

mandatory provident fund

**we make your
MPF simple
and smart**



**AXA MPF-
smart plan**

offering document

redefining / standards



AXA MPF – Smart Plan

IMPORTANT INFORMATION

1. The AXA Guaranteed Fund 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**). The guarantee of the AXA Guaranteed Fund Policy, in which the AXA Guaranteed Fund of the Plan invests, is given by the Sponsor. Your investments in this fund, if any, are therefore subject to the credit risks of the Sponsor. The guarantee applies in specified circumstances only. Please refer to Section 5.1(6) of this offering document for details of the credit risk, guarantee features and guarantee conditions. Upon realisation of units in this fund other than under the guarantee conditions, the proceeds of realisation are subject to a reduction by the Sponsor of a certain percentage of the member's account balance (or the relevant part of the account balance). The rate of reduction is determined by the Sponsor at its sole discretion and can be changed by the Sponsor at any time. The current maximum rate of reduction is 5%. Subject to the approval of the Mandatory Provident Fund Schemes Authority (**Authority**), the maximum rate may be increased.
2. The AXA MPF Conservative Fund in 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. Please be reminded that in the event that you do not make any investment choices or if you submit an investment mandate which is invalid in the circumstances set out in the relevant scheme enrolment form, your contributions made and/or benefits transferred into AXA MPF – Smart Plan will be invested into the AXA MPF Conservative Fund in accordance with the default fund arrangement as stated in Section 6.5 of this offering document, and such fund may not necessarily be suitable for you.
5. 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 AXA MPF Conservative Fund uses method (i) and, therefore, unit prices/ NAV/ fund performance quoted have incorporated the impact of fees and charges.
6. 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.

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

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

Date of Publication: November 2010

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1. DIRECTORY OF PARTIES

Trustee and Custodian

AXA CHINA REGION TRUSTEES LIMITED
Registered Office
20/F AXA Centre
151 Gloucester Road, Wanchai
Hong Kong

Sponsor

AXA CHINA REGION INSURANCE COMPANY
(BERMUDA) LIMITED
Registered Office
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

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

Administrator

BESTSERVE FINANCIAL LIMITED
Registered Office
20/F One Exchange Square
Central
Hong Kong

Correspondence Address
AXA Pension Administrator –
BestServe Financial Limited
Gloucester Road PO Box 28148
Wanchai
Hong Kong

Investment Managers of the Underlying Approved Pooled Investment Funds

AXA INVESTMENT MANAGERS ASIA LIMITED
57th Floor One Island East
18 Westlands Road
Quarry Bay
Hong Kong

FIL INVESTMENT MANAGEMENT (HONG KONG)
LIMITED
17/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

FRANKLIN TEMPLETON INVESTMENTS (ASIA)
LIMITED
17/F Chater House
8 Connaught Road
Central
Hong Kong

RCM ASIA PACIFIC LIMITED
21/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

Legal Advisers

BAKER & MCKENZIE
23rd Floor
One Pacific Place
88 Queensway
Hong Kong

Auditors

DELOITTE TOUCHE TOHMATSU
35th Floor
One Pacific Place
88 Queensway
Hong Kong

2. WHAT IS MPF?

In 1995, the Hong Kong Government passed the Mandatory Provident Fund Schemes Ordinance (**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.

AXA MPF – Smart 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. AXA MPF – SMART PLAN

The Plan is established by a trust deed dated 27 January 2000 (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 wide 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 currently offers 11 constituent funds choices for members. The Trustee may from time to time (with the agreement of the Sponsor) create additional constituent funds subject to obtaining any prior necessary consent from the Commission and the Authority.

Under the Trust Deed, subject to the approval of the Commission and the Authority, the Trustee (with the agreement of the Sponsor) has the power to appoint a person as an investment manager to manage all or part of the assets of the scheme. However, as the constituent funds (other than the AXA Guaranteed Fund)

are feeder funds which invest only in an unit trust approved pooled investment fund (**APIF**), no investment manager has been appointed for such constituent funds. The underlying unit trust APIFs are managed by investment managers as described in Section 3.4 below.

In respect of the AXA Guaranteed Fund, it invests solely in a single APIF in the form of an insurance policy issued by the Sponsor.

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.

3.2. The Sponsor

The Sponsor 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 the AXA Guaranteed Fund Policy in which the AXA Guaranteed Fund invest.

The Sponsor is a member of the global AXA Group, a worldwide leading organisation in financial protection and wealth management. AXA has a history dating back to the early 19th century and commenced business in Hong Kong in 1986. For the year of 2009, AXA's revenues were HK\$1,010.2 billion* and, as of 31 December 2009, its assets under management were HK\$11,366.1 billion*.

* Calculated based on exchange rate of 1 Euro = HK\$11.2092

3.3. The Administrator

The Administrator is BestServe Financial Limited which is incorporated in Hong Kong in 1999. It is a third party pensions administration service provider in Hong Kong. As of year end 2009, the Administrator administered the pension funds of approximately 400,000 customers with assets of approximately HK\$30 billion.

3.4. Investment Managers of the Underlying APIFs

The investment managers of the APIFs are AXA Investment Managers Asia Limited, FIL Investment Management (Hong Kong) Limited, Franklin Templeton Investments (Asia) Limited and RCM Asia Pacific Limited.

- AXA Investment Managers Asia Limited (**AXA IM**) is the investment manager of the APIFs under the following constituent funds:

- AXA Growth Fund
- AXA Balanced Fund
- AXA Stable Fund
- AXA Cash Fund
- AXA MPF Conservative Fund
- AXA Guaranteed Fund

Sub-Investment Managers

Under the trust deed of the relevant APIFs managed by AXA IM and subject to the requirements under the MPF Ordinance and the Regulation, AXA IM may delegate all or any of its duties, powers and discretions to another corporation. Currently, AXA IM has appointed the following delegates which are in relation to the APIFs mentioned above:

- 1) AXA Rosenberg Investment Management LLC
4 Orinda Way, Building E
Orinda, California
United States of America
- 2) AXA Rosenberg Investment Management Asia Pacific Limited
1 George Street, #14-02/03
Singapore 049145
- 3) AXA Investment Managers Paris
Coeur Défense-Tour B
100 Esplanade du Général de Gaulle
92932 Paris La Défense
France

- FIL Investment Management (Hong Kong) Limited (**Fidelity**) is the investment manager of the APIFs under the following constituent funds:

- AXA – Fidelity Global Equity Fund
- AXA – Fidelity Asia Pacific Equity Fund

- Franklin Templeton Investments (Asia) Limited (**Templeton**) is the investment manager of the APIFs under the following constituent funds:

- AXA – Templeton Global Bond Fund
- AXA – Templeton Japan Equity Fund

- RCM Asia Pacific Limited (**RCM**) is the investment manager of the APIF under the following constituent fund:

- AXA – RCM Hong Kong Fund

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)

A person (including any self-employed person or employee) who wishes to participate in the Plan as a member, including as a special voluntary contributions member (e.g. a person who wish to make special voluntary contributions (**SVC member**)) or a personal account 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.

The Plan offers numerous advantages including:

Choice

- 11 constituent funds: each underlying APIF is managed by an investment manager: AXA IM, Fidelity, RCM or Templeton
- different combinations of constituent funds to create a personal investment strategy
- option to make voluntary contributions and special voluntary contributions

Ease

- specially designed MPF computer and administration systems to provide efficient and friendly customer services
- a 24 hours automatic phone enquiry system
- high quality customer services provided by a pool of well-trained call centre representatives

Flexibility

- freedom to alter investment strategy
- capacity to apply different rules for different groups of members on contribution rates, vesting scales etc in respect of voluntary contributions
- ability of members transferring within the Plan to maintain original investment strategy without administrative difficulties

Control

- members' choice of their own investment strategies based on their own needs
- instructions and correspondence relating to rules on voluntary contributions must be authorised by officers nominated by the employer
- periodical reports to employers and members

Value

- no switching fee for investment switches between constituent funds
- potential tax benefits for both employers and members
- preliminary charges for constituent funds and APIFs are currently waived or do not apply
(Please refer to the Section headed "Fees, Charges and Expenses")

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 • Special 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 personal account members and SVC 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 <p>For further information, please refer to Section 6.1 below.</p>
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 • Voluntary Contributions are paid at the same time and in the same manner as Mandatory Contributions <p>For further information, please refer to Section 6.2 below.</p>
Special Voluntary Contributions	<ul style="list-style-type: none"> • Employees and self-employed persons may request to make special voluntary contributions in addition to employer’s voluntary contributions and member’s voluntary contributions • Personal account members may request to make special voluntary contributions by requesting to be a SVC member of the Plan • Special voluntary contributions may be paid from a member’s own funds, and may be paid on regular basis or as a lump sum • Withdrawals of accrued benefits arising from special voluntary contributions may be made at any time and are limited to 6 withdrawals in a calendar year <p>For further information, please refer to Section 6.3 below.</p>

<p>Investment Options</p>	<p>Individual member choice of 11 constituent funds</p> <ul style="list-style-type: none"> • AXA Growth Fund • AXA Balanced Fund • AXA Stable Fund • AXA Cash Fund • AXA MPF Conservative Fund • AXA Guaranteed Fund • AXA – Fidelity Global Equity Fund • AXA – Fidelity Asia Pacific Equity Fund • AXA – Templeton Global Bond Fund • AXA – Templeton Japan Equity Fund • AXA – RCM Hong Kong Fund <p>For further information, please refer to Section 5 below.</p>
<p>Benefits</p>	<ul style="list-style-type: none"> • 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. • Special voluntary contributions made by a member (net of charges) as adjusted by investment performance are fully and immediately vested in the member. The special voluntary contributions may be withdrawn by the member at any time (limited to 6 withdrawals each calendar year). Upon a member terminating the relevant account in respect of his special voluntary contributions, the accrued benefits in such account may be withdrawn or the member may transfer his accrued benefits to other MPF schemes subject to the acceptance of such transfer by the trustee of the other MPF scheme.

5. CONSTITUENT FUNDS

The Plan provides flexibility in the choice of investment options. The Trustee has established 11 constituent funds in which contributions may be invested.

Name of Constituent Funds	Investment Structure	Investment Manager of the Underlying APIF	Fund Type
AXA Growth Fund	Invest solely in an unit trust APIF, AXA IM MPF Growth Fund	AXA Investment Managers Asia Limited	Mixed Assets Fund – Global – maximum equity 100%
AXA Balanced Fund	Invest solely in an unit trust APIF, AXA IM MPF Balanced Fund	AXA Investment Managers Asia Limited	Mixed Assets Fund – Global – maximum equity 85%
AXA Stable Fund	Invest solely in an unit trust APIF, AXA IM MPF Stable Fund	AXA Investment Managers Asia Limited	Mixed Assets Fund – Global – maximum equity 45%
AXA Cash Fund	Invest solely in an unit trust APIF, AXA IM MPF Cash Fund	AXA Investment Managers Asia Limited	Money Market Fund – Hong Kong
AXA MPF Conservative Fund	Invest solely in an unit trust APIF, AXA IM MPF Conservative Fund	AXA Investment Managers Asia Limited	Money Market Fund – Hong Kong
AXA Guaranteed Fund	Invest solely in an insurance policy APIF, AXA Guaranteed Fund Policy*	AXA Investment Managers Asia Limited	Guaranteed Fund
AXA – Fidelity Global Equity Fund	Invest solely in an unit trust APIF, Fidelity Global Investment Fund – Global Equity Fund	FIL Investment Management (Hong Kong) Limited	Equity Fund – Global
AXA – Fidelity Asia Pacific Equity Fund	Invest solely in an unit trust APIF, Fidelity Global Investment Fund – Asia Pacific Equity Fund (MPF)	FIL Investment Management (Hong Kong) Limited	Equity Fund – Asia Pacific
AXA – Templeton Global Bond Fund	Invest solely in an unit trust APIF, Templeton MPF Global Bond Fund	Franklin Templeton Investments (Asia) Limited	Bond Fund – Global
AXA – Templeton Japan Equity Fund	Invest solely in an unit trust APIF, Franklin Templeton MPF Japan Equity Fund	Franklin Templeton Investments (Asia) Limited	Equity Fund – Japan
AXA – RCM Hong Kong Fund	Invest solely in an unit trust APIF, RCM Hong Kong Fund	RCM Asia Pacific Limited	Equity Fund – Hong Kong

*AXA China Region Insurance Company (Bermuda) Limited is the issuer of the AXA Guaranteed Fund Policy

All constituent funds are currently denominated in Hong Kong dollars. Each of the constituent funds (other than the AXA Guaranteed Fund) is currently a feeder fund and invests entirely in a single unit trust APIF managed by investment

managers as described in Section 3.4 above. The AXA Guaranteed Fund is currently denominated in Hong Kong dollars and is a feeder fund that currently invests in an APIF in the form of an insurance policy 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) AXA Growth Fund

Investment Objective: The fund aims to achieve significant long-term capital growth with the appropriate mix of global equities, global bonds and cash.

Investment Policy: The fund pursues its investment objective by investing in the AXA IM MPF Growth Fund. The fund, via the underlying APIF, gains exposure to a diversified portfolio of equities, bonds and deposits, with heavier weighting in equities. Normally around 75% to 100% of the assets will be invested in global equities and up to 25% 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.

(2) AXA Balanced Fund

Investment Objective: The fund aims to achieve long-term capital growth with the appropriate mix of global equities, global bonds and cash.

Investment Policy: The fund pursues its investment objective by investing in the AXA IM MPF Balanced Fund. The fund, via the underlying APIF, gains exposure to 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 fluctuation 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) AXA Stable Fund

Investment Objective: The fund aims to achieve stable long-term capital growth with the appropriate mix of global equities, global bonds and cash.

Investment Policy: The fund pursues its investment objective by investing in the AXA IM MPF Stable Fund. The fund, via the underlying APIF, gains exposure to 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 medium risk profile in terms of fluctuations 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.

(4) AXA Cash Fund

Investment Objective: The fund aims to provide a return higher than retail Hong Kong dollar savings deposit rate in Hong Kong.

Investment Policy: The fund pursues its investment objective by investing in the AXA IM MPF Cash Fund. The fund, via the underlying APIF will invest in a wide range of transferable securities including certificates of deposit, floating rate notes and commercial papers, with a diversified spread of high quality financial institutions, sovereign issuers and corporate issuers.

Risk and Return Profile: The fund has a low risk profile. The return on the fund is expected to be in line with its investment objective with minimal short-term fluctuations.

(5) AXA 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 pursues its investment objective by investing in the AXA IM MPF Conservative Fund. The fund, via the underlying APIF may invest in Hong Kong dollar denominated deposits and debt securities issued by financial institutions, sovereign issuers and corporate issuers, subject to restrictions applicable to MPF conservative funds imposed by the MPF Ordinance, Regulation, relevant codes and guidelines.

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.

(6) AXA Guaranteed Fund

Investment Objective: The fund aims to achieve a return in excess of 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, through an APIF the AXA Guaranteed Fund Policy, invests in a diversified portfolio on bonds, equities and deposits, with heavier weighting in bonds. Normally around 60% to 90% of the assets will be invested in bonds, 10% to 25% in equities and up to 25% in deposits.

Risk and Return Profile: The fund has a low risk profile in terms of fluctuations in the value of the assets of the fund. In the short term, the return on the fund may fluctuate.

In the long term, however, the return is expected to be in line with the fund’s investment objective.

This fund invests solely in an APIF in the form of an insurance policy which includes a guarantee. The insurance policy is issued and guaranteed by the Sponsor.

Investments in the insurance policy are held as assets of the Sponsor. In the event where the Sponsor is liquidated, investors may not have access to their investments temporarily, or their value may be reduced.

Before you invest in this fund, you should consider the risk posed by the Sponsor (referred to as credit risk) under the circumstances set out above and, if necessary, seek additional information or advice.

Features of Guarantee:

The APIF in which the fund invests offers a guarantee given by the Sponsor on amounts invested in the APIF (net of Contribution charges and Offer spread, if any).

The guarantee operates in the following manner:

Scenario (a)

Upon the occurrence of any one of the following withdrawal events in which the member’s accrued benefits become payable under Section 15 of the MPF Ordinance, the Sponsor guarantees that the amount payable under the APIF for the member shall be the Guaranteed Balance:

- death; or
- retirement or early retirement; or
- total incapacity

The Guaranteed Balance of a member in the APIF is the amount in Hong Kong dollars invested in the APIF (net of Contribution charges and Offer spread, if any, as set out in the Fee Table) for that member accrued with the relevant Declared Crediting Rate on a daily basis. The Declared Crediting Rate, which will not be less than 0% per annum, is determined by the Sponsor at its absolute discretion and is reviewed regularly by the Sponsor having regard to various matters

including actual return, value and nature of assets of the APIF, the level of guarantee being provided by the Sponsor, investment and operating expenses, market conditions and taxes. Upon any change of the Declared Crediting Rate, the new rate will be applied to the Guaranteed Balance on a prospective basis. The Declared Crediting Rate for the past 5 years can be found in the attached Appendix 1.

For the latest Declared Crediting Rate, please refer to the fund fact sheet which is available at our website www.axa.com.hk or call our Customer Service hotline at 2802 2812 for information.

Scenario (b)

Upon the occurrence of any one of the following events, the Sponsor guarantees that the amount payable under the APIF for the member shall be the greater of the amount in Hong Kong dollars invested in the APIF (net of Contribution charges and Offer spread, if any as set out in the Fee Table) for that member and the Adjusted Balance:

- termination of the APIF by the Sponsor; or
- termination of employment of the member with or without payment of severance payment or long service payment out of accrued benefits derived from the employer's voluntary or mandatory contributions; or
- circumstances set out in the MPF Ordinance, Regulation, relevant codes and guidelines in which accrued benefits derived from mandatory contributions are payable in respect of the member's permanent departure from Hong Kong or a small balance account; or
- intra-group employment transfer which results in the transfer of the member to another provident fund scheme.

Adjusted Balance of a member is the Guaranteed Balance of that member in the APIF after applying a reduction. The rate of reduction is determined by the Sponsor having regard to various factors including market conditions, the level of guarantee being provided by the Sponsor and market value of the underlying assets of the APIF,

and can be changed by the Sponsor at any time without prior notice. The rate of reduction will not exceed 5% (or such higher percentage as decided by the Sponsor with the approval of the Authority) of the account balance (or the relevant part of the account balance) of the member in the APIF. The extent of the reduction will be the same for the investments realised in respect of members resulting from the same reason on the same valuation date.

For the latest reduction rate, please call our Customer Service hotline at 2802 2812.

Scenario (c)

No guarantee shall be applied upon the occurrence of any one of the following events and the amount payable under the APIF for the member shall be the Adjusted Balance:

- a member switches all or part of the amount invested in the fund to another constituent fund; or
- a member elects to have amount held for his account under the Plan transferred to other provident fund scheme; or
- the employer terminates its participation in the Plan.

Dilution of Performance:

There will be a dilution of performance due to the guaranteed structure in place. A guarantee fee may be imposed in the APIF to cover the cost of guarantee. The Sponsor, as the issuer of the APIF, is entitled to receive out of the APIF each month a monthly guarantee fee currently up to 1% per annum of the net asset value of the APIF.

The Sponsor has the right to retain investment income in respect of the APIF in excess of that required to be set aside to meet the guarantee under the APIF. Please refer to the Section below headed "Calculation of Offer and Bid Prices of APIFs" on the reserve in respect of the APIF.

Examples of the way the guarantee works in respect of a member's account in the fund:

	Column 1	Column 2	Column 3
Situation	Amount invested in the APIF (net of Contribution charges and Offer spread, if any)	Guaranteed Balance in the APIF	Adjusted Balance in the APIF
A	HK\$ 10,000	HK\$ 10,400	HK\$ 10,400
B	HK\$ 10,000	HK\$ 10,400	HK\$ 10,192
C	HK\$ 10,000	HK\$ 10,400	HK\$ 9,880

A, B and C are situations where the rate of reduction as determined by the Sponsor is 0%, 2% and 5% of the account balance respectively. Column 2 is the situation where a 4% Declared Crediting Rate per annum is applied to the amount invested set out in Column 1.

Scenario (a)

In the event of death, retirement or early retirement, or total incapacity where the amount payable under the APIF for the member shall be the Guaranteed Balance (Column 2), the amount payable for situations A, B and C shall be the same: HK\$10,400.

Scenario (b)

In the event such as termination of employment of the member where the amount payable under the APIF for the member shall be the greater of the amount invested in the APIF (net of Contribution charges and Offer spread, if any) (Column 1) and the Adjusted Balance (Column 3), the amount payable

- for situation A shall be HK\$10,400 (Column 3)
- for situation B shall be HK\$10,192 (Column 3)
- for situation C shall be HK\$10,000 (Column 1)

Scenario (c)

In the event such as switching of all of the amount invested in the fund to another constituent fund where no guarantee shall be applied and the amount payable under the APIF for the member shall be the Adjusted Balance (Column 3), the amount payable

- for situation A shall be HK\$10,400
- for situation B shall be HK\$10,192
- for situation C shall be HK\$9,880

The examples shown above are for illustrative purposes only and are not based on past performance or indicative of future returns.

This is a non-unitised fund and the use of units is for administrative purpose only. The calculation of offer and bid prices of a unit of the fund and the APIF is not based on the value of assets held in respect of the APIF. For further details, see Sections below headed “Calculation of Offer and Bid Prices of Constituent Funds” and “Calculation of Offer and Bid Prices of APIFs” respectively.

(7) AXA – Fidelity Global Equity Fund

Investment Objective: The fund aims to focus investment into the global equity markets to produce returns that are related to those achieved on the major world stock market indices. The fund aims to have the flexibility to have limited investment into bonds and to manage the volatility of returns in the short term.

Investment Policy: The fund pursues its investment objective by investing in the Fidelity Global Investment Fund – Global Equity Fund. The fund, via the underlying APIF, invests in a diversified portfolio of global equities and has the flexibility to invest in fixed income securities in a limited manner and money market. Normally, around 98% of the assets will be invested in equities and around 2% in cash or cash equivalent. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions change.

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.

(8) AXA – Fidelity Asia Pacific Equity Fund

Investment Objective: The fund aims to focus investment into the Asia Pacific equity markets to produce returns that are related to those achieved on the major stock market indices of Asia Pacific. The fund aims to have the flexibility to invest in bonds in a limited manner and to manage the volatility of returns in the short term.

Investment Policy: The fund pursues its investment objective by investing in the Fidelity Global Investment Fund – Asia Pacific Equity Fund (MPF). The fund, via the underlying APIF, invests directly into the Asia Pacific equity markets and has the flexibility to invest in the money market in a limited manner. Normally, around 95% of the assets will be invested in equities and around 5% in cash or cash equivalent. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions change.

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.

(9) AXA – Templeton Global Bond Fund

Investment Objective: The fund aims to seek total investment return over the medium to longer term by investing in global bonds.

Investment Policy: The fund pursues its investment objective by investing in the Templeton MPF Global Bond Fund. The fund, via the underlying APIF, invests primarily in fixed income securities issued by governments and governmental agencies globally. Investment assets include debt obligations (bonds), preferred stocks,

corporate debt obligations and convertible securities.

Risk and Return Profile: The fund, due to its exposure to bonds, has a low to 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.

(10) AXA – Templeton Japan Equity Fund

Investment Objective: The fund aims to seek capital growth over the medium to longer term by investing majority of its assets in Japan equities.

Investment Policy: The fund pursues its investment objective by investing in the Franklin Templeton MPF Japan Equity Fund. The fund, via the underlying APIF, invests primarily in equity securities of companies listed on the Japan stock markets, and where market conditions make it appropriate, cash or short term fixed income instruments may be held. Investment assets include debt obligations (bonds) and other publicly traded securities, including preferred stocks, convertible securities and fixed income securities. Any investment in fixed income securities and cash is to provide liquidity and/or for any other purpose as the investment manager considers appropriate.

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.

(11) AXA – RCM Hong Kong Fund

Investment Objective: The fund aims to achieve long term capital growth by investing primarily in Hong Kong equities, including Chinese securities listed in Hong Kong.

Investment Policy: The fund pursues its investment objective by investing in the RCM Hong Kong Fund. The fund, via the underlying APIF, invests in a diversified

portfolio of Hong Kong equities. Normally the assets remain fully invested in Hong Kong equities and where market conditions make it appropriate, cash or short term deposits may be held. Any holding of cash or short term deposits is to provide liquidity and/or for any other purpose as the investment manager considers 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.

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.

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 and may be changed as appropriate. In order to achieve the investment objectives, the actual asset allocations may at any time vary significantly from the expected 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.**

The performance of the investments in each constituent fund (other than the AXA MPF Conservative Fund, which will only be affected by factors (a), (b), (c), (f), (g), (h), (i) and (k) below) will be affected by a number of risk factors, including the following:

- (a) Political, economic and social risks – Changes in political, economic and social conditions in any country in which the investments are made could adversely affect the value of investments.
- (b) Interest rate risk – As investments may be made in securities whose value is driven significantly by changes in interest rates, the investments are subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.
- (c) Market risk – Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have a significant impact on the value of the investments. Where investments are made in emerging markets, such investments may be subject to risks which are more common or significant than in more developed markets. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. There may also be an increased risk in government intervention in emerging markets which may affect market conditions. The legal infrastructure and accounting, auditing and reporting standards in emerging markets may also not provide the same degree of protection and/or information to investors as would generally apply in more developed markets.
- (d) Accounting standards and disclosure – Investments may be made in emerging markets. The accounting, auditing and financial reporting standards in some of these markets are normally less stringent than international requirements. Investment decisions may be required to

be made on less complete information than is customarily available.

- (e) Foreign exchange risk – Investments (including, where applicable, any underlying APIF of a constituent fund) may be made in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the performance of the investments.
- (f) Security risk – Each company has its unique factors affecting the value of its securities. These factors include the company’s management capability, capital structure, liquidity position, product composition and others.
- (g) Credit risk – If the issuer of any of the fixed interest securities in which the underlying assets are invested defaults, the performance of the investments will be adversely affected.
- (h) Counterparty risk – Investments in deposits, bonds and other financial instruments which involve a counterparty are subject to the credit risk or default risk of the counterparty. The investments of a constituent fund will also be exposed to counterparty risk on parties with whom they trade and when placing cash on deposits.
- (i) Risks relating to investing solely in a single APIF – Investors should note that there is risk related to investing solely in a single APIF. In the event that the underlying APIF of a constituent fund is, for whatever reason, adversely affected or terminated, the feeding constituent fund will likewise be affected and may, in certain circumstances, be terminated.
- (j) Risks relating to investing in an APIF that invests in a single market – where investments are made in the assets or securities of a single market, such investments will be subject solely to the political, economical and social condition

of that market and therefore achieving a very limited level of diversification of risk. In the event of any adverse market change, the investment manager may not be able to invest in other markets.

- (k) Risk relating solely to investment in the AXA MPF Conservative Fund and AXA Cash Fund – investment in the AXA MPF Conservative Fund and AXA Cash Fund are 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 these constituent funds 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. These constituent funds are not subject to the supervision of the Hong Kong Monetary Authority.
- (l) Risk relating solely to investment in the AXA Guaranteed Fund – The AXA Guaranteed Fund invests solely in an APIF in the form of an insurance policy issued by the Sponsor. The guarantee of the AXA Guaranteed Fund Policy, in which the AXA Guaranteed Fund of the Plan invests, is given by the Sponsor. In the event where the Sponsor is liquidated, investors may not have access to their investments temporarily, or their value may be reduced. Investors in this fund are therefore subject to the credit risks of the Sponsor. Please refer to Section 5.1(6) of this offering document for details of the guarantee features and guarantee conditions.

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. The Underlying APIFs

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.

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

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, the terms of each APIF may be amended by their trustee or the Sponsor (as the case may be) by giving the requisite notice to the Trustee in which event the Trustee will give 1 month's notice (or such shorter or longer notice period as agreed with the Commission and the Authority) to employers and members of the Plan. Amendments may be

made for any purpose decided by their trustee or Sponsor, including for the purpose of varying or imposing new charges or fees in respect of the APIF.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, each APIF may also be terminated by giving the requisite notice to the Trustee in which event the Trustee will give 1 month's notice (or such shorter or longer notice period 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.

The Trustee may, subject to the MPF Ordinance, Regulation, relevant code and guidelines, add or replace any underlying APIFs of a constituent fund in which event the Trustee will give 1 month's notice (or such shorter or longer notice period as agreed with the Commission and the Authority) to employers and members of the Plan.

6. CONTRIBUTIONS

6.1. Mandatory Contributions

Employer and Employee Members

Subject to the provisions in the MPF Ordinance, every employer under the relevant participating scheme must, in respect of each of its employee members, pay to the Trustee out of the employer's own funds an employer mandatory contribution of 5%* of each employee member's relevant income for each period during which income is paid or should be paid to each employee member (the **contribution period**). The mandatory contribution will not exceed HK\$1,000 per month or HK\$12,000 per annum*.

At the same time, unless the employee member's relevant income falls below the statutory minimum of HK\$5,000 per month

or HK\$60,000 per annum*, such employer must, for each contribution period, deduct from the employee member's relevant income and pay to the Trustee an employee mandatory contribution of 5%* of such income, provided that the maximum contribution that would be so deducted should not exceed HK\$1,000 per month or HK\$12,000 per annum*.

Self-employed Persons

Every self-employed person under the Plan must, from the commencement date of his participation in the Plan, pay to the Trustee a mandatory contribution of 5%* of his relevant income on a monthly or yearly basis as specified in his application unless his income falls below the statutory minimum of HK\$5,000 per month or HK\$60,000 per annum*. The amount that any self-employed person must contribute will not exceed HK\$1,000 per month or HK\$12,000 per annum*.

* The rate of contributions and its respective level of income may be changed under the MPF Ordinance and the Regulation from time to time.

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. Where a self-employed person has opted to make Mandatory Contributions on a monthly or yearly basis, such Mandatory Contributions must be paid to the Trustee at the end of the contribution period (as set out in the prescribed form required by the Trustee from time to time).

6.2. Voluntary Contributions

An employer may by execution of a schedule to the participation agreement and a member (other than a personal account member or SVC member in respect of whom no mandatory and voluntary contributions are made to the Plan) may by execution of a form as specified by the Trustee from time to time, elect to make voluntary contributions to the Plan as a top-up contribution in addition to mandatory contributions.

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.

Subject to the terms of the Trust Deed, the employer, employee member and self-employed person may change their respective voluntary contributions by giving the Trustee the requisite notice.

In addition to the voluntary contributions, Members may also make special voluntary contributions on a regular basis or in a lump sum in accordance with the Section 6.3 below.

6.3. Special Voluntary Contributions

Subject to the Trustee's consent, a person (including an employee member or a self-employed person or any person who is or had been a member of a MPF scheme or an occupational retirement scheme and wishes to make special voluntary contributions) may request to make special voluntary contributions

to the Plan on a regular basis or in a lump sum by notifying the Trustee and completing a form as prescribed by the Trustee from time to time. Where a person is not already an employee member or a self-employed person of the Plan, such person must request to be a SVC member of the Plan so as to make special voluntary contributions to the Plan.

Special voluntary contributions may be paid by the employee member from his or her own funds and may be made in such manner as the Trustee may specify from time to time.

The amount of regular special voluntary contributions must not be lower than HK\$300 per month. The amount of special voluntary contributions in a lump sum must not be lower than HK\$1,000 per payment. The Trustee may determine such other limit of special voluntary contributions or make any change in respect of the payment of special voluntary contributions by giving the Member prior notice in writing from time to time. Currently, there is no upper limit on the amount of special voluntary contributions, whether on a regular basis or in a lump sum. However, the Trustee reserves the right not to accept any special voluntary contributions at any time by giving to the Member 14 days' prior notice in writing.

All mandatory contributions, voluntary contributions and special voluntary contributions to the Plan must be made to the Trustee.

6.4. 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.

All amounts relating to an employer's contributions (whether mandatory or voluntary

contributions or balances of such contributions) must be invested in the same manner in the same constituent funds. Similarly, all amounts relating to a member's contributions (whether mandatory, or voluntary contributions or special voluntary contributions or balances of such contributions) must be invested in the same manner in the same constituent funds.

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

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 currently up to 2% of the offer price may be levied by the Sponsor on the issue of units. 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 AXA MPF Conservative Fund. Currently, no preliminary charge is levied on other constituent funds either.

Fractions of less than one-ten thousandth 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").

6.5. 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 AXA 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.

6.6. 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, 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) or all amounts relating to member's contributions (whether mandatory contributions, voluntary contributions, or special voluntary contributions or balances of such contributions) in that fund. Provided that the switching instruction is valid, the switching instruction will take effect as soon as practicable, and in any case, 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 (but in the case of the AXA Guaranteed Fund Policy in which the AXA Guaranteed Fund invests, the proceeds of realisation of units in the APIF may be reduced by an amount determined at the Sponsor's absolute discretion. The reduction will not exceed 5% (or such higher percentage as decided by the Sponsor with the approval of the Authority) of the account balance (or the relevant part of account balance) of the member in the APIF.) 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 as soon as practicable, and in any case, 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 limit to the number of switchings performed 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.

6.7. 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 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 Trust Deed and the schedule to the relevant participation agreement.

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 and the Trust Deed.

Units in a constituent fund realised on a valuation date will be realised at the bid price of such units (but in the case of the AXA Guaranteed Fund Policy in which the AXA Guaranteed Fund invests, the Guaranteed Balance of the member in the APIF may be subject to a reduction determined at the Sponsor's absolute discretion. The rate of reduction will not exceed 5% (or such higher percentage as decided by the Sponsor with the approval of the Authority) of the account balance (or the relevant part of the account balance) of the member in the APIF). 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. Withdrawal of Special Voluntary Contributions

A member who has made special voluntary contributions to the Plan may at any time withdraw all or part of his or her special voluntary contributions balance by giving at least one month prior notice to the Trustee (or such shorter notice period as the Trustee may agree). Withdrawals of special voluntary contributions are subject to the terms and conditions prescribed by the Trustee in the Trust Deed, the Offering Document and any other relevant forms. These include the following:

- Withdrawals are limited to six withdrawals per calendar year.
- The minimum withdrawal amount per request is HK\$5,000.
- For members who made lump sum special voluntary contributions on ad hoc basis, a minimum balance of HK\$5,000 is required to be maintained after each withdrawal.
- Application for withdrawal is to be made in the form specified by the Trustee from time to time.
- Where members have invested their special voluntary contributions in the AXA Guaranteed Fund, withdrawal will be subject to certain conditions. The guarantee under the AXA Guaranteed Fund applies only in respect of the occurrence of any of the following withdrawal events:
 - (i) death;
 - (ii) retirement or early retirement;
 - (iii) total incapacity; or
 - (iv) termination of the APIF by the Sponsor.

In respect of the withdrawal events in paragraph (i) to (iii) above, please refer to the guarantee features and conditions in Scenario (a) of Section 5.1(6) and in respect of the withdrawal event in paragraph (iv) above, please refer to the guarantee features and conditions in Scenario (b) of Section 5.1(6). No guarantee shall be applied upon the occurrence of any other events specified under Scenario (b) and

any events specified under Scenario (c) of Section 5.1(6) above. Please refer to Section 5.1(6) for more information.

Any accrued benefits attributable to the special voluntary contributions of a Member shall become payable to the Member upon that Member's cessation of participation in the Plan. Upon payment of such accrued benefits to the Member, the Trustee shall have no further liabilities or obligations whatsoever in relation to the Member.

7.5. 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.

After a withdrawal request is accepted, benefits in respect of special voluntary contributions will be paid to the relevant Member as soon as reasonably practicable within 30 days. Payment will be made in such manner as determined by the Trustee. Upon a member terminating the relevant account in respect of his special voluntary contributions, the accrued benefits in such account may either be withdrawn or be transferred to other MPF schemes subject to the acceptance of such transfer by the trustee of the other MPF scheme.

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 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 (**Election**) (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.

If the employee fails to make an Election within 3 months after the Trustee has been notified by the employer, the member will be taken to have elected to transfer his accrued benefits concerned to a personal account of the Plan, in which case, all the benefits will be so transferred within 30 days thereafter.

A member who is a self-employed person, a personal account member or a SVC 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;
- (b) where the member is subsequently employed by an employer, the MPF scheme in which the member's employer participates; or
- (c) where a SVC member has made such election in respect of the amounts attributable to his special voluntary contributions, the MPF scheme of his choice subject to the acceptance of such transfer by the trustee of the other MPF scheme.

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, if any) 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, 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 period 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 AXA 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.

Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, any of the constituent funds which is a feeder fund shall terminate on the termination of the APIF in which the constituent fund invests.

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 longer or shorter notice period as agreed with the Commission and the Authority) to members and employers 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 (and 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 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 fiscal and purchase charges which might be payable to buy investments for the account of the relevant constituent fund. A preliminary charge of currently up to 2% of the offer price may be levied by the Sponsor. Currently, no preliminary charge is levied.

The bid price of a unit in a constituent fund on a valuation date is the net asset value per unit rounded down to the nearest cent less an allowance for fiscal and sale charges which might be payable to sell investments for the account of the relevant constituent fund.

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 issue.

9.5. Calculation of Offer and Bid Prices of the APIFs

Each APIF in which the constituent funds invest, other than the AXA Guaranteed Fund Policy, will have its own methodology in relation to calculation of offer and bid prices.

AXA Guaranteed Fund Policy

Under the terms of the AXA Guaranteed Fund Policy, the offer price of a unit in the APIF on a valuation date shall be the aggregate of a preliminary charge and the bid price of a unit on the valuation date rounded up to the nearest cent. A preliminary charge of currently up to 3% of the offer price may be levied by the Sponsor. Currently, no preliminary charge is levied.

The bid price of a unit in the APIF on a valuation date shall be the bid price of a unit on the preceding valuation date as increased by such rate as determined by the Sponsor in its absolute discretion rounded down to the nearest cent. In determining such rate of increase, the Sponsor may consider various matters including actual return, value and nature of assets, the

level of the guarantee, investment and operating expenses, market conditions and taxes.

There will be a reserve in respect of the APIF which will be the difference between the value of assets held in respect of the APIF and the multiplication of bid price by the number of outstanding units in issue. This reserve is the property of the Sponsor which has the sole discretion to retain all or part of it or to use it to smooth the bid price of the APIF.

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 fund is quoted is closed otherwise than for ordinary holidays;
- (b) during any period when any dealing 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 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 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 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 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 APIF in which the fund invests is suspended.

There shall be no determination of the net asset value of the constituent fund and no units in the 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.

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	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)	AXA MPF Conservative Fund	N/A	
	All other constituent funds	CURRENTLY WAIVED (Previously 1% of contribution amount)	Deduct from contributions
Offer spread ⁴ (Note c)	AXA MPF Conservative Fund	N/A	
	All other constituent funds	CURRENTLY WAIVED	Deduct from contributions
Bid spread ⁵ (Note d)	AXA MPF Conservative Fund	N/A	
	All other constituent funds	Nil	Deduct from redemptions
Withdrawal charge ⁶	AXA MPF Conservative Fund	N/A	
	All other constituent funds	N/A	

(C) Annual Fund Operating Charges & Expenses Of Constituent Funds & Underlying Funds
All management fees shown in this Part are inclusive of all management fees imposed by the constituent funds and their underlying APIFs.

Type of charges & expenses	Name of constituent fund	Current level	Deducted from
Management fees ⁷ (Note e)	AXA MPF Conservative Fund (Note f)	1.00% p.a. of NAV	Relevant assets of the Constituent Fund and/or the underlying APIF
	AXA Growth Fund AXA Balanced Fund AXA Stable Fund	1.80% p.a. of NAV	
	AXA Cash Fund	1.00% p.a. of NAV	
	AXA Guaranteed Fund	1.00% p.a. of NAV	
	AXA – Fidelity Global Equity Fund (Note g)	1.90% p.a. of NAV	
	AXA – Fidelity Asia Pacific Equity Fund (Note g)	1.90% p.a. of NAV	
	AXA – Templeton Global Bond Fund (Note h)	1.75% p.a. of NAV	
	AXA – Templeton Japan Equity Fund (Note h)	1.90% p.a. of NAV	
	AXA – RCM Hong Kong Fund	1.90% p.a. of NAV	
Guarantee fee ⁸ (Note i)	AXA Guaranteed Fund	1.00% p.a. of NAV	Relevant assets of the underlying APIF

Other expenses (Note j)

Charges and expenses include (but are not limited to) the charges and expenses of investing and realising the investments of the constituent funds/APIFs, fees and expenses of the custodians/sub-custodians of the assets of the Plan/APIFs, fees and expenses of the auditors, establishment costs of the Plan and constituent funds/APIFs, valuation costs, legal fees, other professional fees, charges and expenses incurred in connection with any regulatory approval, any disbursements of out-of-pocket expenses properly incurred, 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 of the Plan/APIFs.

(D) Other Fees and Charges For Providing Additional Services

There are currently no fees charged upon switching of units between constituent funds by a scheme member or switching of units between APIFs managed by the same investment manager (Note k).

DEFINITIONS

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

- "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.
- "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.
- "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 AXA MPF Conservative Fund. Contribution charge is the initial charge as stated in the Trust Deed.
- "Offer spread"** is charged by the Sponsor on the constituent fund level and by the investment manager (if applicable) on the APIF level, in which each is charged upon subscription of units of a constituent fund by a scheme member or units of an APIF.

Offer spread does not apply to the AXA MPF Conservative Fund. Offer spread at the constituent fund level is the preliminary charge (if any) as stated in the Trust Deed. Offer spread at the APIF level (if any) is the aggregate of any preliminary/initial/initial sales charge stated in the prospectus or explanatory memorandum of the unit trust APIF, plus where relevant, an allowance for transaction costs charged by the relevant investment manager(s) (which is the allowance/surcharge as stated in the trust deed or insurance policy of the relevant APIF).

5. **"Bid spread"** is charged by the Sponsor on the constituent fund level and by the investment manager (if applicable) on the APIF level, in which each is charged upon redemption of units of a constituent fund by a scheme member or units of an APIF. Bid spread does not apply to the AXA MPF Conservative Fund. Bid spread at the constituent fund level is the aggregate of the redemption/realisation charge (if any) as stated in the Trust Deed. Bid spread at the APIF level (if any) is the aggregate of any redemption/realisation charge stated in the prospectus or explanatory memorandum of the unit trust APIF, plus where relevant, an allowance for transaction costs charged by the relevant investment manager(s) (which is the allowance/deduction as stated in the trust deed or insurance policy of the relevant APIF).
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 AXA MPF Conservative Fund. In respect of special voluntary contributions, withdrawals are limited to 6 times per calendar year and no withdrawal charge is currently levied.
7. **"Management fee"** includes fees paid to the trustee, custodian, administrator, investment manager and sponsor (where applicable) of the Plan, the constituent funds and the underlying APIF for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund.
8. **"Guarantee fee"** refers to an amount that is deducted out of the assets of the underlying APIF and paid to the guarantor (i.e. the Sponsor) for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of the AXA Guaranteed Fund Policy.

EXPLANATORY NOTES

In respect of any increase in fees and charges from the current level as stated, at least 3 months' prior notice (or such shorter notice period as agreed with the Commission and the Authority) must be given to all members and employers.

Notes:

- 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 a personal account member, a special voluntary contributions 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 AXA MPF Conservative Fund or transferred from another MPF scheme. Currently, no contribution charge is levied.
- c. Offer Spread: Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, a preliminary/initial/initial sales charge of currently up to 2% of the offer price may be levied by the Sponsor at the constituent fund level, and up to 5% of the offer price may be levied by the relevant investment managers at the APIFs level. Where the relevant investment manager(s) has made an allowance for transaction costs, such costs may be levied at the APIFs level in addition to the preliminary/initial/initial sales charge. Currently, no offer spread is levied.
- d. Bid Spread: Subject to the MPF Ordinance, Regulation, relevant codes and guidelines,

a redemption/realisation charge of currently up to 5% of the bid price may be levied at the APIF level. Where the relevant investment manager(s) has made an allowance for transaction costs, such costs may be levied at the APIFs level in addition to the redemption/realisation charge. Currently, no bid spread is levied.

e. Breakdown of Management Fees

The Management Fees disclosed in Part (C) of the above table represent the total amount of management fees currently payable from the assets of each Constituent Fund and its underlying APIFs.

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

Following is a breakdown of the management fees on the constituent fund and APIF levels.

Constituent fund level

At the constituent fund level, management fee includes only (a) the Trustee fee (currently up to a maximum of 0.5% p.a. of NAV), (b) the Sponsor fee (currently up to a maximum of 1.5% p.a. of NAV) and (c) any investment management fees (currently up to a maximum of 2.0% p.a. in respect of the amount invested by the relevant Constituent

Fund) paid to AXA IM and RCM (being the investment managers of the APIF level) for managing their respective APIF(s), and all such fees may be levied at the constituent fund level. The Trustee and/or the Sponsor may, from its respective fees, pay the fees charged by other service providers including at present the fees to the Administrator.

Currently, for the AXA MPF Conservative Fund, the AXA Cash Fund, the AXA Growth Fund, the AXA Balanced Fund, the AXA Stable Fund and the AXA – RCM Hong Kong Fund, the maximum rate of the management fee at the constituent fund level is 4.00%. In respect of the AXA Guaranteed Fund, the management fee at the constituent fund level is subject to a maximum rate of 2.00%. In respect of the AXA – Fidelity Global Equity Fund, the AXA – Fidelity Asia Pacific Equity Fund, the AXA – Templeton Global Bond Fund and the AXA – Templeton Japan Equity Fund the management fee at the constituent fund level is subject to a maximum rate of 2.00%.

APIF level

At the APIF level, management fee may include the investment management, trustee and administration fee (where applicable) of the underlying APIF, the current and maximum level of which are set out as follows:

APIFs under the following Constituent Fund	Management Fee		The Percentages consist of
	Current Level	Maximum Level	
	(% p.a. of NAV)		
AXA MPF Conservative Fund [^]	up to 0.03%*	0.50%	Trustee Fee
AXA Growth Fund [^]	up to 0.03%*	0.50%	
AXA Balanced Fund [^]	up to 0.03%*	0.50%	
AXA Stable Fund [^]	up to 0.03%*	0.50%	
AXA Cash Fund [^]	up to 0.03%*	0.50%	
AXA Guaranteed Fund	1.00%	1.00%	Investment Management Fee

APIFs under the following Constituent Fund	Management Fee		The Percentages consist of
	Current Level	Maximum Level	
	(% p.a. of NAV)		
AXA – Fidelity Global Equity Fund [#]	up to 0.875%	2.50%	Trustee Fee, Investment Management Fee
AXA – Fidelity Asia Pacific Equity Fund [#]	up to 0.875%	2.50%	Trustee Fee, Investment Management Fee
AXA – Templeton Global Bond Fund	up to 0.99%	3.80%	Trustee Fee, Investment Management fee, Maintenance Fee and Administration Fee
AXA – Templeton Japan Equity Fund	up to 1.09%	3.80%	Trustee Fee, Investment Management fee, Maintenance Fee and Administration Fee
AXA – RCM Hong Kong Fund [^]	0.08%	0.25%	Trustee Fee

* This percentage does not include the administration fee. Currently, the administration fee is up to USD1,500 per month per APIF managed by AXA IM, and up to a maximum of 0.50% of the NAV per annum.

This percentage does not include the amount of incentive fee (if any) that will be charged by Fidelity. Currently, no incentive fee is charged.

[^] The Trustee and/or the Sponsor may, at the constituent fund level, pay AXA IM and RCM investment management fees for managing their respective APIFs. Please refer to the management fees at the constituent fund level in the paragraph above for further information.

- f. 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 AXA MPF Conservative Fund adopts method (i) hence, unit prices/NAV/fund performance quoted have incorporated the impact of such fees and charges.
- g. Fidelity, the investment manager of the Fidelity Global Investment Fund – Global Equity Fund and the Fidelity Global Investment Fund – Asia Pacific Equity Fund (MPF), will provide a rebate on its management fees and such rebate will be payable to the respective Constituent Fund, AXA – Fidelity Global Equity Fund and AXA – Fidelity Asia Pacific Equity Fund. Hence, the management fee (imposed by such Constituent Funds and their respective underlying APIF) as disclosed in this table takes into account the applicable rebate.
- h. Templeton, the investment manager of the Templeton MPF Global Bond Fund and the Franklin Templeton MPF Japan Equity Fund, will provide a rebate on its management fees and other fees (if any) and such rebate will be payable to the respective Constituent Fund, AXA – Templeton Global Bond Fund and AXA – Templeton Japan Equity Fund. Hence, the management fee (imposed by such Constituent Funds and their respective underlying APIF) as disclosed in this table takes into account the applicable rebate.
- i. At the APIF level, guarantee fee of currently up to 1% of net asset value of the AXA Guaranteed Fund Policy may be levied. The guarantee fee is payable to the guarantor (i.e. the Sponsor), accrued on a daily basis and is paid monthly in arrears by the AXA Guaranteed Fund Policy.
- j. The “other expenses” disclosed in Part (C) above includes fees and expenses in relation to the Plan (**Plan Expenses**) and those incurred in relation to the underlying APIF (**Underlying APIF Expenses**).

Constituent Fund level

The Plan Expenses includes the fees and expenses incurred in connection with or with regard to the Plan and the Constituent Funds (including the establishment, maintenance and continuation of the Plan and the Constituent Funds, and such other fees and charges incurred in respect of the Plan and/or the Constituent Funds having to comply with or give effect to any legal and regulatory requirements) and may, subject to the terms of the Trust Deed, be charged to the assets of the Constituent Funds. Such fees and expenses may include, but are not limited to, any fees charges or levies payable to the Commission or the Authority or other relevant regulatory bodies, indemnity insurance premium, license fees, transaction fees and costs (including but not limited to stamp and other duties,

taxes, governmental charges, brokerage commission, foreign exchange costs and transfer fees and expenses) in relation to any acquisition or realisation of any units or investment or other property or cash or deposit or loan, the fees and expenses of the registrar, valuation costs, any out of pocket expenses, audit and legal and tax advisor and other professional fees, cost of convening meetings of members and the cost of preparing, translating and printing and distribution of documents, forms, reports or other information relating to the Plan.

The establishment cost of the 4 Constituent Funds (namely AXA – Fidelity Asia Pacific Equity Fund, AXA – Templeton Global Bond Fund, AXA – Templeton Japan Equity Fund and AXA – RCM Hong Kong Fund) payable out of the Constituent Funds is estimated to be HK\$100,000, and will be amortised on a straight line basis over the first 5 years. Other than as stated above, the establishment cost of the Plan and the other Constituent Funds have been fully amortised.

No advertising fee/expense in relation to the Plan will be charged to the Plan, the Constituent Funds or to the members.

In relation to the AXA MPF Conservative Fund: Fees, charges and expenses will only be payable out of this fund to the extent permitted by the MPF Ordinance, Regulation, relevant codes and guidelines.

Subject as provided above in relation to the AXA 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.

Subject to the approval of the Commission and the Authority, 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.

APIF level

The Underlying APIF Expenses includes the fees and expenses incurred in connection with or with regard to the APIFs and may, subject to the constitutive documents of the APIFs, be chargeable to the assets of the APIFs. Such fees and expenses may include, but are not limited to, any fees, charges or levies payable to any relevant regulatory bodies, exchange operators or related bodies, insurance premiums, license fees, transaction fees and costs (including but not limited to stamp and other duties, taxes, governmental charges, brokerage commission, foreign exchange costs and transfer fees and expenses) in relation to any acquisition or realisation of any investment or other property or cash or deposit or loan (including any fees and expenses incurred by the investment manager or trustee or any of their associate in rendering any service in the claiming or collection of income or other rights in relation thereof), the fees and expenses of the registrar, valuation costs, any out of pocket expenses, audit and legal and tax advisor and other professional fees, sub-custodian fees, cost of convening meetings of unitholders and the cost of preparing and translating, printing and distribution of documents, forms, reports or other information relating to the APIFs.

For the underlying APIFs, in addition to the trustee fee, the trustees of the relevant underlying APIFs may deduct from the underlying APIFs any fees and charges in accordance with the provisions of the relevant trust deed and offering documents, including without limitation those incurred in the administration and operation of the underlying APIFs. The trustees and/or the investment managers (as the case may be) of the relevant underlying APIFs may also from time to time increase the level of management fees up to the maximum level or impose any other additional fees and charges in relation to the relevant underlying APIFs, subject to the approval of the Commission and the Authority and the prescribed notice period of the relevant APIF for such change.

No advertising expenses will be charged to the underlying APIFs.

In addition, each underlying APIFs may bear a due proportion of the costs and expenses incurred by the investment manager and the trustee in establishing the fund. Please refer to the respective offering document of the underlying funds for further details.

The above fees and charges shall be levied against the underlying APIFs only and shall not be deducted from the constituent funds of the Plan. As such, such fees and charges will be reflected in the unit prices of the underlying APIFs and borne by all the unitholders of the underlying APIFs.

- k. Subject to the MPF Ordinance, Regulation, relevant codes and guidelines, (a) 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; and (b) a switching fee of up to 5% of redemption amount/price may be levied in respect of any switching of units between APIFs managed by the same investment manager. This fee does not apply to the AXA MPF Conservative Fund. Currently, no switching fee is levied on the constituent fund level and the APIF level.

A document that illustrates the on-going costs on contributions to the constituent funds in the Plan (except for the AXA MPF Conservative Fund, the AXA – Fidelity Asia Pacific Equity Fund, the AXA – Templeton Global Bond Fund, the AXA – Templeton Japan Equity Fund and the AXA – RCM Hong Kong Fund) is available for distribution with this Offering Document. In respect of the AXA – Fidelity Asia Pacific Equity Fund, the AXA – Templeton Global Bond Fund, the AXA – Templeton Japan Equity Fund and the AXA – RCM Hong Kong Fund which are new constituent funds, no figures are currently available, however, their illustrative examples will be available for distribution within 6 months after 31 December 2011. For the illustrative example for the AXA MPF Conservative Fund, please refer to Section 13. 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 viewed on our website at www.axa.com.hk and obtained from the Customer Services Centre at G/F, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

10.2. Cash Commission Rebates and Soft Dollar Benefits

None of the investment managers or any of their respective 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 undertake 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 5 equal installments over 5 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 benefits 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 (including special voluntary 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 contributions balance held in respect of him/her, the balance is credited to a 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 1 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 AXA 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 office 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 AXA Guaranteed Fund Policy also contain equivalent provisions for the indemnification of the Sponsor and its delegates and agents and their relief from liability in certain circumstances. In the event of any conflict between any of the provisions of this offering document and the provisions of the AXA Guaranteed Fund Policy, the provisions of the policy prevail.

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. 3 months' notice (or such shorter notice period as agreed with the Commission and the Authority) will be given to relevant employers and members.

12.6. Documents available for Inspection

Copies of the Trust Deed 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 office of the Sponsor in Hong Kong (G/F AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong).

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

13. ILLUSTRATIVE EXAMPLE ON AXA MPF CONSERVATIVE FUND

This example is intended to help you compare the total amounts of annual fees and charges payable under the Plan with those under other registered 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 AXA MPF Conservative Fund; you have not switched your accrued benefits to other constituent funds during the financial period.
- (c) you have not transferred any accrued benefits into or out of the Plan during the financial 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 financial period.

Based on these assumptions, the **total amounts of annual fees** (including those payable to the underlying approved pooled investment fund) you need to pay under the Plan in one financial period would be: HK\$52.80*.

*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 AXA MPF Conservative Fund 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 financial period.

AXA MPF – Smart Plan

Appendix 1

The Declared Crediting Rate in respect of the AXA Guaranteed Fund.

Date	Declared Crediting Rate
29.7.2002 – 10.7.2006	1% per annum
11.7.2006 – 11.12.2006	3% per annum
12.12.2006 – 31.8.2010	4% per annum

Please refer to Section 5.1(6) for the features of guarantee under the AXA Guaranteed Fund.

Investment involves risk. Past performance information presented is not indicative of future performance.