

Replacement of the Trustee and Custodian, and removal of the Administrator for Principal MPF – Smart Plan and Principal MPF – Simple Plan

Frequently Asked Questions

27 April 2016

GENERAL

1: Please describe the change of trustee and custodian for Principal MPF – Smart Plan (the “Smart Plan”) and Principal MPF - Simple Plan (collectively the “Plan”)

With a view to streamlining the trusteeship service of the Principal Group in Hong Kong so that Principal Trust Company (Asia) Limited (“PTC (Asia)”), which is the approved trustee of other MPF schemes, will be the sole trustee for all the MPF schemes operated and administered by the Principal Group, Principal Group has decided to replace Principal Trust Company (Hong Kong) Limited (“PTC (HK)”), the current trustee of the Plan, with PTC (Asia).

Pursuant to Clause 12.2 of the Trust Deed of the Plan, PTC (HK) has given to Principal Insurance Company (Hong Kong) Limited, the sponsor of the Plan, not less than three months' notice in writing to resign as trustee of the Plan with effect from 4 July 2016, and the sponsor has exercised its power under Clause 12.1 of the Trust Deed to appoint PTC (Asia) to be the replacement trustee with effect from 4 July 2016.

PTC (HK) is currently the custodian of all constituent funds under the Plan, other than Principal - Hang Seng Index Tracking Fund under the Smart Plan (the “HSIT Fund”). As a result of the change of trustee of the Plan, PTC (HK) will cease to be, and PTC (Asia) will become, the custodian of these constituent funds (other than the HSIT Fund) with effect from 4 July 2016.

With PTC (Asia) taking up the provision of trustee and custodian services to the Plan (other than the HSIT Fund), over 500,000 member accounts in total will be managed by PTC (Asia) directly. This will mean greater economies of scale can be achieved and the ensuing increase in operational efficiency and overall cost-effectiveness will benefit all Schemes Participants. PTC (HK) therefore is of the view that the replacement of the existing Trustee with the New Trustee is in the interests of the Scheme Participants.

2: Please describe the change of administrator of the Principal MPF – Smart/Simple Plan.

With effect from the 4 July 2016, the new trustee, PTC (Asia), will take up the function as administrator to the Plan. As such, the service of BestServe Financial Limited (“BestServe”) will no longer be required. Accordingly, from 4 July 2016, BestServe will cease to be the administrator of the Plan.

This would help streamline the provision of administrative service to all MPF schemes of the Principal Group in Hong Kong and consequently lead to increase in operational efficiency and overall cost-effectiveness as well as enhancement in the quality of customer services. PTC (HK) considers that this is in the interests of the Scheme Participants.

3. Please describe the new administrator and trustee, PTC (Asia).

PTC (Asia), a member of the Principal Financial Group headquartered in the United States, is an approved MPF trustee pursuant to Section 20 of the Mandatory Provident Fund Schemes Ordinance. It provides one-stop shop services on retirement scheme management, including corporate trustee, fund and scheme administration services, and is the trustee of Principal MPF Scheme Series 600 and Principal MPF Scheme Series 800.

4. Are there any impacts on the Plan and all participating employers, employee members, self-employed persons and personal account members (collectively the “Scheme Participants”) for this change of trustee and administrator?

The change of trustee and administrator will not have any adverse impact on the Plan or the interests of the Scheme Participants for the following reasons:

- Following the change of Trustee from PTC (HK) to PTC (Asia), PTC (Asia) will assume the same obligations of PTC (HK) as the Trustee. The fee payable to PTC (Asia) as the Trustee will remain unchanged.
- Notwithstanding the removal of the administrator, such a change will have no adverse impact on the Plan or the interests of the Scheme Participants because PTC (Asia) will assume the administration functions in relation to the Plan.
- All costs and expenses associated with the change of trustee and administrator will be borne by PTC (Asia) and will not be borne by the Plan or the Scheme Participants.

We, together with PTC (Asia) and the Sponsor, have been working closely on the transitional arrangements. We confirm that this exercise will be in the interests of the Scheme Participants and the interests of the Scheme Participants will be adequately protected in this exercise and will not be prejudiced.

5: What are the changes to the administration forms used for the Plan?

- With effect from 4 July, 2016, the payee name for contributions payment for Principal MPF Smart Plan will be "PTC - Smart Plan" (in English language) and "信安 - 明智之選" (in Chinese language), and for Principal MPF Simple Plan will be "PTC - Simple Plan" (in English language) and "信安 - 易富之選" (in Chinese language).
- The Administration forms for the Plan will be updated to reflect that PTC (Asia) is the New Trustee and administrator of the Plan. Nevertheless, PTC Asia will continue to accept payment for contributions with the old payee name and old administration forms (i.e. payee name and forms in use before the Effective Date) up to and including 31 December 2016.
- The Administration forms for the Plan will be available for downloading from the website at www.principal.com.hk as from 4 July 2016. Scheme Participants are reminded to download the new Administration forms and use them from 4 July 2016 onwards.

6: What are the address, e-mail address and fax number of the new administrator?

Address:

30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

E-mail address for the submission of contribution file:

axa-principalmpf@principal.com

Fax number:

2827 1707

7: Can I still use the current online service, eAdmin?

You will still be able to access www.principal.com.hk to access online services from now until 6:00pm on 24 June 2016, after which the eAdmin online service will be suspended. All Scheme Participants can access the Principal Retirement Service Centre online service again at www.principal.com.hk starting from 9:00am on 4 July 2016 onwards by using the new PIN.

Your new PIN to access the Principal Retirement Service Centre online service will be mailed to you prior to 4 July 2016.

8: Will there be any suspension in the processing of Instruction during the transition to the new administrator?

In order to facilitate the removal of BestServe as administrator of the Plan on 4 July 2016, processing of contribution, redemption, switching, change of investment mandate, transfer-in and transfer-out instructions (collectively the "Instructions") , other than transfer-in Instructions under Employee Choice Arrangement, will be suspended (the "Instruction Suspension") for four business days from 27 June 2016 to 30 June 2016 (both dates inclusive) (the "Instruction Suspension Period"). However, determination of net asset value of the constituent funds of the Plan will continue and will not be affected by the suspension. The duration of the Instruction Suspension Period was determined by reference to the time required to facilitate smooth transition of the administrator role from BestServe to PTC (Asia).

We will continue to process transfer-in Instructions under the Employee Choice Arrangement during the Instruction Suspension Period.

No Instructions (including transfer-in Instructions under Employee Choice Arrangement) can be made via internet during the period after 6:00 pm, 24 June 2016 to 9:00 am, 4 July 2016 (the "Internet Suspension Period"). As for Instructions in paper form (whether sent through mails, fax or by handing in), while they can still be submitted during the Internet Suspension Period, their processing (other than the processing of transfer-in Instructions under the Employee Choice Arrangement) will be suspended during the Instruction Suspension Period.

9. Will there be any suspension of services?

All services (including without limitation account balance enquiries, change of member particulars, submission of remittance statement by employers) provided to the Scheme

Participants through internet will be suspended (the "Service Suspension") during the Internet Suspension Period. Provision of these services will resume after 9:00 am on 4 July 2016.

10. What are the Cut off time / date for Instructions to be processed before the Effective Date?

Where a Scheme Participant wishes to have his/her/its Instructions processed before 4 July 2016, valid Instructions (and in the case of contribution Instructions, with cleared funds), must reach BestServe by the following respective cut-off dates:

Instruction	Received on or before
Contribution	Via mail / handing in / fax / email / internet: 22 June 2016
Switching / Change of investment mandate [^]	Via mail / handing in: 24 June 2016 Via Internet: 6:00 pm, 24 June 2016
Redemption [#]	Via mail / handing in: 22 June 2016
Transfer-out [#]	Any valid Instruction (whether via paper or electronic form) to transfer out of the Plan must reach BestServe through the transferee trustee by 22 June 2016*

[^]Switching / change of investment mandate cannot be processed via fax or email.

[#]Redemption and transfer-out Instructions must be submitted in paper form.

**Any Instruction to transfer out must be accompanied by a transfer form completed by all relevant parties, including the transferee trustee and submitted through the transferee trustee.*

Clients can continue to contact our customer service hotline (2802 2812) and employer service hotline (2519 1188) from 27 June 2016 to 30 June 2016 during office hours (9:00am to 6:00pm) for enquiries.

11: Is there any change to the service hotline and website?

The customer service hotline and employer service hotline will remain unchanged. You will be able to access the same customer service hotline at 2802 2812 and employer service hotline at 2519 1188 as well as the same website at www.principal.com.hk to access online services. You shall expect to receive comparable administrative services after 4 July 2016. There will be no adverse impact on your usage of administrative services as a Scheme Participant.

12: Is there any change to the service pledge?

No change.

13. Will PTC (HK) organize any seminars to inform the Scheme Participants about these changes?

PTC (HK) will organize seminars in May 2016 and June 2016 to inform the Scheme Participants of these changes and answer any queries raised by them. A seminar leaflet with the schedule and registration methods has been sent to all Scheme Participants along with the notice about these changes.

FOR EMPLOYERS ONLY

14: Will I have a different Relations Manager after the change of administrator and trustee?

No, your existing Relations Manager will continue to be at your service.