's mandatory contributions into the Plan (up to a maximum of HK\$12,000 per annum). However, employees will remain liable to salaries tax on voluntary contributions they make into the Plan.

11.3. For Self-employed Persons

Mandatory contributions paid into the Plan by self-employed persons (up to a maximum of HK\$12,000 per annum) may be deducted from assessable profits for determining the liability of those persons to profits tax. Profits tax is not payable on the portion of any benefits that represents either the self-employed person's contributions or the investment earnings of the Plan.

11.4. For the Plan

The Plan is not expected to be subject to Hong Kong tax in respect of any of its authorised activities.

12. General Information

12.1. Reserve Account

Whenever an employee is paid less than 100% of the employer's voluntary contribution balance held in respect of him/her, the balance is credited to the reserve account established for the employer within the Plan.

Upon request by the employer and provided that the request complies with the minimum amount or percentage specified, monies in the reserve account can be used to pay fees and charges, offset future employer's contributions, increase benefits of members through distribution to members or refund to the employer.

The Trustee will comply with such request within one month (excluding any period of suspension in determination of the net asset value of the relevant constituent fund) from the date of receiving such request and information required by the Trustee.

The balance of the reserve account is automatically invested in the default fund designated by the Trustee with the agreement of the Sponsor from time to time, currently the MPF Conservative Fund.

The Trust Deed has equivalent provisions for a self-employed member.

12.2. Accounts, Reports and Statements

Before joining the Plan, an employee will be given information about the Plan to facilitate his/her application. Within 60 days after he/she joins the Plan, he/she will also be given a membership certificate evidencing the membership.

As soon as practicable after each accounting period of the Plan (currently 31 December each year), the Trustee will prepare a consolidated report consisting of

- (a) the audited accounts of the Plan;
- (b) the Trustee's report on the Plan for the relevant accounting period

This consolidated report will be open for inspection by members free of charge at any time during normal business hours on any business day at the offices of the Sponsor in Hong Kong (G/F AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong).

The Trustee will send each member a member's statement within 3 months of the end of the accounting period of the Plan. The member's statement will include details of the contributions to the Plan in respect of the member during the year, units held for the account of the member in each relevant constituent fund and the value of the accrued benefits of the member under the Plan as at the start and end of the relevant accounting period.

Any notice or other document to be given to a member may be forwarded to the employer for transmission to the member and in that case shall be deemed to have been duly served on the member.

12.3. Trust Deed

All members and participating employers are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the Trustee, the Sponsor and their delegates and agents and their relief from liability in certain circumstances. Members, participating employers and intending applicants are advised to consult the terms of the Trust Deed.

The terms of the APIF1 also contain equivalent provisions for the indemnification of the Sponsor and its delegates and agents and their relief from liability in certain circumstances.

12.4. Modification of Trust Deed and Participation Agreement

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Trustee and the Sponsor may agree to modify the Trust Deed by supplemental deed (including to give effect to any relaxation or release of any requirement imposed by the MPF Ordinance, Regulation, relevant codes and guidelines or official requirements relating thereto), either generally so as to apply to all employers and members or so as to apply specifically to a particular member or members or a particular employer or employers and members employed by such employer or employers.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Trustee and the relevant employer (or member in the case of a self-employed person), may agree to modify the participation agreement (and/or the schedule) applicable to that employer (or self-employed person) and members employed by that employer by supplemental agreement.

Any modifications to the Trust Deed or the participation agreement will be notified to the relevant employers and members.

12.5. Merger, Division or Termination of the Plan

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the Plan may be merged with one or more other schemes or sub-divided into 2 or more other schemes or terminated in accordance with the MPF Ordinance. 3 months' notice (or such shorter notice as agreed with the Commission and the Athourity) will be given to relevant employers and members.

12.6. Documents Available for Inspection

Copies of the Trust Deed, policies of the APIF1, the Explanatory Memorandum for APIF2 and the latest consolidated report for the Plan (if any) are available for inspection free of charge at any time during normal business hours on any business day at the offices of the Sponsor in Hong Kong (G/F AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong).

Intending participants are welcome to call our Customer Services Hotline 2802 2812.

13. ILLUSTRATIVE EXAMPLE FOR MPF CONSERVATIVE FUND OF THE ELITE MANDATORY PROVIDENT FUND

PURPOSE OF THE EXAMPLE

This example is intended to help you compare the total amounts of annual fees and charges payable under the Plan with those under other MPF schemes.

THIS EXAMPLE ASSUMES THAT:

Your MPF Account Activities

- (a) your monthly relevant income is HK\$8,000
- (b) you have put all your accrued benefits into the MPF Conservative Fund; you have not switched your accrued benefits to other constituent funds during the accounting period
- (c) you have not transferred any accrued benefits into or out of the Plan during the accounting period

Your Company Profile

- (d) 5 employees (including yourself) of your employer participate in the Plan
- (e) the monthly relevant income of each employee is HK\$8,000
- (f) no voluntary contribution is made
- (g) each of the other 4 employees has the same MPF account activities as yours

Investment Return and Savings Rate

- (h) the monthly rate of investment return is 0.5% on total assets
- (i) the prescribed savings rate is 3.25% per annum throughout the accounting period.

Based on these assumptions, the **total amounts of annual fees** you need to pay under the Plan (including those payable to the underlying approved pooled investment fund) in one accounting period would be: HK\$144*.

*Note : Fees and charges of a MPF Conservative Fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The MPF Conservative Fund of the Plan adopts method (i) hence, unit prices/NAV/fund performance quoted have incorporated the impact of such fees and charges.

Warning : This is just an illustrative example. The actual amounts of fees you need to pay may be **higher or lower**, depending on your choice of investments and activities taken during the accounting period.

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