

This Notice is important and requires your immediate attention. It should be read by all participating employers, employee members, self-employed persons, SVC members and personal account members of Principal MPF – Smart Plan (collectively, "Scheme Participants"). 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 Scheme Participants,

Re: Principal MPF – Smart Plan (the "Plan")

Thank you for your continuous support to the Plan.

We would like to inform you that the following changes (the "**Changes**") shall be made to the Plan with effect from 31 December 2025 (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 7 August 2025 (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 Date, unless otherwise specified.

1. Revised Code on Disclosure for MPF Investment Funds ("Revised Disclosure Code")

The MPF Scheme Brochure, the Key Scheme Information Document and the Trust Deed shall be updated to reflect the Revised Disclosure Code issued on 29 April 2025. Key changes include (i) replacing the references to "sponsor" and "sponsor fee" with "MPF scheme provider" and "member servicing fee", respectively; and (ii) clarifying the role of the MPF scheme provider of the Plan ("**MPF Scheme Provider**") and the scope of services it provides to members.

2. Rebate at the underlying fund level

The MPF Scheme Brochure has been enhanced to disclose the rebate at the underlying fund level of Principal Core Accumulation Fund and Principal Age 65 Plus Fund with effect from 1 January 2022.

3. Severe Weather Trading ("SWT")

The MPF Scheme Brochure, the Trust Deed and the key scheme information document of the Plan ("**Key Scheme Information Document**") have been updated to reflect the changes necessary to give effect to SWT effective on 23 September 2024.

4. Rebate arrangement at the constituent fund level

The MPF Scheme Brochure has been updated to reflect that the underlying APIF(s)/ITCIS(s) in which four constituent funds under the Plan invest and/or the investment manager of such underlying APIF(s)/ITCIS(s) may provide a rebate on the portion of management fees charged at such underlying APIF(s)/ITCIS(s) level with effect from 2 October 2024, and such rebate shall be payable to these constituent funds.

5. Reduction in management fees at the constituent fund level and the underlying fund level (“aggregate management fees”) of Principal Dynamic Global Bond Fund and Principal Dynamic Asian Bond Fund

The MPF Scheme Brochure and the Key Scheme Information Document have been updated to reflect the reduction in aggregate management fees of Principal Dynamic Global Bond Fund from 1.23% to 1.13% per annum of its net asset value and Principal Dynamic Asian Bond Fund from 1.19% to 1.09% per annum of its net asset value with effect from 7 August 2025.

6. Implementation of a cap on the underlying fund level management fees of Principal – Hang Seng Index Tracking Fund

The MPF Scheme Brochure and the Key Scheme Information Document have been updated to reflect the implementation of a cap on the underlying fund level management fees of Principal – Hang Seng Index Tracking Fund with effect from 19 September 2025, which has led to the change in aggregate management fees of Principal – Hang Seng Index Tracking Fund from up to 0.91% to up to 0.858% per annum of its net asset value.

7. MPF offsetting arrangement in respect of long service and severance payments

The MPF Scheme Brochure and the Trust Deed shall be updated to incorporate the MPF offsetting arrangement in respect of long service and severance payments.

8. Other miscellaneous or administrative updates

The MPF Scheme Brochure and the Key Scheme Information Document shall be updated to reflect miscellaneous or administrative updates.

The Changes above are elaborated in the main body of this Notice. We are of the view that the Changes will not have any adverse impact on Scheme Participants. No action is required of Scheme Participants in relation to the Changes.

If you have any questions or concerns about the Changes set out in this Notice, please contact our customer service hotline at 2802 2812.

1. Revised Code on Disclosure for MPF Investment Funds

The MPF Scheme Brochure, the Key Scheme Information Document and the Trust Deed shall be updated to reflect the Revised Disclosure Code issued by the Mandatory Provident Fund Schemes Authority on 29 April 2025. Key changes include (i) replacing the references to “sponsor” and “sponsor fee” with “MPF scheme provider” and “member servicing fee”, respectively; and (ii) clarifying the role of the MPF Scheme Provider and the scope of services it provides to members. The scope of services includes member education, member communication, member support and liaison, handling member enquiries on fund performance and investment options, issuance of offering documents, preparation, printing and distribution of fund fact sheets, maintaining a corporate website with the latest fund prices, fund performance, and up-to-date information of the Plan, provision of resources to support member understanding of MPF investment, and product governance (comprising ongoing review on products and market trends, fund performance reporting and monitoring as well as fee structure monitoring and benchmarking). **The Revised Disclosure Code will not affect the aggregate management fees of the constituent funds under the Plan.**

2. Rebate at the underlying fund level

The MPF Scheme Brochure has been enhanced to disclose that the current aggregate management fee at the underlying fund level of Principal Core Accumulation Fund and Principal Age 65 Plus Fund has taken into account any rebate payable to the underlying portfolio(s) with effect from 1 January 2022. The enhanced disclosure explains that the current aggregate management fee at the underlying fund level of these constituent funds are shown as “Nil” because such management fees are fully offset by the rebates payable to the respective underlying portfolio(s).

3. Severe Weather Trading

The MPF Scheme Brochure, the Trust Deed and the Key Scheme Information Document have been updated to reflect the changes necessary to give effect to SWT effective on 23 September 2024, which had been previously explained in our notice on SWT dated 23 September 2024. Major updates to the MPF Scheme Brochure and/or the Trust Deed include addition of the definition of “Severe Weather Trading Day”, amendment to the definitions of “Dealing Deadline” and “Valuation Date”, and enhancement of the disclosure regarding the valuation of a constituent fund on a severe weather trading day (as applicable).

4. Rebate arrangement at the constituent fund level

The MPF Scheme Brochure has been updated to reflect that, with effect from 2 October 2024 and 4 March 2025, the underlying APIF(s)/ITCIS(s) in which the following four constituent funds under the Plan invest and/or the investment manager of such underlying APIF(s)/ITCIS(s) may provide a rebate of up to 0.40% p.a. and 0.49% p.a., respectively, on the portion of management fees charged at such underlying APIF(s)/ITCIS(s) level, and such rebate shall be payable to these constituent funds accordingly:

- (i) Principal Dynamic Hong Kong Equity Fund;
- (ii) Principal Dynamic Global Equity Fund;
- (iii) Principal Dynamic Asia Pacific Equity Fund; and
- (iv) Principal Dynamic Greater China Equity Fund.

5. Reduction in aggregate management fees of Principal Dynamic Global Bond Fund and Principal Dynamic Asian Bond Fund

The MPF Scheme Brochure and the Key Scheme Information Document have been updated to reflect the reduction in investment management fees of Principal Dynamic Global Bond Fund and Principal Dynamic Asian Bond Fund with effect from 7 August 2025, which has led to the reduction in their respective aggregate management fees as follows:

Constituent fund	Investment management fee (% p.a. of NAV)		Aggregate management fee (% p.a. of NAV)	
	Existing	New	Existing	New
Principal Dynamic Global Bond Fund	up to 0.47	up to 0.37	1.23	1.13
Principal Dynamic Asian Bond Fund	up to 0.43	up to 0.33	1.19	1.09

6. Implementation of a cap on the underlying fund level management fees of Principal – Hang Seng Index Tracking Fund

With effect from 19 September 2025, the underlying fund level management fees of Principal – Hang Seng Index Tracking Fund, which is calculated in accordance with the tiered fee structure, shall be subject to an effective rate of 0.038% per annum (“**Cap**”), so that the tiered fee will be compared to the Cap at the end of each quarter and the lower shall apply. Due to the implementation of the Cap, the MPF Scheme Brochure and/or the Key Scheme Information Document have been updated to reflect the following changes (as applicable):

- (i) the aggregate management fees of Principal – Hang Seng Index Tracking Fund have been changed from up to 0.91% to up to 0.858% per annum of its net asset value;

- (ii) each of the trustee fee and the investment management fee at the underlying fund level of Principal – Hang Seng Index Tracking Fund has been changed from up to 0.045% to up to 0.019% per annum of its net asset value;
- (iii) the current aggregate management fee at the underlying fund level of Principal – Hang Seng Index Tracking Fund has been changed from up to 0.09% to up to 0.038% per annum of its net asset value; and
- (iv) the maximum aggregate management fee at the underlying fund level of Principal – Hang Seng Index Tracking Fund has been changed from 0.09% to 0.038% per annum of its net asset value.

7. MPF offsetting arrangement in respect of long service and severance payments

The MPF Scheme Brochure and the Trust Deed shall be updated to incorporate the default sequence of offsetting against long service payments or severance payments, i.e. firstly, benefits attributable to the participating employer's voluntary contributions (if applicable), to be followed by benefits attributable to the participating employer's mandatory contributions (with respect to the long service payment or severance payment attributable to the employee member's period of service before 1 May 2025). However, should a participating employer with different types of benefits attributable to its own contributions wish to apply a different sequence of offsetting, the participating employer may make such application through the eMPF Platform.

8. Other miscellaneous or administrative updates

The MPF Scheme Brochure, the Key Scheme Information Document and/or the Trust Deed shall be updated to reflect the following miscellaneous or administrative updates (as applicable):

- (i) Amendment to the definition of “Specific Investment Instruction” in the MPF Scheme Brochure to better reflect the administrative arrangements after the onboarding of the Plan to the eMPF Platform on 7 May 2025;
- (ii) Amendment to update the company profile of the exclusive distributor of the Plan, AXA, in the MPF Scheme Brochure; and
- (iii) Other editorial amendments and miscellaneous updates.

9. Impact of the Changes

We are of the view that the Changes will not have any adverse impact on Scheme Participants.

10. Action required of Scheme Participants

No action is required of Scheme Participants in relation to the Changes.

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The MPF Scheme Brochure shall be amended by means of a first addendum (the “**First Addendum**”) to reflect the Changes and/or other consequential, administrative and miscellaneous updates and changes. The First Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure. The Key Scheme Information Document and the Trust Deed shall also be amended to reflect the Changes. Changes set out in this Notice are in summary form only. Please read the MPF Scheme Brochure (including the First Addendum), the updated Key Scheme Information Document and Trust Deed carefully.

The updated MPF Scheme Brochure and Key Scheme Information Document are available on our website at www.principal.com.hk or you may request a copy of it by contacting our customer service hotline at 2802 2812. In addition, a copy of the updated 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.

If you have any questions or concerns about the Changes set out in this Notice, please contact our customer service hotline at 2802 2812.

Principal Trust Company (Asia) Limited

31 December 2025