

**This Notice is important and requires your immediate attention. If you are in any doubt about the contents of this Notice, you should seek independent professional advice.**

**Principal Trust Company (Asia) Limited (the “Trustee”, “we” or “our”) accepts full responsibility for the accuracy of the information contained in this Notice and confirms, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other material facts the omission of which would make any statement herein misleading as at the date of issuance.**

Dear participating employers and members,

**Re: Principal MPF Scheme Series 800 (the “Scheme”)**

Thank you for your continued support of the Scheme.

We would like to inform you that the following changes (the “**Changes**”) will be made to the Scheme and its constituent funds (each a “**Constituent Fund**”, collectively, the “**Constituent Funds**”) with effect from 19 July 2024 (the “**Effective Date**”), unless otherwise specified in this Notice.

Terms not defined in this Notice shall have the same meanings as in the MPF Scheme Brochure for the Scheme dated 26 October 2023 (the “**MPF Scheme Brochure**”) unless otherwise specified herein.

This table summarises the Changes that will be made to the Scheme and the Constituent Funds with effect from the Effective Date.

**1. Principal Asian Equity Fund – Expansion of underlying funds’ geographical focus**

The Principal Asian Equity Fund’s geographical focus will be expanded from “Asia (ex-Japan)” to “Asia Pacific (ex-Japan)” to align with the geographical focus of its underlying funds.

**2. Principal China Equity Fund – Update to underlying fund’s investment limit on China A-Shares and B-Shares**

The investment policy of the Principal China Equity Fund will be amended to reflect that its underlying fund’s exposure to China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges (including the ChiNext market and the Science and Technology Innovation Board (“**STAR Board**”)) will be less than 70% (currently less than 30%) of its net asset value.

**3. Principal Asian Equity Fund, Principal Hong Kong Equity Fund and Principal China Equity Fund – Underlying funds’ investment through the qualified foreign investor (“QFI”) regime**

The respective investment policies of the relevant Constituent Funds will be amended to reflect that their respective underlying funds may invest in eligible China A-Shares and B-Shares listed on Shanghai and Shenzhen stock exchanges via the QFI regime, in addition to Stock Connect.

The risk disclosures in the MPF Scheme Brochure will be enhanced to include “risks associated with investment made through the QFI regime” and “specific risks relating to investment in ChiNext market and/or STAR Board”.

**4. Principal HK Dollar Savings Fund and Principal Hong Kong Bond Fund – Enhancement of disclosure on underlying funds’ investment in debt instruments with loss-absorption features**

The respective investment policies of the Principal HK Dollar Savings Fund and Principal Hong Kong Bond Fund will be updated to reflect their underlying funds’ investment in debt instruments with loss-absorption features, and the risk disclosures in the MPF Scheme Brochure will be enhanced to include “risks of investing in debt instruments with loss-absorption features”.

**5. Principal Hong Kong Bond Fund – Enhancement of disclosure on underlying fund’s use of derivatives**

The investment policy of the Principal Hong Kong Bond Fund will be updated to reflect its underlying fund may enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes. The Principal Hong Kong Bond Fund will be subject to “hedging risk” as a result.

**6. Other miscellaneous or administrative updates**

Other amendments will be made to the MPF Scheme Brochure including administrative updates to the address of the Investment Manager and the Promoter and general updates and enhancement of risk disclosures.

The Changes above are elaborated in the main body of this Notice. The Changes 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. Principal Asian Equity Fund – Expansion of underlying funds’ geographical focus**

The Principal Asian Equity Fund invests in Principal Unit Trust Umbrella Fund – Principal Asian Equity Fund, which in turn invests in Principal Life Style Fund – Principal Asian Equity Fund. Currently, the investment objective of the Principal Asian Equity Fund is to seek capital growth over the long term by investing in Asian equity markets.

With effect from the Effective Date, the investment objectives and policies of the underlying funds will be updated to expand their geographical focus from “Asia (ex-Japan)” to “Asia Pacific (ex-Japan)”. Consequently, the investment objective and policy of the Principal Asian Equity Fund will be updated to reflect the expansion of geographical focus of the underlying funds. In particular, the investment objective of the Principal Asian Equity Fund will be amended as follows:

“The objective of the Principal Asian Equity Fund is to seek capital growth over the long term by investing primarily in Asia Pacific (ex-Japan) equities Asian equity markets.”

The Investment Manager believes that the expansion of the underlying funds’ investment universe to some of the largest markets in the Asia Pacific (ex-Japan) region, such as Australia and New Zealand, may allow the underlying funds and hence, the Constituent Fund, to gain exposure to such markets and diversify its investments and achieve better performance outcomes for the underlying funds and the Constituent Fund.

## **2. Principal China Equity Fund – Update to underlying fund’s investment limit on China A-Shares and B-Shares**

Currently, the Principal China Equity Fund invests in Principal Life Style Fund – Principal China Equity Fund, which may invest less than 30% of its net asset value in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges.

As weighting of China A-Shares in benchmark indexes formulated by international index providers continue to increase, in order to provide for flexibility in portfolio management and tap into the opportunities of investment in Mainland China, the investment policy of the underlying fund will be amended with effect from the Effective Date such that the underlying fund may invest less than 70% of its net asset value in eligible China A-Shares and B-Shares listed on the Shanghai and Shenzhen stock exchanges (including the ChiNext market and the STAR Board). Concomitantly, the investment policy of the Principal China Equity Fund will be updated to reflect the change in its underlying fund’s investment limit on China A-Shares and B-Shares.

Due to the increased investment limit on China A-Shares and B-Shares, the Principal China Equity Fund (through its investment in the underlying fund) may be subject to increased “*RMB currency and conversion risks*”, “*PRC investment risk*”, “*PRC tax risk with respect to capital gains*” and “*risks associated with investments utilizing Stock Connect*”, as currently set out in the MPF Scheme Brochure.

## **3. Principal Asian Equity Fund, Principal Hong Kong Equity Fund and Principal China Equity Fund – Underlying funds’ investment through the QFI regime**

In order to expand the scope and means of investment in Mainland China, the respective underlying funds of Principal Asian Equity Fund, Principal Hong Kong Equity Fund and Principal China Equity Fund will utilise the QFI regime in addition to the Stock Connect and accordingly, their respective investment policies will be amended to provide that the underlying funds may invest in eligible China A-Shares and B-Shares listed on Shanghai and Shenzhen stock exchanges via the Stock Connect and/or the QFI regime with effect from the Effective Date.

In light of the above changes to the investment policies of the underlying funds, corresponding updates will be made to the respective investment policies of Principal Asian Equity Fund, Principal Hong Kong Equity Fund and Principal China Equity Fund.

As their underlying funds may invest via the QFI regime, the Principal Asian Equity Fund, Principal Hong Kong Equity Fund and Principal China Equity Fund (through their investment in their respective underlying funds) may be subject to “*risks associated with investment made through the QFI regime*” and the risk disclosures in the MPF Scheme Brochure will be enhanced accordingly.

Furthermore, as the underlying funds of Principal Asian Equity Fund, Principal Hong Kong Equity Fund and Principal China Equity Fund may invest in the ChiNext market and/or the STAR Board, these Constituent Funds (through their investment in their respective underlying funds) may be subject to the risks associated with investment in ChiNext market and/or STAR Board and hence, the risk disclosures in the MPF Scheme Brochure will be enhanced to include “*specific risks associated with investment in ChiNext market and/or STAR Board*”.

## **4. Principal HK Dollar Savings Fund and Principal Hong Kong Bond Fund – Enhancement of disclosure on underlying funds’ investment in debt instruments with loss-absorption features**

Principal HK Dollar Savings Fund and Principal Hong Kong Bond Fund are feeder funds that feed into Principal Life Style Fund – Principal Hong Kong Dollar Savings Fund and Principal Life Style Fund - Principal Hong Kong Bond Fund respectively. The respective investment policies of the underlying funds will be updated to enhance disclosures about the underlying funds’ investment in debt instruments with loss-

absorption features in compliance with its investment policy and limits. These instruments may be subject to contingent write-down or contingent conversion to equity on the occurrence of trigger event(s).

Corresponding updates will be made to the respective investment policies of the Principal HK Dollar Savings Fund and Principal Hong Kong Bond Fund, and the risk disclosures in the MPF Scheme Brochure will be enhanced to include “*risks of investing in debt instruments with loss-absorption features*” with effect from the Effective Date.

#### **5. Principal Hong Kong Bond Fund – Enhancement of disclosure on underlying fund’s use of derivatives**

Principal Hong Kong Bond Fund invests solely in Principal Life Style Fund – Principal Hong Kong Bond Fund. The investment policy of the underlying fund will be updated to allow the underlying fund to enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes.

Corresponding updates will be made to the investment policy of the Principal Hong Kong Bond Fund, and the risk disclosures of the Principal Hong Kong Bond Fund will be enhanced to include “*hedging risk*” with effect from the Effective Date.

#### **6. Other miscellaneous or administrative updates**

Apart from the Changes set out in Sections 1 – 5 above, other amendments will be made to the MPF Scheme Brochure, including but not limited to:-

- (i) Administrative updates to the address of the Investment Manager and the Promoter;
- (ii) General updates and enhancement of risk disclosures in the section headed “*Risks*” in the MPF Scheme Brochure; and
- (iii) Other editorial amendments and administrative updates.

#### **7. General**

All costs and expenses associated with the Changes will be borne by the Trustee and will not be borne by the Scheme, the relevant Constituent Funds or the participating employers and members.

We confirm that the Changes will not have any adverse impact on the Scheme or the relevant Constituent Funds or the participating employers and members. We also confirm that the Changes will be in the interests of members, and the interests of members and will not be prejudiced by the Changes.

No action is required of the participating employers and members to effect the Changes.

Members of the relevant Constituent Funds who disagree with the Changes set out above may switch their holdings and/or invest future contributions into other Constituent Fund(s) of the Scheme free of charge pursuant to the MPF Scheme Brochure. To the extent permitted under the General Regulation and subject to the governing rules of the Scheme, participating employers and members may request to transfer their interests in the Scheme into other master trust scheme(s) in which such members are eligible to participate. No fees, and no necessary transaction costs (that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer) will be charged, and no financial penalties will be imposed for such transfer.

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The MPF Scheme Brochure will be amended by means of a first addendum (the “**First Addendum**”) to reflect the Changes and/or other consequential or miscellaneous updates or changes. The First Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure. The Key Scheme Information Document of

the Scheme (the “**KSID**”) will also be revised to reflect the Changes, as applicable. Please read the MPF Scheme Brochure, the First Addendum and the revised KSID carefully.

No amendment is required to be made to the trust deed of the Scheme (the “**Trust Deed**”) in respect of the Changes. However, copy of the Trust Deed can be inspected free of charge during normal business hours at our customer service centre at 30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

Should you have any questions about the Changes or would like to obtain a copy of the latest MPF Scheme Brochure and KSID, please contact our customer service hotline at (852) 2827 1233 or visit our website at [www.principal.com.hk](http://www.principal.com.hk).

**Principal Trust Company (Asia) Limited**

**19 June 2024**