

## Principal MPF Scheme Series 800 (the “Scheme”) Notice to Participating Employers and Members

**Attention: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. Principal Trust Company (Asia) Limited accepts responsibility for the information contained in this document.**

This notice only summarises the changes to the Scheme. The latest Principal Brochure of the Scheme will be available on our website at [www.principal.com.hk](http://www.principal.com.hk) or you may request copies of them by contacting our customer service hotline at (852) 2827 1233.

Dear participating employers and members,

Thank you for your continued support of the Scheme.

We are writing to you of certain changes to the Scheme, which will take effect on 31 March 2020 (the “**Effective Date**”). Capitalised terms not defined in this notice have the same meanings as ascribed to them in the Scheme.

This table summarises the key changes to the Scheme, which are elaborated in the main body of this notice:

With effect from 31 March 2020, the Principal Brochure and, where appropriate, the Master Trust Deed, of the Scheme, will be amended to reflect the changes associated with:

- (i) the automatic exchange of financial account information (“**AEOI**”) - the account holders and controlling persons (as defined below) may be required to provide valid self-certification form and such other information as the Trustee and/or any of its authorised person may require for the implementation of AEOI, but if you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the Hong Kong Inland Revenue Department (“**IRD**”) for transmission to any tax authority outside Hong Kong;
- (ii) certain miscellaneous changes; and
- (iii) the latest requirements of the Code on Disclosure for MPF Investment Funds issued by the Mandatory Provident Fund Schemes Authority (the “**Code**”).

All the amendments to the Master Trust Deed and the Principal Brochure of the Scheme will not have any adverse impact on members.

### Queries

If you have any questions or concerns about the changes set out in this notice, please contact our customer service hotline at (852) 2827 1233.

## 1. AEOI

### 1.1. Regulatory changes relating to AEOI

Financial institutions in Hong Kong and many other jurisdictions are required to identify account holders who are reportable foreign tax residents under the laws, regulations and international agreements for the implementation of AEOI, and report the information of account holders and controlling persons of certain entity account holders (each, a **“controlling person”**) (including but not limited to their names, addresses, dates of birth, places of birth/incorporation, jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s)) and account information (including but not limited to their account balance, income, and payments to the account holders) (collectively, the **“Reportable Information”**) to the local tax authority where the financial institutions operate. The local tax authority, in respect of a reportable foreign tax resident, will provide the Reportable Information of the reportable foreign tax resident to the tax authority(ies) of the country(ies) and jurisdiction(s) of tax residence of the reportable foreign tax resident on a regular, annual basis. The IRD is the local tax authority in Hong Kong responsible for collecting the Reportable Information.

If you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the IRD for transmission to any tax authority outside Hong Kong.

### 1.2. How does AEOI affect the Scheme?

The Scheme is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, effective 1 January 2020, the Trustee will use for the purposes of AEOI the Reportable Information of any individual or entity, whether in the capacity as a member, participating employer or beneficiary, that is considered under AEOI to be an account holder or controlling person.

### 1.3. Trustee’s authority to implement AEOI

The Trustee and/or any of its authorised person(s) may require any account holder and controlling person under AEOI to provide a valid self-certification form and such other information (including the Reportable Information and any documentary evidence) which the Trustee and/or any of its authorised person(s) may require from time to time for the implementation of AEOI (collectively, the **“Required Information”**).

Where required by AEOI and to the extent not prohibited by applicable law, the Trustee will not accept any applicant to the Scheme or make any payment to any account holder (whether in the capacity of a member, a participating employer or a beneficiary) before receiving the Required Information.

Account holders and controlling persons must update the Trustee and/or any of its authorised person(s) about any changes in the information they have previously provided to the Trustee and/or any of its authorised person(s) within 30 days of such change. If the Trustee and/or any of its authorised person(s) do not receive the Required Information in respect of an account holder or a controlling person, the Trustee and/or any of its authorised person(s) may be required to report such person based on the information they have.

We will reach out to the relevant members and participating employers after 1 April 2020 and provide more details as to what actions they need to take.

For more details, you may wish to refer to the Frequently Asked Questions on AEOI in tax matters related to MPF/ORSO Schemes posted on the Trustee’s website: [www.principal.com.hk](http://www.principal.com.hk).

*Members, participating employers, and any other account holders and controlling persons should consult their own tax advisers regarding the possible implications of AEOI. The application of the AEOI rules and the information that may be required to be reported and disclosed are subject to change. Please see the IRD website ([https://www.ird.gov.hk/eng/tax/dta\\_aeoi.htm](https://www.ird.gov.hk/eng/tax/dta_aeoi.htm)) for more information about AEOI in Hong Kong. Any discussion of tax considerations in this notice is not intended or written to be tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any domestic or foreign tax penalties that may be imposed on such person.*

## **2. Miscellaneous changes**

### **2.1. Addition of risk factors**

The Principal Brochure will be updated to include the risk of investing in China Interbank Bond Market and/or Bond Connect, which is applicable to certain Constituent Funds. This risk will apply to certain Constituent Funds with exposure to the Chinese debt securities, as more particularly reflected in the Principal Brochure. The investment objectives and policies and risk and return profiles of the Constituent Funds remain unaffected. Also, certain editorial changes will be made to the Principal Brochure to ensure that it is up-to-date.

### **2.2. Updates of the information about the Hang Seng Index (the “Index”)**

The disclosure on the details of the Index, e.g. the top ten constituent stocks and the industry weightings of the Index, will be updated in the Principal Brochure.

### **2.3. Master Trust Deed**

In addition, we have taken this opportunity to tidy up the Master Trust Deed, e.g. consolidate the previous supplemental deed and deeds of variation into the Master Trust Deed, replace dated address with the most recent one and make certain cosmetic changes to ensure consistency of terminology and wording used in the Master Trust Deed.

## **3. Updates for compliance with Part G of the Code**

The Principal Brochure will be updated to reflect the latest requirements in Part G of the Code. In particular, the sequence of the contents has been rejigged to be in line with the requirements of the Code, and the contents have been updated in an easy-to-understand and concise manner to enhance readability and clarity. For the purpose of standardisation, the Principal Brochure will be renamed as the “MPF Scheme Brochure”. Rest assured that the update to the Principal Brochure per the Code will not in itself result in changes to the operation and features of the Scheme.

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The updated Principal Brochure will be available on our website at [www.principal.com.hk](http://www.principal.com.hk) or you may request a copy of it by contacting our customer service hotline at (852) 2827 1233 as from 31 March 2020. Copies of the Master Trust Deed are available for inspection free of charge at any time during normal business hours on any business day at the office of the Trustee in Hong Kong (30/F Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong).

**Principal Trust Company (Asia) Limited**

30 March 2020