

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 its knowledge and belief there are no other material facts the omission of which would make any statement misleading as at the date of issuance.

Dear participating employers and members,

Re: Principal MPF – Smart Plan (the “Plan”)

Thank you for your continued support of the Plan. We would like to inform you that the following changes (the “**Changes**”) will be made to the Plan with effect from 1 January 2023 (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 Plan dated 31 March 2020, as amended by the First Addendum dated 14 May 2021 (collectively, the “**MPF Scheme Brochure**”) unless otherwise specified herein.

This table summarises the Changes that shall be made to the Plan with effect from the effective dates as specified below.

- (a) With effect from 19 September 2022, the management fees chargeable by Principal - Hang Seng Index Tracking Fund and its underlying ITCIS have been reduced from up to 0.99% to up to 0.98% per annum of the net asset value of Principal - Hang Seng Index Tracking Fund due to the change in investment manager at the underlying ITCIS level of Principal - Hang Seng Index Tracking Fund.
- (b) With effect from the Effective Date (i.e. 1 January 2023), the following changes will be made to the Plan:
 - (i) Removal of the sub-investment manager/delegate of the investment managers or the sub-delegate at the underlying APIF/ITCIS level in respect of eight constituent funds under the Plan
 - (ii) Change in the registered office of the Investment Manager
 - (iii) Change in the address of the Auditor
 - (iv) Change in the email address for enquiry contact in relation to the Plan

The Changes above are elaborated in the main body of this Notice.

1. Amendments to the MPF Scheme Brochure

(i) Changes at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund

With effect from 19 September 2022, the following changes at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund have been made:

- (a) the investment manager at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund has been changed from State Street Global Advisors Asia Limited to Hang Seng Investment Management Limited; and
- (b) as a result of the change of investment manager as specified in (a) above, the following fees at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund have been reduced:
- (i) the current level of the aggregate management fees imposed by Principal – Hang Seng Index Tracking Fund and its underlying ITCIS have been reduced from up to 0.99% to up to 0.98% per annum of the net asset value of Principal – Hang Seng Index Tracking Fund;
 - (ii) both the trustee fee and the investment management fee at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund have been reduced respectively from up to 0.05% to up to 0.045% per annum of the net asset value of Principal – Hang Seng Index Tracking Fund;
 - (iii) the current aggregate management fee at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund has been reduced from up to 0.10% to up to 0.09% per annum of the net asset value of Principal – Hang Seng Index Tracking Fund; and
 - (iv) the maximum aggregate management fee at the underlying ITCIS level of Principal – Hang Seng Index Tracking Fund has been reduced from 0.10% to 0.09% per annum of the net asset value of Principal – Hang Seng Index Tracking Fund.

(ii) Change in investment delegation arrangement at the underlying APIF/ITCIS level

The following changes will take effect in relation to the underlying APIFs/ITCISs of the following eight constituent funds under the Plan, namely Principal Growth Fund, Principal Balanced Fund, Principal Stable Fund, Principal Cash Fund, Principal – MPF Conservative Fund, Principal Guaranteed Fund, Principal Core Accumulation Fund and Principal Age 65 Plus Fund (collectively, the “**Relevant CFs**” and each a “**Relevant CF**”).

Relevant CFs	Investment delegation arrangement at the underlying APIF/ITCIS level	
	Before the Effective Date	On and after the Effective Date
(i) Principal Growth Fund	Sub-investment manager/delegate of the investment managers: (i) Principal Global Investors, LLC (“ PGILLC ”) (ii) Principal Global Investors (Hong Kong) Limited (“ PGIHK ”)	Removal of PGIHK as one of the sub-investment managers/delegates of the investment managers
(ii) Principal Balanced Fund		As such, on and after the Effective Date: Sub-investment manager/delegate of the investment managers: PGILLC
(iii) Principal Stable Fund		
(iv) Principal Cash Fund		
(v) Principal – MPF Conservative Fund		
(vi) Principal Guaranteed Fund		

<p>(vii) Principal Core Accumulation Fund</p> <p>(viii) Principal Age 65 Plus Fund</p>	<p>Sub-investment manager/delegate of the investment managers: PGILLC</p> <p>Sub-delegate: PGIHK</p>	<p>Removal of PGIHK as the sub-delegate</p> <p>As such, on and after the Effective Date:</p> <p>Sub-investment manager/delegate of the investment managers: PGILLC</p>
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The proposed removal of PGIHK as the sub-investment manager/delegate of the investment managers or the sub-delegate (as the case may be) at the underlying APIF/ITCIS level in respect of the Relevant CFs is to streamline the delegation arrangements of the underlying APIFs/ITCISs in which the Relevant CFs invest in order to achieve greater efficiencies. Despite such proposed changes, there will not be any change to the investment objective and policy of each Relevant CF.

(iii) Change in registered office of the Investment Manager

The registered office of Principal Asset Management Company (Asia) Limited (Investment Manager) will be changed to Unit 1001-1002, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The current office of the Investment Manager at 30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong will remain as a branch office of the Investment Manager.

(iv) Change in address of the Auditor

The address of Ernst & Young (Auditor) has been changed to 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

(v) Change in email address for enquiry contact

The email address for enquiry contact in relation to the Plan will be changed to hkinfo@principal.com.

2. Amendment to the Key Scheme Information Document

With effect from 19 September 2022, the management fees chargeable by Principal – Hang Seng Index Tracking Fund and its underlying ITCIS have been reduced from up to 0.99% to up to 0.98% per annum of the net asset value of Principal – Hang Seng Index Tracking Fund.

3. Impact of the Changes

The changes described in section 1(ii) above will not result in any change to the investment objectives and policies of the Relevant CFs or any increase in risk level of the Relevant CFs. Also, the fee levels and fees and charges structure of the Relevant CFs will remain unchanged.

The costs of the Changes will be borne by the Trustee and will not be borne by the Plan or the participating employers or members.

We are of the view that the Changes would be in the interest of the members of the Plan and will not create any adverse impact on them.

4. Actions required of Participating Employers and Members

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

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The MPF Scheme Brochure will be amended by means of a second addendum (the “**Second Addendum**”) to reflect the Changes and the ancillary changes. The Second Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure. Please read the MPF Scheme Brochure, the Second Addendum and the revised Key Scheme Information Document carefully.

No amendment is required to be made to the trust deed of the Plan in respect of the Changes. However, copy of the trust deed of the Plan can be inspected free of charge at any time during normal business hours on any business day at the office of the sponsor of the Plan in Hong Kong (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 updated MPF Scheme Brochure and Key Scheme Information Document, please contact our customer service hotline at 2802 2812/2885 8011 or visit our website at www.principal.com.hk.

Principal Trust Company (Asia) Limited
18 October 2022