

FAQs
for the completion of the Acquisition of the MPF and ORSO businesses of AXA Hong Kong (“AXA”) by Principal International (Asia) Limited and/or its nominee(s) (“Principal”)

FAQs for Principal Central Provident Fund (“CPF”)

1. What is the reason for the acquisition of AXA’s pension business by Principal (“Transaction”)?

AXA and Principal entered into a sale and purchase agreement dated 7 November 2014, under which, AXA would dispose of its pension business to Principal. It is a commercial transaction which allows AXA and Principal to maximize customer value in their respective core businesses. Scheme participants would benefit from high quality and dependable retirement and investment services through the acquisition of AXA’s MPF and ORSO businesses by Principal.

2. When is the effective date of the Transaction?

The changes took effect from 1 September 2015.

3. What is the role of AXA after the Transaction?

AXA acts as Exclusive Distributor after the Transaction. Principal Central Provident Fund is exclusively distributed by AXA after the Transaction.

4. What are the changes to the CPF associated with the Transaction?

(1) Change of shareholders of Trustee

- The shareholders of the Trustee have been changed from AXA China Region Insurance Company (Bermuda) Limited ("AXA CRIB") to Principal Insurance Company (Hong Kong) Limited ("PIC").

(2) Change of name of trustee

- The name of Trustee has been changed from “AXA China Region (Bermuda) Limited” to "Principal Trust Company (Bermuda) Limited".

(3) Change of ownership of Hong Kong representative of Trustee

- AXA China Region Trustees Limited ("AXA CRT"), the representative of the Trustee in Hong Kong, has ceased to be ultimately owned by AXA CRIB but ultimately owned by Principal.

(4) Change of name of Hong Kong representative of Trustee

- The name of representative of Trustee in Hong Kong has been changed from “AXA China Region Trustees Limited” to “Principal Trust Company (Hong Kong) Limited” ("PTC HK").

(5) Change of name of CPF

- The name of CPF has been changed from "AXA Central Provident Fund" to "Principal Central Provident Fund".

(6) Change of administration manager of CPF

- The administration manager of CPF has been changed from AXA CRIB to Principal Trust Company (Asia) Limited ("PTC").

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(7) Change of investment advisor of CPF

- The investment advisor of CPF has been changed from AXA China Region Investment Services Limited ("AXA CRIS") to Principal Asset Management Company (Asia) Limited ("PAM").

(8) Change of investment advisor of the Guaranteed Fund Policy

- The investment advisor of the Guaranteed Fund Policy has been changed from AXA Rosenberg Investment Management Asia Pacific Limited to PAM.

(9) Change of insurer of the underlying insurance policies corresponding to certain investment options of CPF ("Relevant Policies") and the guarantor of the Guaranteed Fund Policy

- The insurer of each underlying Relevant Policies (as set out in the following table), and the guarantor of the Guaranteed Fund Policy, have been changed from AXA to PIC, and the names of some of the Relevant Policies have been changed in the following manner:

Existing name of each Relevant Policy	New name of each Relevant Policy
Guaranteed Fund Policy	Guaranteed Fund Policy
Stable Fund Policy	Stable Fund Policy
Balanced Fund Policy	Balanced Fund Policy
Growth Fund Policy	Growth Fund Policy
AXA Stable Fund Policy	Principal Stable Fund Policy
AXA Balanced Fund Policy	Principal Balanced Fund Policy
AXA Growth Fund Policy	Principal Growth Fund Policy
AXA-RCM Hong Kong Fund Policy	Principal - RCM Hong Kong Fund Policy
Deposit Administration Investment Management Policy* ("DA Policy")	Deposit Administration Investment Management Policy*
Cash Fund Policy*	Cash Fund Policy*
Managed Fund Investment Management Policy*	Managed Fund Investment Management Policy*
International Managed Fund Investment Management Policy*	International Managed Fund Investment Management Policy*

*These Relevant Policies are currently not authorised by the SFC and are closed to new investors.

(10) Changes of the investment management of the underlying funds in which certain Relevant Policies invest

- From 1 September 2015, AXA Investment Managers Asia Limited retired as the investment manager of the underlying funds in which the Relevant Policies (shown in the table below) invest, and its role has been replaced by PAM. PAM, in turn, has appointed its delegated managers Principal Global Investors, LLC and Principal Global Investors (Hong Kong) Limited (collectively, "Principal Global Investors") as sub-investment managers of each of the underlying funds of the following Relevant Policies.

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- The names of the relevant underlying funds in which the Relevant Policies invest have been changed as follows:

Relevant Policy	Underlying fund of the Relevant Policy	
	Existing name	New name
Stable Fund Policy	AXA IM MPF Fund - AXA IM MPF Stable Fund	Principal MPF Fund - Principal MPF Stable Fund
Balanced Fund Policy	AXA IM MPF Fund - AXA IM MPF Balanced Fund	Principal MPF Fund - Principal MPF Balanced Fund
Growth Fund Policy	AXA IM MPF Fund - AXA IM MPF Growth Fund	Principal MPF Fund - Principal MPF Growth Fund
AXA Stable Fund Policy	AXA IM MPF Fund - AXA IM MPF Stable Fund	Principal MPF Fund - Principal MPF Stable Fund
AXA Balanced Fund Policy	AXA IM MPF Fund - AXA IM MPF Balanced Fund	Principal MPF Fund - Principal MPF Balanced Fund
AXA Growth Fund Policy	AXA IM MPF Fund - AXA IM MPF Growth Fund	Principal MPF Fund - Principal MPF Growth Fund

5. What are the impacts on the CPF and its scheme participants?

The changes described in Question 4 and 9 would not have any adverse impact on the CPF or the interests of the scheme participants.

Change of ownership

The change of ownership of the Trustee and its Hong Kong representative has no adverse impact on the capacity, ability or eligibility of the trustee to continue to perform its role in respect of CPF.

Change of the administration manager of CPF

Notwithstanding the change of administration manager of CPF, PTC continues to provide the same level of services currently provided by CRIB.

Change of investment advisors of CPF and the Guaranteed Fund Policy

The new investment advisor of CPF and the new investment advisor of the Guaranteed Fund Policy are subject to the same terms of engagement. Accordingly, the new investment advisor of CPF continues to advise the Trustee in relation to the investments in CPF, and the new investment advisor of the Guaranteed Fund Policy continues to provide investment advice on the management of the underlying assets held in respect of the Guaranteed Fund Policy.

Change of insurer of Relevant Policies and guarantor of the Guaranteed Fund Policy

Due to the change of insurer of the Relevant Policies and guarantor of the Guaranteed Fund Policy from AXA CRIB to PIC, investments in the Relevant Policies

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are subject to the credit risk of PIC after 1 September 2015. Apart from that, the terms and conditions (including the guarantee feature and conditions), fees and charges (including guarantee fee) and investment objective and policy of the Relevant Policies remain unchanged. In particular, the scheme participants investing in the Guaranteed Fund Policy continues to enjoy the same level of guarantee as if there were no change of insurer / guarantor of the Guaranteed Fund Policy, notwithstanding the change of insurer of the Relevant Policies, the change of guarantor and investment advisor of the Guaranteed Fund Policy and change of names of some of the Relevant Policies as described in Question 4(9) above.

Changes of the investment management of the underlying funds in which certain Relevant Policies invest

The investment objective and policy, fees and charges, and risk and return profile of the underlying funds in which the Relevant Policies(as set out in Question 2(10) above) invest, remain unchanged, notwithstanding the changes to these underlying funds as described in Question 4(10) above.

Investment objective and policy, aggregate fees and charges and risk and return profiles

The investment objective and policy, aggregate fees and charges and risk and return profiles of each investment option under AXA CPF, and its corresponding underlying unit trust / insurance policy, remain unchanged.

Administrative services

Please also refer to the response to Question 9 below for changes to the administrative services.

6. Did the scheme participants have to bear the costs incurred for the Transaction?

All costs and expenses associated with the Transaction, and the changes set out in Question 4 and 9 were borne by the Trustee and would not be borne by CPF, the Relevant Policies, their underlying funds or the scheme participants.

7. Is there any change to the fund choice and management fee to my existing plan after the Transaction?

Except for the changes of the names of the AXA IM MPF Fund and the underlying APIFs, there is no change to the fund choices and management fee to your existing plan after the Transaction. We ensure that this exercise is in the interests of the scheme participants without any adverse impact on the CPF or the interests of the scheme participants.

8. Is there any impact to my guaranteed fund as a scheme participant?

There is no adverse impact on your guaranteed fund as a scheme participant unless you switch your investments in the Guaranteed Fund Policy to another investment option under CPF or transfer the investment to another retirement scheme. In this case, consistent with the guarantee mechanism as disclosed in the Principal Brochure, no guarantee is applied.

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9. Is there any impact on usage of administrative services as a scheme participant?

There is no adverse impact on your usage of administrative services as a scheme participant. You are able to access the same customer service hotline at 2802 2812, or contact Trustee hotline at 2827 1233, as well as Principal website at www.principal.com.hk to access online services.

There are some changes to the contents of administration forms, such as change of Trustee name (from AXA China Region (Bermuda) Limited to Principal Trust Company (Bermuda) Limited), change of payee names for contributions (from AXA China Region Insurance Company (Bermuda) Limited to Principal Trust Company (Hong Kong) Limited - ORSO) and both AXA's and Principal's logos appear on the forms.

Please also note the new location of the customer service centers, customer service email address, postal address, address of the Trustee, representative of the Trustee in Hong Kong, the new Administration Manager, new insurer of the Relevant Policies (and the new guarantor of the Guaranteed Fund Policy), new investment manager and new sub-investment managers of the underlying funds of the Relevant Policies are as follows:

- (a) the new customer service counters are located at 30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong and 27/F, Hopewell Centre, 183 Queen's Road East, Hong Kong;
- (b) the new customer service email address is axa-principal@exchange.principal.com;
- (c) the new postal address for submission of cheques and remittance statements for contribution payments as well as administration forms is 30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong; and
- (d) the new address of the Trustee, representative of the Trustee in Hong Kong, the new administration manager, new insurer of the Relevant Policies (and the new guarantor of the Guaranteed Fund Policy), new investment manager and new sub-investment managers (except Principal Global Investors, LLC) of the underlying funds of the Relevant Policies set out in Question 2(10) above is Unit 1001-3 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, and the address of Principal Global Investors, LLC is 801 Grand Avenue, Des Moines, IA 50392, USA.

10. Background information about: (i) Principal Trust Company (Asia) Limited ("PTC"), the new administration manager of CPF; (ii) Principal Insurance Company (Hong Kong) Limited ("PIC"), the insurer of the Relevant Policies and guarantor of the Guaranteed Fund Policy; (iii) Principal Asset Management Company (Asia) Limited ("PAM"), the new investment advisor of CPF and Guaranteed Fund Policy and investment manager of the underlying funds of the Relevant Policies; and (iv) Principal Global Investors, the new sub-investment managers of the underlying funds of the Relevant Policies as set out in Question 4(10) above.

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PTC is a company incorporated in Hong Kong in 1997. It is a trustee of certain MPF and ORSO schemes. PTC provides one-stop shop services on retirement scheme management, including corporate trustee, fund and scheme administration services. In addition, PTC is engaged in the provision of unit trust administration and registration services to unit trust investors. PTC is a member of the Principal Financial Group, Inc.

PIC is a company incorporated in Hong Kong in 1996. It is an insurer authorized by the Insurance Authority to carry on retirement scheme management business in and from Hong Kong. PIC is a member of the Principal Financial Group, which offers a full range of insurance and financial products and services for businesses, groups and individuals. Its largest member company, Principal Life Insurance Company, was established in 1879 and ranks among one of the largest US life insurance companies based on assets.

PAM is a company incorporated in Hong Kong in 1997 and is a member of the Principal Financial Group. PAM is specialized in portfolio management and asset management businesses, and is an investment manager for a number of MPF schemes and approved pooled investment funds in Hong Kong. PAM is devoted to providing reliable and quality services to its clients and is committed to be a professional fund management house.

Principal Financial Group, Inc. is a Fortune 500 company listed on the New York Stock Exchange. Member companies of the Principal Financial Group currently serve around 19.4 million individuals and their dependents worldwide and handle more than 40,000 employer pension plans in the United States alone. The Principal Financial Group is a global investment management leader and has business operations in 18 countries throughout the United States, Europe, Latin America and Asia.

Principal Global Investors, LLC, and its affiliate Principal Global Investors (Hong Kong) Limited are wholly-owned subsidiaries of the Principal Financial Group. As a global investment management leader, the investment capabilities of Principal Global Investors encompass a range of equity, fixed income and real estate investments, as well as specialized expertise in preferred securities, currency management, asset allocation, stable value management and other structured investment strategies. Principal Global Investors, LLC is registered with the Securities and Exchange Commission under the USA regime. Principal Global Investors (Hong Kong) Limited is licensed and regulated by the Securities and Futures Commission. PAM and Principal Global Investors have extensive experience in the MPF investment management space, collectively currently managing over HK\$25 billion in MPF/Occupational Retirement Schemes related assets.

11. Is there any change to my PIN from now on?

Your PIN would not be changed and so you can login your account via Internet or IVRS by using your existing PIN.