

This notice is important and requires your immediate attention. It should be read by all the principal employers, participating employers (together, “Employers”) and employee members (“Employees”) (collectively, “Scheme Participants”) of Principal Trust Company (Asia) Limited Retirement Scheme (“Scheme”). If you are in any doubt about the contents of this document, you should seek independent professional financial advice.

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

This notice only summarises the changes to the Scheme. Scheme Participants may obtain a copy of the latest Principal Trust Company (Asia) Limited Retirement Scheme Principal Brochure (“**Principal Brochure**”) from our website at www.principal.com.hk¹ or request for a copy through our customer service hotline at 2827 1233.

Dear Scheme Participants,

Thank you for your continuous support of the Scheme. We would like to inform you of the following changes (“**Changes**”) in respect of the Scheme and its Investment Portfolios, which shall take effect on 19 July 2024 (“**Effective Date**”), unless otherwise specified.

Summary of the Changes

This table summarises the Changes that will be made to the Scheme and its Investment Portfolios with effect from the Effective Date.

1. Principal Asian Equity Fund – Expansion of geographical focus

The investment objective and policy of the Ultimate Underlying Fund of Principal Asian Equity Fund will be updated to reflect the expansion of its geographical focus from “Asia (ex-Japan)” to “Asia Pacific (ex-Japan)”. Corresponding updates will be made to the investment objective and policy of the Principal Asian Equity Fund.

2. Principal China Equity Fund – Update to investment limit on China A-Shares and B-Shares

The investment objective and policy of the Underlying Fund of Principal China Equity Fund will be amended to provide that the Underlying Fund may invest less than 70% (currently less than 30%) 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 Science and Technology Innovation Board (“**STAR Board**”)). Corresponding updates will be made to the investment policy of the Principal China Equity Fund. The

¹ This website has not been reviewed by the SFC.

Principal China Equity Fund may be subject to increased “risks associated with investments in the PRC”, “risks associated with investment utilizing Stock Connect” and “specific risks associated with investment in ChiNext market and/or STAR Board”.

3. Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund – Investment through the qualified foreign investor (“QFI”) regime

The investment policies of the respective underlying funds of Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund will be amended to provide that in addition to Stock Connect, the respective underlying funds may invest in eligible China A-Shares and B-Shares listed on Shanghai and Shenzhen stock exchanges via the QFI regime. Corresponding updates will be made to the investment policies of the Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund. The Investment Portfolios may be subject to “risks associated with investment made through the QFI regime”.

4. Other administrative or miscellaneous updates and changes

Other amendments will be made to the Principal Brochure including general updates, alignment of disclosures 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 Scheme Participants.

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 geographical focus

The Principal Asian Equity Fund invests solely in the Underlying Fund, which in turn primarily invests in the Ultimate Underlying Fund. The Investment Portfolio, via indirect investment in the Ultimate Underlying Fund, invests primarily in Asian equities.

With effect from the Effective Date, the investment objective and policy of the Ultimate Underlying Fund will be updated to reflect the expansion of its geographical focus from “Asia (ex-Japan)” to “Asia Pacific (ex-Japan)”. Consequently, the investment objective of the Principal Asian Equity Fund will be amended as follows:

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

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

2. Principal China Equity Fund – Update to investment limit on China A-Shares and B-Shares

Currently, the Underlying Fund of the Principal China Equity Fund will invest less than 30% of its net asset value in eligible China A-Shares and B-Shares listed on the Shanghai and 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).

Corresponding updates will be made to the investment policy of the Principal China Equity Fund to align with the investment policy of its Underlying Fund.

As a result, by its investment in its Underlying Fund, the Principal China Equity Fund may be subject to increased “risks associated with investments in the PRC” and “risks associated with investment utilizing Stock Connect” as currently set out in the Principal Brochure, and “specific risks associated with investment in ChiNext market and/or STAR Board” which will be included in the Principal Brochure.

3. Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund – Investment through the QFI regime

In order to expand the scope and means of investment in Mainland China, the underlying funds of Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund may utilise the QFI regime in addition to the Stock Connect with effect from the Effective Date. The respective investment policies of the relevant Investment Portfolios will be updated to provide that their respective 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.

Consequently, the Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund, via investments in their respective underlying funds, may be subject to “risks associated with investment made through the QFI regime”. The risk disclosures in the Principal Brochure will be enhanced to include the “risks associated with investment made through the QFI regime”.

4. Other administrative or miscellaneous updates and changes

Other amendments will also be made to the Principal Brochure, including but not limited to:-

- (i) Administrative updates to the address and biography of the Management Company;
- (ii) General updates and enhancement of risk disclosures in section 4 headed “**RISK FACTORS**”;
- (iii) Updates to the investment policies of Principal Asian Equity Fund, Principal China Equity Fund and Principal Hong Kong Equity Fund in section 8 headed “**INVESTMENT PORTFOLIO FACT SHEETS**” to better align with the investment policies of their underlying funds; and
- (iv) Other editorial amendments and administrative updates.

5. Impact on the Scheme and Scheme Participants

Save as disclosed above, there will be (i) no material change to the other features of the relevant Investment Portfolios and the operation and/or manner in which the relevant Investment Portfolios are being managed in practice; (ii) no increase in the overall risk profiles of the relevant Investment Portfolios; (iii) no change in the fee levels and fees and charges structure of the relevant Investment Portfolios. Based on the above, we are of the view that the Changes to the relevant Investment Portfolios would not have any adverse impact on Scheme Participants’ rights or interests.

No action is required of the Scheme Participants to effect the Changes.

6. Availability of documents

The Principal Brochure will be amended by means of a third addendum to reflect the Changes and/or other administrative and miscellaneous updates and changes on or around the Effective Date. Scheme Participants may obtain a copy of the latest Principal Brochure from our website at www.principal.com.hk² or request for a copy through our customer service hotline at 2827 1233.

No amendment is required to be made to the Master Trust Deed in respect of the Changes. Copies of the Master Trust Deed are available for inspection free of charge at the office of the Management Company at 29/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Copies of the Master Trust Deed can be purchased from the Administrator on payment of a reasonable fee.

If you have any queries relating to the above, please contact our customer service hotline at (852) 2827 1233.

Principal Asset Management Company (Asia) Limited

19 June 2024

² This website has not been reviewed by the SFC.