



Principal Trust Company (Asia) Limited

30/F, Millennium City 6  
392 Kwun Tong Road,  
Kwun Tong, Kowloon, Hong Kong  
Fax: (852) 2827-1707  
Customer Service Hotline: (852) 2802-2812 / 2885-8011  
Website: www.principal.com.hk

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

**This notice should be read by all participating employers, employee members, self-employed persons, personal account members and SVC members of the Principal MPF – Smart Plan (collectively, “Scheme Participants”).**

Principal Trust Company (Asia) Limited (“**PTC (Asia)**”, “**we**”, “**us**” or “**our**”) accepts responsibility for the information contained in this notice having made all reasonable enquiries that to the best of our knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Terms used in this notice have the same meaning as in the latest version of the Offering Document of the Principal MPF – Smart Plan (the “**Plan**”), unless otherwise defined.

Dear Scheme Participants,

**This box summarises the key changes to the Plan and, where appropriate, the Trust Deed, which are elaborated in the main body of this notice:**

- **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;**
- **certain miscellaneous changes; and**
- **the latest requirements of the Code on Disclosure for MPF Investment Funds issued by the Mandatory Provident Fund Schemes Authority (the “**Code**”).**

**If you have any queries in relation to the changes in this notice, please contact our Customer Service Hotline at 2802 2812 or 2885 8011.**

Thank you for your continuous support. We would like to inform you of the changes to the Offering Document and, where appropriate, the Trust Deed, of the Plan:

## **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 Plan?

The Plan 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 Plan 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. Reduction of fees

Owing to the reduction of the administration fee at the constituent fund level, the management fee payable out of the Principal – MPF Conservative Fund and the Principal Cash Fund will be reduced from 1 April 2020 as shown in the table below:

Name	Aggregate management fee (p.a.) (comprising both the constituent fund and underlying fund levels)	
	Before 1 April 2020	On and after 1 April 2020
Principal – MPF Conservative Fund	0.99%	0.95%
Principal Cash Fund	0.95%	0.91%

### 2.2. Addition of risk factors

The Offering Document will be updated to include the following risk factors: risks associated with small-capitalisation/mid-capitalisation companies; risks associated with high volatility of the equity market in certain countries and regions; risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions; sovereign debt risks; valuation risks; credit rating risks; Eurozone risks; risks of investing in collective investment schemes; and risk of investing in China Interbank Bond Market and/or Bond Connect. These risk factors apply to certain constituent funds, as more particularly reflected in the Offering Document. The investment objectives and policies and risk and return profiles of the constituent funds remain unaffected.

### 2.3. Disclosure update on the use of security lending agreements, repurchase agreements, financial futures contracts or options contracts (“**Relevant Instruments**”) in relation to the underlying APIFs and/or ITCISs of certain constituent funds

The Offering Document will be updated to reflect that, for the Principal Dynamic Global Equity Fund, the Principal Dynamic Asia Pacific Equity Fund, the Principal Dynamic Global Bond Fund, the Principal Dynamic Greater China Equity Fund, the Principal Dynamic Asian Bond Fund and the Principal Dynamic Hong Kong Equity Fund (each, the “**Relevant Constituent Fund**”), each in the form of a portfolio management fund, their underlying APIFs and/or ITCISs may enter into the Relevant Instruments to the extent permitted by the General Regulation and, where the Relevant Instruments are financial futures contracts or options contracts, for hedging purposes.

Although the underlying APIFs and/or ITCISs currently do not enter into the Relevant Instruments, given the underlying APIFs and/or ITCISs may change their use of Relevant Instruments and the Relevant Constituent Fund may change the underlying APIFs and/or ITCISs from time to time, we would like to take this opportunity to update this disclosure to ensure flexibility and consistency with the offering documentation of the underlying APIFs and/or ITCISs.

### 2.4. Disclosure update on the withdrawal events in respect of the occurrence of which the guarantee under the Principal Guaranteed Fund applies

The Offering Document will be updated to reflect the existing policy that “permanent departure from Hong Kong” is one of the withdrawal events in respect of the SVC members to which scenario (b) under “Features of Guarantee” of the Principal Guaranteed Fund in the Offering Document (i.e. scenario (b) of Appendix 1 to the new MPF Scheme Brochure (see below for details)) would apply.

## 2.5. Trust Deed

We have taken this opportunity to tidy up the Trust Deed, e.g. consolidate the previous supplemental deeds into the 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 Trust Deed.

### 3. **Updates for compliance with 8.9 of the SFC Code on MPF Products**

The Offering Document has been updated to reflect the latest requirement in 8.9 of the SFC Code on MPF Products issued by the Securities and Futures Commission (“**SFC**”) regarding mentioning of SFC authorisation in the Offering Document.

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

The Offering Document 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 Offering Document will be renamed as the “MPF Scheme Brochure”. Rest assured that the update to the Offering Document per the Code will not in itself result in changes to the operation and features of the Plan.

\*\*\*

The Offering Document and where appropriate the Trust Deed of the Plan will be amended to reflect the changes in this notice. You may access the updated Offering Document on our website at [www.principal.com.hk](http://www.principal.com.hk) or request a copy of it by contacting our Customer Service Hotline at 2802 2812 or 2885 8011 as from 31 March 2020. Copies of the 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 Sponsor in Hong Kong (30/F Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong).

If you have any queries in relation to the changes in this notice, please contact our Customer Service Hotline at 2802 2812 or 2885 8011.

**Principal Trust Company (Asia) Limited**

30 March 2020