

SHKP MPF EMPLOYER SPONSORED SCHEME

Reports and Financial Statements
For the year ended 31 March 2023

SHKP MPF EMPLOYER SPONSORED SCHEME

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

<u>CONTENTS</u>	<u>PAGE(S)</u>
SCHEME REPORT	1 - 5
INDEPENDENT AUDITOR'S REPORT	6 - 9
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS – SCHEME	10
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS – SCHEME	11 - 12
STATEMENT OF CASH FLOWS – SCHEME	13
REVENUE STATEMENT - CONSTITUENT FUNDS	14 - 15
STATEMENT OF ASSETS AND LIABILITIES - CONSTITUENT FUNDS	16 - 17
STATEMENT OF CHANGES IN NET ASSETS - CONSTITUENT FUNDS	18 - 19
NOTES TO THE FINANCIAL STATEMENTS	20 - 53
UNAUDITED INVESTMENT REPORT	54 - 89
INDEPENDENT AUDITOR'S ASSURANCE REPORT	90 - 92
SCHEME GOVERNANCE REPORT	93 - 101

SHKP MPF EMPLOYER SPONSORED SCHEME

SCHEME REPORT FOR THE YEAR ENDED 31 MARCH 2023

Standard Chartered Trustee (Hong Kong) Limited (*known as RBC Investor Services Trust Hong Kong Limited prior to 16 May 2023*), as the trustee of the Scheme, (the "Trustee") has pleasure in presenting the annual reports and financial statements of SHKP MPF Employer Sponsored Scheme (the "Scheme") for the year ended 31 March 2023.

The Scheme is an employer sponsored scheme established by a trust deed dated 20 October 2000, as amended, (the "Trust Deed"). Prior to 30 November 2022, the Trustee is an indirect subsidiary of RBC Investor Services Bank S.A ("RISB"). RISB is wholly owned indirectly by Royal Bank of Canada.

Under the Trust Deed of the Scheme, the Trustee is required to establish and maintain separate constituent funds in which contributions are invested. Each constituent fund has its separate and distinct investment objectives and policies. During the financial year and up to the date of this report, no material changes have been made to the governing rules of the Scheme, except the following:

1. The Trustee became a wholly owned company of the Standard Chartered Bank (Hong Kong) Limited on 28 April 2023
2. With effect from 1 March 2023, the investment policies of the underlying funds of Fidelity Balanced Fund and Fidelity Stable Growth Fund was changed to enable the underlying funds to invest in Approved Index-Tracking Funds.

SHKP MPF EMPLOYER SPONSORED SCHEME

SCHEME REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL DEVELOPMENT OF THE SCHEME

The Scheme currently has 10 constituent funds, namely:

1. Allianz Choice Stable Growth Fund
2. Fidelity Balanced Fund
3. Fidelity Stable Growth Fund
4. Manulife Career Average Guaranteed Fund - SHKP
5. Invesco MPF Conservative Fund
6. SHKP MPF Fund
7. Allianz Choice Balanced Fund
8. Invesco Global Stable Fund
9. Schroder MPF Core Accumulation Fund
10. Schroder MPF Age 65 Plus Fund

The total contributions received and receivable (including transfers from other schemes) and benefits paid and payable (including transfers to other schemes) during the financial year were HK\$1,049,033,378 (2022: HK\$1,040,688,446) and HK\$865,251,158 (2022: HK\$1,058,120,121), respectively. The net asset value of the Scheme as at 31 March 2023 was HK\$6,555,380,984 (2022: HK\$6,893,414,952). The net asset value of each constituent fund at the beginning and end of the year together with their performance during the financial year are disclosed in the unaudited Investment Report under "Analysis on movements in net asset value (including investment returns)".

SHKP MPF EMPLOYER SPONSORED SCHEME

SCHEME REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

SERVICE PROVIDERS AND ADVISORS

Sponsor	Sun Hung Kai Properties Limited 45th Floor, Sun Hung Kai Centre 30 Harbour Road Wanchai Hong Kong
Guarantor for Manulife Career Average Guaranteed Fund – SHKP	Standard Chartered Bank (Hong Kong) Limited Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong
Bankers	Standard Chartered Bank (Hong Kong) Limited Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong RBC Investor Services Bank, S.A. (intermediate holding company of the Trustee) 14, Porte de Franc L-4360 Esch-sur-Alzette Luxembourg
Manager for Invesco MPF Conservative Fund	Invesco Hong Kong Limited 41/F Champion Tower Three Garden Road Central Hong Kong
Trustee and Custodian	Standard Chartered Trustee (Hong Kong) Limited (formerly known as RBC Investor Services Trust Hong Kong Limited) New address effective from 28 April 2023 Level 14, Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong RBC Investor Services Trust Hong Kong Limited 41st and 42nd Floors, One Taikoo Place Taikoo Place, 979 King's Road Quarry Bay Hong Kong
Administrator	BestServe Financial Limited 10th Floor, One Harbourfront 18 Tak Fung Street Hung Hom Kowloon Hong Kong

SHKP MPF EMPLOYER SPONSORED SCHEME

SCHEME REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

SERVICE PROVIDERS AND ADVISORS – continued

Legal Advisor	Deacons 5th Floor, Alexandra House 18 Chater Road Central Hong Kong
Auditor	Ernst & Young 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong

DIRECTORS OF THE TRUSTEE - RBC INVESTOR SERVICES TRUST HONG KONG LIMITED¹

The directors of the Trustee up to 27 April 2023 were as follows:

Andrew Charles ALLEN (Appointed on 16 May 2022)

Jonathan Peter WATKIN (Independent Director)

YU Yat Hing

Terence H C CHOW

POON Lon Hin Ronnie

The business address of the above directors is 41st and 42nd Floors, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

From 28 April 2023 and up to the date of this report, the directors of the Trustee were as follows:

Andrew Charles ALLEN (resigned on 28 Apr 23)

Jonathan Peter WATKIN (Independent Director) (resigned on 28 Apr 23)

YU Yat Hing (resigned on 28 Apr 23)

Terence H C CHOW (resigned on 28 Apr 23)

POON Lon Hin Ronnie (resigned on 28 Apr 23)

Stewart Robert Kenneth ALDCROFT (as Independent Non-executive Director) (appointed on 28 Apr 23)

CHENG Lai Ching (appointed on 28 Apr 23)

CHUA Meng Keong (appointed on 28 Apr 23)

Simon Mark KELLAWAY (appointed on 28 Apr 23)

Pierre Georges Joseph MENGAL (appointed on 28 Apr 23)

WONG Norbert Siew Hieng (appointed on 28 Apr 23)

Luzia Rosa HUNG (as Independent Non-executive Director) (appointed on 5 Jun 2023)

The business address of the above directors is 14/F Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong

¹ The name was changed to Standard Chartered Trustee (Hong Kong) Limited with effect from 16 May 2023

SHKP MPF EMPLOYER SPONSORED SCHEME

SCHEME REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

For further information about the Scheme and its operations, please contact:

SHKP MPF Hotline: 3183 3183

OR

SHKP MPF Employer Sponsored Scheme
The Administrator
BestServe Financial Limited
10th Floor, One Harbourfront
18 Tak Fung Street
Hung Hom
Kowloon, Hong Kong

Fax number: 3183 1718

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of SHKP MPF Employer Sponsored Scheme (the "Scheme") set out on pages 10 to 53, which comprise the statement of net assets available for benefits - Scheme and statement of assets and liabilities - Constituent Funds as at 31 March 2023, and the statement of changes in net assets available for benefits - Scheme, statement of cash flows - Scheme, revenue statement - Constituent Funds and statement of changes in net assets - Constituent Funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 31 March 2023, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised) "The Audit of Retirement Schemes" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Trustee of the Scheme ("the Trustee") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT - continued
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME

Responsibilities of Trustee and Those Charged with Governance for the Financial Statements

The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

In addition, the Trustee is required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation").

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

INDEPENDENT AUDITOR'S REPORT - continued
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME

Auditor's Responsibilities for the Audit of the Financial Statements - continued

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT - continued
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME

Report on Matters under the Mandatory Provident Fund Schemes (General) Regulation

- a. In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- b. We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.



Certified Public Accountants
Hong Kong
26 September 2023

SHKP MPF EMPLOYER SPONSORED SCHEME

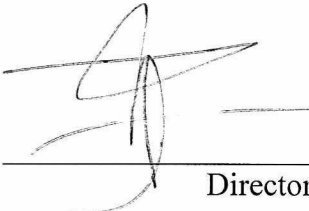
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - SCHEME
AS AT 31 MARCH 2023

	<u>NOTES</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
ASSETS			
Investments in constituent funds	6	6,584,585,866	6,919,602,863
Contributions receivable		86,277,061	79,248,760
Amounts receivable on redemption of units in constituent funds		9,897,836	9,762,750
Other accounts receivable		201,651	60,429
Bank balances	7, 10(f)	11,035,586	8,396,297
		<u>6,691,998,000</u>	<u>7,017,071,099</u>
LIABILITIES			
Accounts payable		4,695,944	4,815,246
Benefits payable		128,918,695	116,524,721
Forfeitures payable		3,002,377	2,316,180
		<u>136,617,016</u>	<u>123,656,147</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u><u>6,555,380,984</u></u>	<u><u>6,893,414,952</u></u>

The financial statements on pages 10 to 53 were approved and authorised for issue by the Trustee on 26 September 2023 and are signed on its behalf by:



Director



Director

Standard Chartered Trustee (Hong Kong) Limited
(formerly known as RBC Investor Services Trust Hong Kong Limited)
as trustee of SHKP MPF EMPLOYER SPONSORED SCHEME

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - SCHEME
FOR THE YEAR ENDED 31 MARCH 2023

	<u>NOTES</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS FROM PARTICIPATING TRANSACTIONS			
Contributions received and receivable			
From employers	12		
- mandatory		471,268,500	457,056,256
- additional voluntary		51,484,629	46,707,202
From employees			
- mandatory		453,339,452	438,505,087
- additional voluntary		34,746,373	30,190,008
Group transfers in from other schemes		3,251,041	6,366,789
Individual transfers in from other schemes		34,943,383	61,863,104
		<u>1,049,033,378</u>	<u>1,040,688,446</u>
Benefits paid and payable	13		
Death and disability		(2,679,550)	(3,164,765)
Retirement		(123,119,271)	(114,921,860)
Payments to and on account of leavers			
- refunds of contributions		(655,356)	(255,452)
- individual transfers out to other schemes		(727,568,799)	(919,311,789)
- group transfers out to other schemes		(261,499)	(355,201)
- permanent departure		(10,316,076)	(19,485,374)
- terminal illness		(650,607)	(625,680)
		<u>(865,251,158)</u>	<u>(1,058,120,121)</u>
Forfeitures		<u>(1,972,857)</u>	<u>(2,069,404)</u>
Total benefits paid and payable (including forfeitures)		<u>(867,224,015)</u>	<u>(1,060,189,525)</u>
		<u>181,809,363</u>	<u>(19,501,079)</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - SCHEME - continued
FOR THE YEAR ENDED 31 MARCH 2023

	<u>NOTES</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
DECREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS FROM OPERATIONS			
Investment income			
Interest income on bank deposits	10(f)	1,688	1,806
Net realised (loss)/gain on financial assets at fair value through profit or loss – investments in constituent funds		(6,098,181)	313,924,887
Net unrealised (loss) on financial assets at fair value through profit or loss – investments in constituent funds		<u>(513,744,447)</u>	<u>(1,009,221,204)</u>
		(519,840,940)	(695,294,511)
Other income		-	585,000
Expenses			
Bank charges and other expenses		<u>(2,391)</u>	<u>(3,224)</u>
		<u>(519,843,331)</u>	<u>(694,712,735)</u>
DECREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>(338,033,968)</u>	<u>(714,213,814)</u>
BALANCE BROUGHT FORWARD		<u>6,893,414,952</u>	<u>7,607,628,766</u>
BALANCE CARRIED FORWARD		<u>6,555,380,984</u>	<u>6,893,414,952</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF CASH FLOWS - SCHEME FOR THE YEAR ENDED 31 MARCH 2023

	<u>2023</u> HK\$	<u>2022</u> HK\$
OPERATING ACTIVITIES		
Decrease in net assets attributable to members from operations	(519,843,331)	(694,712,735)
Adjustment for:		
Interest income on bank deposits	<u>(1,688)</u>	<u>(1,806)</u>
Operating cash flows before movements in working capital	(519,845,019)	(694,714,541)
Decrease in investments in constituent funds	335,016,997	737,056,189
Increase in amounts receivable on redemption of units in constituent funds	(135,086)	(2,730,492)
Increase in other accounts receivable	(141,222)	(28,792)
Decrease in accounts payable	<u>(119,302)</u>	<u>(6,762,415)</u>
Cash (Used in) / generated from operations	(185,223,632)	32,819,949
Interest received	<u>1,688</u>	<u>1,806</u>
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	<u>(185,221,944)</u>	<u>32,821,755</u>
FINANCING ACTIVITIES		
Contributions received (Note)	1,040,718,417	1,044,277,459
Benefits paid	<u>(852,857,184)</u>	<u>(1,083,305,532)</u>
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	<u>187,861,233</u>	<u>(39,028,073)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,639,289	(6,206,318)
CASH AND CASH EQUIVALENTS-AT 1 APRIL	<u>8,396,297</u>	<u>14,602,615</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>11,035,586</u>	<u>8,396,297</u>
REPRESENTED BY:		
Bank balances	<u>11,035,586</u>	<u>8,396,297</u>
Note	<u>2023</u> HK\$	<u>2022</u> HK\$
Contributions	1,042,005,077	1,046,076,871
Forfeitures applied	<u>(1,286,660)</u>	<u>(1,799,412)</u>
Contributions received	<u>1,040,718,417</u>	<u>1,044,277,459</u>

The forfeitures are applied in reducing contributions from the employers.

SHKP MPF EMPLOYER SPONSORED SCHEME

REVENUE STATEMENT - CONSTITUENT FUNDS FOR THE YEAR ENDED 31 MARCH 2023

		Allianz Choice Stable Growth Fund		Fidelity Balanced Fund		Fidelity Stable Growth Fund		Manulife Career Average Guaranteed Fund – SHKP		Invesco MPF Conservative Fund		SHKP MPF Fund	
	NOTES	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
INCOME/ (LOSSES)													
Interest income on bank deposits	10(f)	2,482	34	7,721	93	4,000	47	2,915	50	11,375,366	1,627,613	3,216	68
Interest income on financial assets at fair value through profit or loss		-	-	-	-	-	-	-	-	1,384,307	291,716	-	-
Cash rebate and expense cap from managed funds	5	19,503	143,655	3,593,843	4,338,141	1,877,881	2,309,714	-	-	-	-	-	-
Net realised gain/ (loss) on financial assets at fair value through profit or loss		6,526,415	26,101,470	14,242,462	82,159,322	8,394,222	40,228,330	(6,687,220)	9,543,273	612,078	9,143	(20,883,274)	96,119,534
Net unrealised gain/ (loss) on financial assets at fair value through profit or loss		(31,889,464)	(51,074,052)	(119,769,426)	(206,878,147)	(67,416,410)	(99,366,787)	(9,214,155)	(35,931,032)	1,180,514	(300,011)	(191,478,786)	(462,695,448)
Other income		421	248	-	-	7	-	-	-	-	-	-	-
		<u>(25,340,643)</u>	<u>(24,828,645)</u>	<u>(101,925,400)</u>	<u>(120,380,591)</u>	<u>(57,140,300)</u>	<u>(56,828,696)</u>	<u>(15,898,460)</u>	<u>(26,387,709)</u>	<u>14,552,265</u>	<u>1,628,461</u>	<u>(212,358,844)</u>	<u>(366,575,846)</u>
EXPENSES													
Accounting fee	10(e)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)
Administration fee	10(d)	(1,091,466)	(1,309,556)	(3,604,281)	(4,363,085)	(1,882,497)	(2,321,089)	(1,279,173)	(1,444,504)	(2,116,419)	(1,322,465)	(3,343,550)	(4,649,261)
Auditor's remuneration		(32,887)	(54,499)	(109,080)	(179,533)	(60,021)	(95,857)	(42,727)	(59,047)	(52,087)	(71,887)	(65,336)	(195,293)
Miscellaneous expenses		(2,805)	(1,280)	(2,805)	(1,280)	(2,805)	(1,280)	(2,805)	(1,280)	(2,654)	(1,380)	(2,805)	(1,280)
MPF indemnity insurance		(59,608)	(30,937)	(195,689)	(102,517)	(103,565)	(54,761)	(67,491)	(34,279)	(94,476)	(40,772)	(202,963)	(112,406)
Publishing fee		(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(10,596)
Registration fee		(40)	-	(40)	-	(40)	-	(40)	-	(40)	-	(679)	-
Trustee fee	10(c)	(311,847)	(374,159)	(1,029,794)	(1,246,596)	(537,856)	(663,168)	(114,212)	(128,974)	(1,349,902)	(14,535)	(298,531)	(415,113)
Printing and postage fee		(19,999)	(35,000)	(19,998)	(35,000)	(19,997)	(35,000)	(19,998)	(35,000)	(19,995)	(35,000)	(19,999)	(35,000)
Management fee	10(b)	-	-	-	-	-	-	-	-	(2,257,107)	-	-	-
Bank charges		-	(52)	-	(52)	-	(52)	-	(52)	(10,250)	(14,962)	-	(52)
Legal and professional fee		(60,610)	(16,413)	(197,450)	(53,834)	(103,087)	(28,788)	(71,306)	(17,881)	(95,887)	(21,637)	(190,761)	(58,929)
Sub-custodian fee		-	-	-	-	-	-	-	-	(32,815)	(29,508)	-	-
Transaction fees		-	-	-	-	-	-	-	-	(25,341)	(35,142)	-	-
		<u>(1,614,233)</u>	<u>(1,856,867)</u>	<u>(5,194,108)</u>	<u>(6,016,868)</u>	<u>(2,744,839)</u>	<u>(3,234,966)</u>	<u>(1,632,723)</u>	<u>(1,755,988)</u>	<u>(6,091,944)</u>	<u>(1,622,259)</u>	<u>(4,159,595)</u>	<u>(5,502,305)</u>
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS													
		<u>(26,954,876)</u>	<u>(26,685,512)</u>	<u>(107,119,508)</u>	<u>(126,397,459)</u>	<u>(59,885,139)</u>	<u>(60,063,662)</u>	<u>(17,531,183)</u>	<u>(28,143,697)</u>	<u>8,460,321</u>	<u>6,202</u>	<u>(216,518,439)</u>	<u>(372,078,151)</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

REVENUE STATEMENT - CONSTITUENT FUNDS - continued FOR THE YEAR ENDED 31 MARCH 2023

		Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund			Total
	NOTES	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
INCOME/ (LOSSES)											
Interest income on bank deposits	10(f)	2,731	36	2,365	14	2,235	14	1,691	11	11,404,722	1,627,980
Interest income on financial assets at fair value through profit or loss		-	-	-	-	-	-	-	-	1,384,307	291,716
Cash rebate and expense cap from managed funds	5	31,127	214,280	3,105,227	3,767,758	-	-	-	-	8,627,581	10,773,548
Net realised gain on financial assets at fair value through profit or loss		8,487,015	37,310,016	(1,524,958)	17,032,888	(1,008,470)	16,730,732	(6,086,714)	4,175,606	2,071,556	329,410,314
Net unrealised gain/ (loss) on financial assets at fair value through profit or loss		(42,976,554)	(76,863,968)	(29,457,280)	(61,682,996)	(16,191,598)	(6,627,789)	(6,531,288)	(7,800,974)	(513,744,447)	(1,009,221,204)
Other income		399	253	117	-	-	-	-	-	944	501
		<u>(34,455,282)</u>	<u>(39,339,383)</u>	<u>(27,874,529)</u>	<u>(40,882,336)</u>	<u>(17,197,833)</u>	<u>10,102,957</u>	<u>(12,616,311)</u>	<u>(3,625,357)</u>	<u>(490,255,337)</u>	<u>(667,117,145)</u>
EXPENSES											
Accounting fee	10(e)	(24,375)	(24,375)	(24,375)	(24,375)	-	-	-	-	(195,000)	(195,000)
Administration fee	10(d)	(1,740,642)	(1,996,352)	(1,580,145)	(1,923,199)	(962,046)	(842,384)	(564,003)	(518,347)	(18,164,222)	(20,690,242)
Auditor's remuneration		(49,130)	(81,292)	(52,691)	(79,967)	(27,171)	(29,100)	(16,329)	(18,528)	(507,459)	(865,003)
Miscellaneous expenses		(2,805)	(1,280)	(2,805)	(1,280)	(2,799)	(1,280)	(2,768)	(1,280)	(27,856)	(12,900)
MPF indemnity insurance		(92,681)	(46,793)	(90,143)	(45,412)	(46,324)	(19,218)	(29,077)	(12,136)	(982,017)	(499,231)
Publishing fee		(10,596)	(10,596)	(10,596)	(10,596)	(10,596)	(6,596)	(10,596)	(6,596)	(105,960)	(97,960)
Registration fee		(40)	-	(40)	-	(40)	-	(40)	-	(1,039)	-
Trustee fee	10(c)	(497,326)	(570,386)	(451,470)	(549,485)	(824,611)	(722,043)	(483,431)	(444,298)	(5,898,980)	(5,128,757)
Printing and postage fee		(19,999)	(35,000)	(19,997)	(35,000)	(19,999)	(35,000)	(19,998)	(35,000)	(199,979)	(350,000)
Management fee	10(b)	-	-	-	-	-	-	-	-	(2,257,107)	-
Bank charges		-	(52)	-	(52)	-	(52)	-	(52)	(10,250)	(15,430)
Legal and professional fee		(97,578)	(24,404)	(84,130)	(24,156)	(58,408)	(8,432)	(34,721)	(5,527)	(993,938)	(260,001)
Sub-custodian fee		-	-	-	-	-	-	-	-	(32,815)	(29,508)
Transaction fees		-	-	-	-	-	-	-	-	(25,341)	(35,142)
Set Up Expense		-	-	-	-	(92,663)	-	(92,663)	-	(185,326)	-
		<u>(2,535,172)</u>	<u>(2,790,530)</u>	<u>(2,316,392)</u>	<u>(2,693,522)</u>	<u>(2,044,657)</u>	<u>(1,664,105)</u>	<u>(1,253,626)</u>	<u>(1,041,764)</u>	<u>(29,587,289)</u>	<u>(28,179,174)</u>
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS											
		<u>(36,990,454)</u>	<u>(42,129,913)</u>	<u>(30,190,921)</u>	<u>(43,575,858)</u>	<u>(19,242,490)</u>	<u>8,438,852</u>	<u>(13,869,937)</u>	<u>(4,667,121)</u>	<u>(519,842,626)</u>	<u>(695,296,319)</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF ASSETS AND LIABILITIES - CONSTITUENT FUNDS AS AT 31 MARCH 2023

		Allianz Choice Stable						Manulife Career Average		Invesco MPF			
		Growth Fund		Fidelity Balanced Fund		Fidelity Stable Growth Fund		Guaranteed Fund – SHKP		Conservative Fund		SHKP MPF Fund	
NOTES		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
ASSETS													
Financial assets at fair value through profit or loss	6	398,829,592	427,530,049	1,328,620,168	1,413,910,144	682,355,968	747,569,744	462,342,270	478,707,855	137,239,683	80,735,253	1,229,171,624	1,407,458,102
Amounts receivable on sale of financial assets at fair value through profit or loss		648,812	646,046	505,756	3,256,886	600,051	1,067,314	2,673,262	1,723,495	-	-	2,739,003	4,272,681
Amounts receivable on subscriptions		43,130	625,426	1,587,871	1,486,533	456,961	777,939	600,792	827,105	1,712,544	5,222,159	1,448,624	1,988,732
Prepayment and other receivables		45,688	48,886	724,032	784,362	371,096	416,158	46,295	45,388	2,556,504	316,917	127,406	164,307
Bank balances	7, 10(f)	290,499	538,151	2,007,620	4,227,618	700,407	760,005	286,157	676,874	505,574,471	519,139,291	592,746	970,935
Total assets		399,857,721	429,388,558	1,333,445,447	1,423,665,543	684,484,483	750,591,160	465,948,776	481,980,717	647,083,202	605,413,620	1,234,079,403	1,414,854,757
LIABILITIES													
Accounts payable	10(b), 10(c) 10(d), 10(e)	215,618	220,978	623,063	637,108	343,490	356,077	225,030	218,749	465,519	192,522	534,879	596,299
Amounts payable to scheme on redemption		567,404	653,301	1,636,812	5,601,130	840,005	1,119,617	2,315,322	1,521,322	4,946,279	4,116,454	2,502,997	3,927,723
Amounts payable on purchases		-	-	-	-	-	-	-	-	12,763,862	-	-	-
Total liabilities		783,022	874,279	2,259,875	6,238,238	1,183,495	1,475,694	2,540,352	1,740,071	18,175,660	4,308,976	3,037,876	4,524,022
Net assets attributable to unitholders		399,074,699	428,514,279	1,331,185,572	1,417,427,305	683,300,988	749,115,466	463,408,424	480,240,646	628,907,542	601,104,644	1,231,041,527	1,410,330,735
Number of units		16,597,945.7652	16,708,710.0602	6,161,996.733	6,063,659.740	3,500,135.513	3,532,198.891	37,490,650.767	37,433,611.207	54,328,796.434	52,635,967.951	41,285,917.082	40,034,335.880
Net asset value per unit		24.04	25.65	216.03	233.76	195.22	212.08	12.361	12.829	11.575	11.420	29.817	35.228

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF ASSETS AND LIABILITIES - CONSTITUENT FUNDS - continued AS AT 31 MARCH 2023

		Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
	NOTES	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
ASSETS											
Financial assets at fair value											
through profit or loss	6	656,216,125	670,046,329	569,827,662	624,214,369	397,693,385	330,797,587	219,083,099	201,427,947	6,081,379,576	6,382,397,379
Amounts receivable on sale											
of financial assets at fair value											
through profit or loss		1,148,410	2,491,948	579,050	2,208,416	1,337,848	1,727,507	1,028,456	822,477	11,260,648	18,216,770
Amounts receivable on subscriptions		764,330	956,587	30,852	50,319	1,275,837	947,757	665,106	1,736,093	8,586,047	14,618,650
Prepayment and other receivables		72,914	73,752	946,888	1,053,296	36,968	32,466	20,883	21,683	4,948,674	2,957,215
Bank balances	7, 10(f)	598,471	667,809	1,034,719	955,280	1,239,476	467,909	913,325	562,451	513,237,891	528,966,323
Total assets		<u>658,800,250</u>	<u>674,236,425</u>	<u>572,419,171</u>	<u>628,481,680</u>	<u>401,583,514</u>	<u>333,973,226</u>	<u>221,710,869</u>	<u>204,570,651</u>	<u>6,619,412,836</u>	<u>6,947,156,337</u>
LIABILITIES											
Accounts payable	10(b), 10(c) 10(d), 10(e)	321,845	320,759	294,852	309,208	323,239	193,363	231,691	127,012	3,579,226	3,172,075
Amounts payable to scheme											
on redemption		1,063,334	2,312,856	916,158	2,318,798	2,126,949	1,790,676	1,568,622	1,019,522	18,483,882	24,381,399
Amounts payable on purchases		-	-	-	-	-	-	-	-	12,763,862	-
Total liabilities		<u>1,385,179</u>	<u>2,633,615</u>	<u>1,211,010</u>	<u>2,628,006</u>	<u>2,450,188</u>	<u>1,984,039</u>	<u>1,800,313</u>	<u>1,146,534</u>	<u>34,826,970</u>	<u>27,553,474</u>
Net assets attributable to unitholders		<u>657,415,071</u>	<u>671,602,810</u>	<u>571,208,161</u>	<u>625,853,674</u>	<u>399,133,326</u>	<u>331,989,187</u>	<u>219,910,556</u>	<u>203,424,117</u>	<u>6,584,585,866</u>	<u>6,919,602,863</u>
Number of units		<u>18,243,745.1903</u>	<u>17,589,950.8514</u>	<u>50,625,576.420</u>	<u>52,873,641.322</u>	<u>30,373,483.368</u>	<u>23,662,350.303</u>	<u>20,369,305.112</u>	<u>17,542,088.722</u>		
Net asset value per unit		<u>36.04</u>	<u>38.18</u>	<u>11.2830</u>	<u>11.8368</u>	<u>13.1408</u>	<u>14.0302</u>	<u>10.7961</u>	<u>11.5963</u>		

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF CHANGES IN NET ASSETS - CONSTITUENT FUNDS FOR THE YEAR ENDED 31 MARCH 2023

	Allianz Choice Stable Growth Fund		Fidelity Balanced Fund		Fidelity Stable Growth Fund		Manulife Career Average Guaranteed Fund – SHKP		Invesco MPF Conservative Fund		SHKP MPF Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
BALANCE BROUGHT FORWARD	428,514,279	481,988,305	1,417,427,305	1,585,435,232	749,115,466	846,600,211	480,240,646	526,874,319	601,104,644	650,956,018	1,410,330,735	1,715,192,786
Subscription of units	65,162,200	67,192,727	226,329,351	250,602,162	105,564,052	110,275,476	121,392,452	131,210,150	261,662,625	228,195,706	280,361,213	402,277,286
Redemption of units	(67,646,904)	(93,981,241)	(205,451,576)	(292,212,630)	(111,493,391)	(147,696,559)	(120,693,491)	(149,700,126)	(242,320,048)	(278,053,282)	(243,131,982)	(335,061,186)
Total subscription less redemption	(2,484,704)	(26,788,514)	20,877,775	(41,610,468)	(5,929,339)	(37,421,083)	698,961	(18,489,976)	19,342,577	(49,857,576)	37,229,231	67,216,100
Increase/ (decrease) in net assets attributable to unitholders from operations	(26,954,876)	(26,685,512)	(107,119,508)	(126,397,459)	(59,885,139)	(60,063,662)	(17,531,183)	(28,143,697)	8,460,321	6,202	(216,518,439)	(372,078,151)
BALANCE CARRIED FORWARD	<u>399,074,699</u>	<u>428,514,279</u>	<u>1,331,185,572</u>	<u>1,417,427,305</u>	<u>683,300,988</u>	<u>749,115,466</u>	<u>463,408,424</u>	<u>480,240,646</u>	<u>628,907,542</u>	<u>601,104,644</u>	<u>1,231,041,527</u>	<u>1,410,330,735</u>
Number of units - issued during the year	<u>2,793,381.5231</u>	<u>2,466,900.9392</u>	<u>1,078,541.653</u>	<u>987,925.684</u>	<u>552,550.442</u>	<u>481,223.081</u>	<u>9,962,595.435</u>	<u>9,690,106.654</u>	<u>22,847,970.621</u>	<u>19,983,246.945</u>	<u>9,523,740.834</u>	<u>9,577,878.839</u>
- redeemed during the year	<u>2,904,145.8181</u>	<u>3,444,290.0102</u>	<u>980,204.660</u>	<u>1,145,076.000</u>	<u>584,613.820</u>	<u>642,344.508</u>	<u>9,905,555.875</u>	<u>11,044,064.260</u>	<u>21,155,142.138</u>	<u>24,349,495.835</u>	<u>8,272,159.632</u>	<u>7,960,080.763</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF CHANGES IN NET ASSETS - CONSTITUENT FUNDS - continued FOR THE YEAR ENDED 31 MARCH 2023

	Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
BALANCE BROUGHT FORWARD	<u>671,602,810</u>	<u>718,476,442</u>	<u>625,853,674</u>	<u>708,376,915</u>	<u>331,989,187</u>	<u>258,805,728</u>	<u>203,424,117</u>	<u>163,953,096</u>	<u>6,919,602,863</u>	<u>7,656,659,052</u>
Subscription of units	123,313,716	133,405,136	83,651,654	90,789,316	210,931,888	189,315,542	126,399,957	132,791,658	1,604,769,108	1,736,055,159
Redemption of units	<u>(100,511,001)</u>	<u>(138,148,855)</u>	<u>(108,106,246)</u>	<u>(129,736,699)</u>	<u>(124,545,259)</u>	<u>(124,570,935)</u>	<u>(96,043,581)</u>	<u>(88,653,516)</u>	<u>(1,419,943,479)</u>	<u>(1,777,815,029)</u>
Total subscription less redemption	<u>22,802,715</u>	<u>(4,743,719)</u>	<u>(24,454,592)</u>	<u>(38,947,383)</u>	<u>86,386,629</u>	<u>64,744,607</u>	<u>30,356,376</u>	<u>44,138,142</u>	<u>184,825,629</u>	<u>(41,759,870)</u>
Increase/ (decrease) in net assets attributable to unitholders from operations	<u>(36,990,454)</u>	<u>(42,129,913)</u>	<u>(30,190,921)</u>	<u>(43,575,858)</u>	<u>(19,242,490)</u>	<u>8,438,852</u>	<u>(13,869,937)</u>	<u>(4,667,121)</u>	<u>(519,842,626)</u>	<u>(695,296,319)</u>
BALANCE CARRIED FORWARD	<u>657,415,071</u>	<u>671,602,810</u>	<u>571,208,161</u>	<u>625,853,674</u>	<u>399,133,326</u>	<u>331,989,187</u>	<u>219,910,556</u>	<u>203,424,117</u>	<u>6,584,585,866</u>	<u>6,919,602,863</u>
Number of units										
- issued during the year	<u>3,562,418.6218</u>	<u>3,286,386.1364</u>	<u>7,679,677.077</u>	<u>7,215,317.235</u>	<u>16,487,137.337</u>	<u>13,307,185.298</u>	<u>11,787,828.752</u>	<u>11,048,257.037</u>		
- redeemed during the year	<u>2,908,624.2829</u>	<u>3,388,241.1264</u>	<u>9,927,741.979</u>	<u>10,306,185.441</u>	<u>9,776,004.272</u>	<u>8,758,635.971</u>	<u>8,960,612.362</u>	<u>7,378,327.542</u>		

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL

SHKP MPF Employer Sponsored Scheme (the "Scheme") is an employer sponsored scheme constituted by a trust deed dated 20 October 2000, as amended, (the "Trust Deed") and governed by the laws of the Hong Kong Special Administrative Region of the People's Republic of China. The Scheme is designed to provide retirement benefits to the members under the Scheme.

The Scheme consists of ten constituent funds, namely, Allianz Choice Stable Growth Fund, Fidelity Balanced Fund, Fidelity Stable Growth Fund, Manulife Career Average Guaranteed Fund - SHKP, Invesco MPF Conservative Fund, SHKP MPF Fund, Allianz Choice Balanced Fund, Invesco Global Stable Fund, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund (the "Constituent Funds") during the year.

The financial statements are presented in Hong Kong dollars ("HK\$"), the functional currency of the Scheme and the Constituent Funds.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation").

These financial statements have been prepared under the historical cost convention, except for investments held at fair values through profit or loss ("FVPL").

2.1 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Fund has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41
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The nature and the impact of the revised HKFRSs are described below:

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Fund are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf, the amendments did not have any impact on the financial position or performance of the funds.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS - continued

The Scheme and the Constituent Funds have not early applied the following new and amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") which have been issued but are not yet effective and which may be relevant to the Scheme and the Constituent Funds.

New and amendments to HKFRSs in issue but not yet effective:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> ^{2,3}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Scheme and the Constituent Funds are described below.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Scheme and the Constituent Funds are currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Scheme and the Constituent Funds' financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS - continued

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Scheme and the Constituent Funds are currently assessing the impact of the amendments on the Scheme and the Constituent Funds' accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Scheme and the Constituent Funds' financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Scheme and the Constituent Funds have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation") issued by the Mandatory Provident Fund Schemes Authority (the "MPFA").

The financial statements of the Scheme and the Constituent Funds are prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods/services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Scheme and the Constituent Funds take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue recognition

Investment return comprises both realised and unrealised gains or losses on investments.

Gains or losses arising from disposal of investments are recognised on a trade date basis when the contracts are entered into.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Scheme and the Constituent Funds and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Expenses

All expenses are recognised in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds on an accrual basis.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of net assets available for benefits - Scheme and the statement of assets and liabilities - Constituent Funds, when the Scheme and the Constituent Funds become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for loans and receivables in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Scheme and the Constituent Funds manage together and have a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Scheme and the Constituent Funds may irrevocably designate a financial asset that is required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets – continued

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying-amount-of-a-financial-asset, except for financial-assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in the statement of comprehensive income excludes any dividend or interest earned on the financial assets.

Impairment of financial assets

The Scheme and the Constituent Funds perform impairment assessment under expected credit loss ("ECL") model on financial assets (including contributions receivable, amounts receivable on redemption of units in constituent funds, other accounts receivable, bank balances of the Scheme, amounts receivable on sale of financial assets at fair value through profit or loss, amounts receivable on subscription, other receivables and bank balances of the Constituent Funds) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Scheme's and the Constituent Funds' historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets – continued

Impairment of financial assets – continued

For all instruments, the Scheme and the Constituent Funds measure the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Scheme and the Constituent Funds recognise lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Scheme and the Constituent Funds compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Scheme and the Constituent Funds consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Scheme and the Constituent Funds assume that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Scheme and the Constituent Funds consider a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets – continued

Impairment of financial assets – continued

(i) Significant increase in credit risk – continued

The Scheme and the Constituent Funds regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Scheme and the Constituent Funds consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Scheme and the Constituent Funds, in full (without taking into account any collaterals held by the Scheme and the Constituent Funds).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Scheme and the Constituent Funds write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered-into-bankruptcy-proceedings. Financial-assets written off may still be subject to enforcement activities under the Scheme's and the Constituent Funds' recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in statement of changes in net assets attributable to unitholders.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets – continued

Impairment of financial assets – continued

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Scheme and the Constituent Funds in accordance with the contract and the cash flows that the Scheme and the Constituent Funds expect to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Scheme and the Constituent Funds recognise an impairment gain or loss in statement of changes in net assets attributable to unitholders for all financial instruments by adjusting their carrying amount.

Derecognition

The Scheme and the Constituent Funds derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial assets to another entity. If the Scheme and the Constituent Funds neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Scheme and the Constituent Funds continue to recognise the asset to the extent of their continuing involvement and associated liability. If the Scheme and the Constituent Funds retain substantially all the risks and rewards of ownership of a transferred financial asset, the Scheme and the Constituent Funds continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds.

The Scheme and the Constituent Funds derecognise a financial liability when, and only when the Scheme's and Constituent Funds' obligations specified in the relevant contract are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities

Financial liabilities are classified in accordance with the substance of the contractual arrangements and the definitions of a financial liability. The Scheme's and Constituent Funds' financial liabilities are generally classified into net assets attributable to members/ unitholders and other financial liabilities.

Other financial liabilities

Other financial liabilities, including benefits payable, forfeitures payable and accounts payable of the Scheme; amounts payable to Scheme on redemption, amount payable on purchase of financial assets at fair value through profit or loss and accounts payables of the Constituent Funds, are subsequently measured at amortised cost, using the effective interest method.

Net assets attributable to members

The Scheme provides the members with the right to get their benefits for cash equal to their proportionate share of the net assets value of the Scheme through their interests in the Constituent Funds under certain circumstances in accordance with Mandatory Provident Fund Schemes Ordinance of Hong Kong (the "Ordinance").

The liabilities to members are presented on the statement of net assets available for benefits - Scheme as "net assets attributable to members" and are determined based on the residual assets of the Scheme after deducting the Scheme's other liabilities.

Net assets attributable to unitholders

The units issued by the Constituent Funds provide the unitholders with the right to redeem their units for cash equal to their proportionate share of the net asset value of the Constituent Funds. The existence of the option for the unitholders to put the units back to the Constituent Funds in exchange for cash requires the Constituent Funds to classify the units as financial liabilities. Accordingly, the increase (decrease) in net assets attributable to unitholders resulting from operations in the revenue statement - Constituent Funds is income (expense) in nature. The subscriptions and redemptions by the unitholders are the increase or decrease in liabilities of the Constituent Funds.

The liabilities to unitholders are presented on the statement of assets and liabilities - Constituent Funds as "net assets attributable to unitholders" and are determined based on the residual assets of the Constituent Funds after deducting the Constituent Funds' other liabilities.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the Scheme and the Constituent Funds have a present obligation (legal or constructive) as a result of a past event, it is probable that the Scheme and the Constituent Funds will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contributions and benefits of the Scheme

Contributions are accounted for on an accrual basis. Benefits are accounted for on an accrual basis to the extent of benefits becoming payable prior to the financial year end.

Amounts receivable on sale of investments

Amounts receivable on sale of investments represent receivables for investments sold that have been contracted for but not yet delivered by the end of the financial year.

Transfers in and transfers out

Transfer-in amounts are accounted for on the effective date of transfer.

Transfer-out amounts are accounted for when the obligation to make payment is established.

Forfeitures

The Scheme's rules provide that where benefits are paid to members who have been members for less than a certain period of time, they receive only a proportion of the employers' voluntary contributions paid into the Scheme on their behalf. In such cases these forfeitures are applied in reducing future contributions of the employers, retained in the Scheme for the benefit of other members or returned to the employers.

Subscription and redemption of the Constituent Funds

Subscription and redemption of units are accounted for on a transaction date basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies

In preparing the financial statements of the Scheme and the Constituent Funds, transactions in currencies other than the functional currency of the Scheme and the Constituent Funds (foreign currencies) are recorded in their functional currency (i.e. the currency of the primary economic environment in which the Scheme and the Constituent Funds operate) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of changes in net assets available for benefits - Scheme and the revenue statement - Constituent Funds for the period.

4. TAXATION

The Scheme is exempted from Hong Kong tax on income and capital gains under Section 26A, Part (1A) of the Hong Kong Inland Revenue Ordinance.

5. CASH REBATE FROM MANAGED FUNDS

The amount represented cash rebate from the underlying investments of the corresponding Constituent Funds.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> HK\$	<u>2022</u> HK\$
<i>Scheme</i>		
Investments in constituent funds		
Allianz Choice Stable Growth Fund	399,074,699	428,514,279
Fidelity Balanced Fund	1,331,185,572	1,417,427,305
Fidelity Stable Growth Fund	683,300,988	749,115,466
Manulife Career Average Guaranteed Fund - SHKP	463,408,424	480,240,646
Invesco MPF Conservative Fund	628,907,542	601,104,644
SHKP MPF Fund	1,231,041,527	1,410,330,735
Allianz Choice Balanced Fund	657,415,071	671,602,810
Invesco Global Stable Fund	571,208,161	625,853,674
Schroder MPF Core Accumulation Fund	399,133,326	331,989,187
Schroder MPF Age 65 Plus Fund	219,910,556	203,424,117
	<u>6,584,585,866</u>	<u>6,919,602,863</u>
<i>Constituent Funds</i>		
<u>Allianz Choice Stable Growth Fund</u>		
Allianz Global Investors Choice Fund - Allianz Choice Stable Growth Fund (Ord. A)	398,829,592	427,530,049
<u>Fidelity Balanced Fund</u>		
Fidelity Global Investment Fund - Balanced Fund	1,328,620,168	1,413,910,144
<u>Fidelity Stable Growth Fund</u>		
Fidelity Global Investment Fund - Stable Growth Fund	682,355,968	747,569,744
<u>Manulife Career Average Guaranteed Fund - SHKP</u>		
Manulife Career Average Guaranteed Fund	462,342,270	478,707,855
<u>Invesco MPF Conservative Fund</u>		
Certificates of deposit	92,938,579	56,870,370
Treasury bills	29,971,800	7,000,189
Listed debt securities	14,329,304	16,864,694
	<u>137,239,683</u>	<u>80,735,253</u>
<u>SHKP MPF Fund</u>		
SHKP Nexus Fund - SHKP MPF Fund	1,229,171,624	1,407,458,102
<u>Allianz Choice Balanced Fund</u>		
Allianz Global Investors Choice Fund - Allianz Choice Balanced Fund	656,216,125	670,046,329
<u>Invesco Global Stable Fund</u>		
Invesco Pooled Investment Fund - Global Stable Fund	569,827,662	624,214,369
<u>Schroder MPF Core Accumulation Fund</u>		
Schroder MPF Core 60/40 Fund	397,693,385	330,797,587
<u>Schroder MPF Age 65 Plus Fund</u>		
Schroder MPF Core 20/80 Fund	219,083,099	201,427,947
	<u>6,081,379,576</u>	<u>6,382,397,379</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

7. BANK BALANCES

The bank balances of the Scheme and the Constituent Funds at 31 March 2023 and 2022 are all savings accounts carrying interest at prevailing market rates and time deposits carrying interest at fixed rates.

	<u>2023</u> HK\$	<u>2022</u> HK\$
<i>Scheme</i>		
Savings accounts	<u>11,035,586</u>	<u>8,396,297</u>
<i>Constituent Funds</i>		
<u>Allianz Choice Stable Growth Fund</u>		
Savings accounts	<u>290,499</u>	<u>538,151</u>
<u>Fidelity Balanced Fund</u>		
Savings accounts	<u>2,007,620</u>	<u>4,227,618</u>
<u>Fidelity Stable Growth Fund</u>		
Savings accounts	<u>700,407</u>	<u>760,005</u>
<u>Manulife Career Average Guaranteed Fund - SHKP</u>		
Savings accounts	<u>286,157</u>	<u>676,874</u>
<u>Invesco MPF Conservative Fund</u>		
Savings accounts	<u>36,025,480</u>	<u>35,486,887</u>
Time deposits	<u>469,548,991</u>	<u>483,652,404</u>
	<u>505,574,471</u>	<u>519,139,291</u>

Time deposits carried interest which range from 0.2% to 5.7% (2022: 0.2% to 0.95%) per annum.

	<u>2023</u> HK\$	<u>2022</u> HK\$
<u>SHKP MPF Fund</u>		
Savings accounts	<u>592,746</u>	<u>970,935</u>
<u>Allianz Choice Balanced Fund</u>		
Savings accounts	<u>598,471</u>	<u>667,809</u>
<u>Invesco Global Stable Fund</u>		
Savings accounts	<u>1,034,719</u>	<u>955,280</u>
<u>Schroder MPF Core Accumulation Fund</u>		
Savings accounts	<u>1,239,476</u>	<u>467,909</u>
<u>Schroder MPF Age 65 Plus Fund</u>		
Savings accounts	<u>913,325</u>	<u>562,451</u>

The savings accounts of the Constituent Funds were held in RBC Investor Services Bank, S.A., the former intermediate holding company of the Trustee.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS

Categories of financial instruments of the Scheme

	<u>2023</u> HK\$	<u>2022</u> HK\$
Financial assets		
At fair value through profit or loss	6,584,585,866	6,919,602,863
Amortised cost	<u>107,412,134</u>	<u>97,468,236</u>
Financial liabilities		
Amortised cost	136,617,016	123,656,147
Net assets attributable to members	<u>6,555,380,984</u>	<u>6,893,414,952</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

	Allianz Choice Stable Growth Fund		Fidelity Balanced Fund		Fidelity Stable Growth Fund		Manulife Career Average Guaranteed Fund – SHKP		Invesco MPF Conservative Fund		SHKP MPF Fund	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
Financial assets												
At fair value through profit or loss	398,829,592	427,530,049	1,328,620,168	1,413,910,144	682,355,968	747,569,744	462,342,270	478,707,855	137,239,683	80,735,253	1,229,171,624	1,407,458,102
Amortised cost	1,028,129	1,858,509	4,825,279	9,755,399	2,128,515	3,021,416	3,606,506	3,272,862	509,843,519	524,678,367	4,907,779	7,396,655
Financial liabilities												
Amortised cost	783,022	874,279	2,259,875	6,238,238	1,183,495	1,475,694	2,540,352	1,740,071	18,175,660	4,308,976	3,037,876	4,524,022
Net assets attributable to unitholders	399,074,699	428,514,279	1,331,185,572	1,417,427,305	683,300,988	749,115,466	463,408,424	480,240,646	628,907,542	601,104,644	1,231,041,527	1,410,330,735
	Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total			
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$		
Financial assets												
At fair value through profit or loss	656,216,125	670,046,329	569,827,662	624,214,369	397,693,385	330,797,587	219,083,099	201,427,947	6,081,379,576	6,382,397,379		
Amortised cost	2,584,125	4,190,096	2,591,509	4,267,311	3,890,129	3,175,639	2,627,770	3,142,704	538,033,260	564,758,958		
Financial liabilities												
Amortised cost	1,385,179	2,633,615	1,211,010	2,628,006	2,450,188	1,984,039	1,800,313	1,146,534	34,826,970	27,553,474		
Net assets attributable to unitholders	657,415,071	671,602,810	571,208,161	625,853,674	399,133,326	331,989,187	219,910,556	203,424,117	6,584,585,866	6,919,602,863		

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies

The Scheme's major financial instruments include investments in constituent funds, contributions receivable and benefits payable. The Constituent Funds' major financial instruments include financial assets at fair value through profit or loss and bank balances. Details of the financial instruments are disclosed in respective notes. The risks associated with those financial instruments include market risks (price risk, interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Trustee manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. There are no changes in objectives, policies and processes in managing the risks during the current and prior periods.

Market risk

The Scheme's and the Constituent Funds' activities expose them primarily to the market risks arising from changes in market prices, interest rates and foreign exchange rates.

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices.

The Scheme is exposed to market price risk arising from its investments in constituent funds and the underlying investments of the Constituent Funds. The Scheme's overall market positions are monitored on a monthly basis (other than these arising from interest rate risk or currency risk).

Price sensitivity

The following details the Scheme's and the Constituent Funds' sensitivity to a 5% increase or decrease in the market price of investments in constituent funds and the underlying investments of the Constituent Funds, with 5% being the sensitivity rate used when assessing price risk internally by the Trustee and represents the Scheme's and the Constituent Funds' assessment of the possible change in market price.

At the end of the reporting period, if market prices had been 5% higher/lower with all other variables held constant, the net assets attributable to members/unitholders for the year would have increased or decreased by:

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Market risk – continued

Price sensitivity – continued

	<u>2023</u> HK\$	<u>2022</u> HK\$
Members	<u>+/-329,229,293</u>	<u>+/-345,980,143</u>
Unitholders of:		
Allianz Choice Stable Growth Fund	+/-19,941,480	+/-21,376,502
Fidelity Balanced Fund	+/-66,431,008	+/-70,695,507
Fidelity Stable Growth Fund	+/-34,117,798	+/-37,378,487
Manulife Career Average Guaranteed Fund – SHKP	+/-23,117,114	+/-23,935,393
Invesco MPF Conservative Fund	N/A	N/A
SHKP MPF Fund	+/-61,458,581	+/-70,372,905
Allianz Choice Balanced Fund	+/-32,810,806	+/-33,502,316
Invesco Global Stable Fund	+/-28,491,383	+/-31,210,718
Schroder MPF Core Accumulation Fund	+/-19,884,669	+/-16,539,879
Schroder MPF Age 65 Plus Fund	<u>+/-10,954,155</u>	<u>+/-10,071,397</u>

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Scheme and the Constituent Funds are exposed to cash flow interest rate risk as the bank balances comprise interest-bearing savings accounts. The Trustee considers that the interest rate risk of the Scheme and the Constituent Funds is minimal in view of low interest rates on savings accounts.

Invesco MPF Conservative Fund is exposed to fair value interest rate risk in relation to fixed rate certificates of deposit, listed debt securities and time deposits. As at 31 March 2023, should the relevant market interest rates drop/rise by 25 basis points with all other variables held constant, the increase/decrease in profit for the year and net assets attributable to unitholders would amount to approximately HK\$323,229 (2022: HK\$286,589).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Market risk – continued

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 31 March 2023 and 2022, the Scheme and the Constituent Funds did not have any assets or liabilities denominated in currencies other than their functional currency, Hong Kong dollars. As a result, there is no currency exposure to the Scheme and the Constituent Funds and no sensitivity analysis is presented. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Scheme and the Constituent Funds.

At the end of the reporting period, financial assets of the Scheme which are exposed to credit risk consist principally of contributions receivable and bank balances. The credit risk is limited as the default of contribution from members is remote and all bank balances are placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies.

At the end of the reporting period, financial assets of the Constituent Funds which are exposed to credit risk consist principally of amounts receivable on sale of investments, amounts receivable on subscription, bank balances and debt investments. The credit risk on amounts receivable on sale of investments is limited because the investments are held with the custodian with high credit-ratings assigned by international credit-rating agencies. The credit risk on amounts receivable on subscription is limited because all subscriptions are placed by the Scheme. The credit risk on bank balances is limited because the counterparties are banks or financial institutions with high credit ratings assigned by international credit-rating agencies. The credit risk arising from debt investments is mitigated as the debt investments held are subject to the requirement of maximum holding of 30% of net asset value for any single issuer. As at 31 March 2023 and 2022, issuers of certificates of deposit are entities with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that the Scheme and the Constituent Funds will encounter difficulty in settling a liability, including a redemption request.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Financial risk management objectives and policies - continued

Liquidity risk – continued

The Scheme's major financial liabilities include benefits payable, forfeitures payable, amounts payable on long service and severance payments and net assets attributable to members. The Constituent Funds' major financial liabilities include net assets attributable to unitholders, amounts payable on redemption and other payables.

Net assets attributable to members/unitholders are repayable on demand. Therefore, the Scheme is exposed to daily cash withdrawal by members as benefits, transfers out and forfeitures payable, amounts payable on long service and severance payments. The Scheme invests in the Constituent Funds with the underlying investments traded in an active market and can be readily disposed of. The Constituent Funds are exposed to daily cash redemptions of units in the Constituent Funds. The Constituent Funds invest in the APIFs with underlying investments traded in an active market and which can be readily disposed of.

The other financial liabilities of the Scheme and the Constituent Funds are matured within one month based on the remaining period from the year end date to the contractual maturity date.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair values of investments in constituent funds are based on the total net asset value of the Constituent Funds in which the Scheme invests. The fair value of the investments of the Constituent Funds are based on their quoted bid prices at the end of the reporting period; and
- (ii) the fair values of other financial assets and financial liabilities are determined based on estimated cash flows discounted at present market rate at the end of the reporting period.

The fair values of financial assets and financial liabilities measured at amortised cost approximate the corresponding carrying amount at the end of reporting period.

Fair value of the Scheme's and Constituent Funds' financial assets and financial liabilities that are measured at fair value on a recurring basis

The Scheme's and Constituent Funds' financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following tables give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the statement of net assets available for benefits - Scheme/ statement of assets and liabilities - Constituent Funds

Scheme

<u>Financial assets</u>	Fair value as at		<u>Fair value Hierarchy</u>	<u>Valuation technique and key input</u>
	<u>31.3.2023</u>	<u>31.3.2022</u>		
Investments in constituent Funds	HK\$6,584,585,866	HK\$6,919,602,863	Level 2	Total net asset value of the constituent funds.

Constituent Funds

<u>Financial assets</u>	Fair value as at		<u>Fair value Hierarchy</u>	<u>Valuation technique and key input</u>
	<u>31.3.2023</u>	<u>31.3.2022</u>		
Approved pooled investment fund	5,944,139,893	6,301,662,126	Level 1	Quoted bid prices in active markets.
Certificates of deposit	92,938,579	56,870,370	Level 2	Quoted bid prices in active markets or dealer quotes for similar instruments.
Treasury bills	29,971,800	7,000,189	Level 1	Quoted bid prices in active markets.
Listed debt securities	14,329,304	16,864,694	Level 1	Quoted bid prices in active markets.
	<u>6,081,379,576</u>	<u>6,382,397,379</u>		

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Scheme

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at FVTPL				
Investments in constituent funds	-	6,584,585,866	-	6,584,585,866
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at FVTPL				
Investments in constituent funds	-	6,919,602,863	-	6,919,602,863

There were no transfers between Levels 1, 2 and 3 in the current year and prior years.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the statement of net assets available for benefits - Scheme/ statement of assets and liabilities - Constituent Funds – continued

Allianz Choice Stable Growth Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>398,829,592</u>	<u>-</u>	<u>-</u>	<u>398,829,592</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>427,530,049</u>	<u>-</u>	<u>-</u>	<u>427,530,049</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

Fidelity Balanced Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>1,328,620,168</u>	<u>-</u>	<u>-</u>	<u>1,328,620,168</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>1,413,910,144</u>	<u>-</u>	<u>-</u>	<u>1,413,910,144</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the statement of net assets available for benefits - Scheme/ statement of assets and liabilities - Constituent Funds – continued

Fidelity Stable Growth Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>682,355,968</u>	<u>-</u>	<u>-</u>	<u>682,355,968</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>747,569,744</u>	<u>-</u>	<u>-</u>	<u>747,569,744</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

Manulife Career Average Guaranteed Fund - SHKP

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>462,342,270</u>	<u>-</u>	<u>-</u>	<u>462,342,270</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>478,707,855</u>	<u>-</u>	<u>-</u>	<u>478,707,855</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the statement of net assets available for benefits - Scheme/ statement of assets and liabilities - Constituent Funds – continued

Invesco MPF Conservative Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>44,301,104</u>	<u>92,938,579</u>	<u>-</u>	<u>137,239,683</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>23,864,883</u>	<u>56,870,370</u>	<u>-</u>	<u>80,735,253</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

SHKP MPF Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>1,229,171,624</u>	<u>-</u>	<u>-</u>	<u>1,229,171,624</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>1,407,458,102</u>	<u>-</u>	<u>-</u>	<u>1,407,458,102</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the statement of net assets available for benefits - Scheme/ statement of assets and liabilities - Constituent Funds – continued

Allianz Choice Balanced Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>656,216,125</u>	<u>-</u>	<u>-</u>	<u>656,216,125</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>670,046,329</u>	<u>-</u>	<u>-</u>	<u>670,046,329</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

Invesco Global Stable Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>569,827,662</u>	<u>-</u>	<u>-</u>	<u>569,827,662</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>624,214,369</u>	<u>-</u>	<u>-</u>	<u>624,214,369</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

8. FINANCIAL INSTRUMENTS - continued

Fair value measurements recognised in the statement of net assets available for benefits - Scheme/ statement of assets and liabilities - Constituent Funds – continued

Schroder MPF Core Accumulation Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>397,693,385</u>	<u>-</u>	<u>-</u>	<u>397,693,385</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>330,797,587</u>	<u>-</u>	<u>-</u>	<u>330,797,587</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

Schroder MPF Age 65 Plus Fund

	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>219,083,099</u>	<u>-</u>	<u>-</u>	<u>219,083,099</u>
	At 31 March 2022			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>201,427,947</u>	<u>-</u>	<u>-</u>	<u>201,427,947</u>

There were no transfers between Levels 1, 2 and 3 in the current and prior years.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

9. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Contributions <u>receivable</u> HK\$	Benefits <u>payable</u> HK\$	Forfeitures <u>payable</u> HK\$	<u>Total</u> HK\$
At 1 April 2022	79,248,760	(116,524,721)	(2,316,180)	(39,592,141)
Financing cash flows	(1,042,005,077)	852,857,184	1,286,660	(187,861,233)
Contributions received and receivable	1,049,033,378	-	-	1,049,033,378
Benefits paid and payable	-	(865,251,158)	-	(865,251,158)
Forfeitures	-	-	(1,972,857)	(1,972,857)
	<u>86,277,061</u>	<u>(128,918,695)</u>	<u>(3,002,377)</u>	<u>(45,644,011)</u>
At 1 April 2021	84,637,185	(141,710,132)	(2,046,188)	(59,119,135)
Financing cash flows	(1,046,076,871)	1,083,305,532	1,799,412	39,028,073
Contributions received and receivable	1,040,688,446	-	-	1,040,688,446
Benefits paid and payable	-	(1,058,120,121)	-	(1,058,120,121)
Forfeitures	-	-	(2,069,404)	(2,069,404)
	<u>79,248,760</u>	<u>(116,524,721)</u>	<u>(2,316,180)</u>	<u>(39,592,141)</u>

10. TRANSACTIONS WITH ASSOCIATES

Except as disclosed in note 7 and below, the Scheme and the Constituent Funds did not have any transactions with associates and related parties including the Trustee and its associates or delegates during the year. All transactions were entered into in the ordinary course of business and on normal commercial terms.

- (a) The Constituent Funds did not have any transactions with associates of the investment manager of SHKP MPF Fund or any of its delegates during the year.
- (b) Management fee of 0.21% per annum on net asset value was charged by the investment manager, Invesco Hong Kong Limited, to Invesco MPF Conservative Fund during the year (2022: 0.21% per annum). Management fee will only be payable out of Invesco MPF Conservative Fund to the extent permitted by the MPF Ordinance. As there is no investment manager for all other Constituent Funds, no investment management fee is charged to these Constituent Funds.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

10. TRANSACTIONS WITH ASSOCIATES - continued

- (c) Trustee fee of 0.025% and 0.08% per annum on net asset value was charged by the Trustee to Manulife Career Average Guaranteed Fund - SHKP and all other Constituent Funds, respectively, except for Invesco MPF Conservative Fund, SHKP MPF Fund, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund.

Trustee fee of 0.12% per annum on net asset value was charged by the Trustee to Invesco MPF Conservative Fund during the year (2022: 0.12% per annum). Trustee fee will only be payable out of Invesco MPF Conservative Fund to the extent permitted by the MPF Ordinance. Trustee fee of 0.025% per annum on net asset value was charged by the Trustee to SHKP MPF Fund.

Trustee fee of 0.24% per annum on net asset value was charged by the Trustee to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund. Trustee fee of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund is inclusive of management fee of 0.11% per annum and a trustee fee of 0.05% per annum respectively to the investment manager and the trustee of the underlying fund for providing investment management and trustee services.

The amounts of trustee fees charged to the respective Constituent Funds for the year are shown in the revenue statement - Constituent Funds.

At the end of the reporting period, the trustee fees payable were as follows:

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
1 Allianz Choice Stable Growth Fund	26,556	28,825
2 Fidelity Balanced Fund	88,434	94,765
3 Fidelity Stable Growth Fund	45,456	50,405
4 Manulife Career Average Guaranteed Fund - SHKP	9,801	10,286
5 Invesco MPF Conservative Fund	63,958	-
6 SHKP MPF Fund	25,466	28,296
7 Allianz Choice Balanced Fund	43,529	44,772
8 Invesco Global Stable Fund	38,201	42,472
9 Schroder MPF Core Accumulation Fund	26,335	22,056
10 Schroder MPF Age 65 Plus Fund	<u>14,715</u>	<u>13,640</u>

- (d) Administration fee of 0.28% per annum on net asset value was charged by the Administrator to all Constituent Funds. Administration fee will only be payable out of Invesco MPF Conservative Fund to the extent permitted by the MPF Ordinance. The Administrator will bear any administration fee which is not permitted to be paid out of Invesco MPF Conservative Fund. The amounts of administration fees charged to respective Constituent Funds for the year are shown in the revenue statement - Constituent Funds.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

10. TRANSACTIONS WITH ASSOCIATES - continued

- (e) Accounting fee totalling HK\$195,000 (2022: HK\$195,000) was charged by the Trustee to the Constituent Funds on an equally allocated basis, except for Invesco MPF Conservative Fund which was charged at HK\$24,375 in 2023 (2022: HK\$24,375) and Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund which were not charged any fee in 2023 (2022: HK\$Nil). Accounting fee will only be payable out of Invesco MPF Conservative Fund to the extent permitted by the MPF Ordinance. The Administrator will bear any accounting fee which is not permitted to be paid out of Invesco MPF Conservative Fund.
- (f) As at 31 March 2023, the Scheme and the Constituent Funds placed bank deposits amounting to HK\$11,035,586 and HK\$43,688,900 respectively (2022: HK\$8,396,297 and HK\$45,313,919 respectively) and carrying interest at prevailing market rates with Standard Chartered Bank (Hong Kong) Limited and RBC Investor Services Bank, S.A.¹ respectively. Interest income of HK\$1,688 and HK\$0 (2022: HK\$1,806 and HK\$731) have been earned by the Scheme and the Constituent Funds with Standard Chartered Bank (Hong Kong) Limited and RBC Investor Services Bank, S.A. respectively.

¹ RBC Investor Services Bank, S.A. is the intermediate holding company of the Trustee.

The related bank balances with RBC Investor Services Bank, S.A. for each Constituent Fund as at reporting date were as follows:

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
1 Allianz Choice Stable Growth Fund	290,499	538,151
2 Fidelity Balanced Fund	2,007,620	4,227,618
3 Fidelity Stable Growth Fund	700,407	760,005
4 Manulife Career Average Guaranteed Fund - SHKP	286,157	676,874
5 Invesco MPF Conservative Fund	36,025,480	35,486,887
6 SHKP MPF Fund	592,746	970,935
7 Allianz Choice Balanced Fund	598,471	667,809
8 Invesco Global Stable Fund	1,034,719	955,280
9 Schroder MPF Core Accumulation Fund	1,239,476	467,909
10 Schroder MPF Age 65 Plus Fund	<u>913,325</u>	<u>562,451</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

11. PAYMENTS CHARGED TO DEFAULT INVESTMENT STRATEGY CONSTITUENT FUNDS

In accordance with the Mandatory Provident Fund legislation (the "MPF legislation"), the aggregate of the payments for services of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund divided by the number of days in the year respectively.

The above aggregate of the payments for services includes, but is not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Investment Manager, the Custodian and the Sponsor and/or promoter of the Scheme and the underlying investment funds of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and their underlying investment funds, but does not include any out-of-pocket expenses incurred by Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and their underlying investment funds.

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund or members who invest in Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, shall not in a single year exceed 0.2% per annum of the net asset value of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

11. PAYMENTS CHARGED TO DEFAULT INVESTMENT STRATEGY CONSTITUENT FUNDS - continued

For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund in connection with recurrent acquisition of investments for Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund. Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund or members who invests in Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and such out-of-pocket expenses are not subject to the above statutory limit.

For the year ended 31 March 2023

	Schroder MPF Core Accumulation Fund HK\$	Schroder MPF Age 65 Plus Fund HK\$
<u>Payments for services</u>		
Administration fee	962,046	564,003
Trustee fee	824,611	483,431
	<u>1,786,657</u>	<u>1,047,434</u>
Payments for services expressed as a daily percentage of net asset value	<u>0.52%</u>	<u>0.52%</u>
Proportionate underlying investment fund fees rate	-	-
Aggregate percentage of payments for services	<u>0.52%</u>	<u>0.52%</u>
<u>Out-of-pocket expenses</u>		
Auditor's remuneration	27,171	16,329
Miscellaneous expenses	2,799	2,768
MPF indemnity insurance	46,324	29,077
Publishing fee	10,596	10,596
Printing and postage fee	19,999	19,998
Registration fee	40	40
Set up expenses	92,663	92,663
Legal and professional fee	58,408	34,721
	<u>258,000</u>	<u>206,192</u>
Out-of-pocket expenses expressed as a daily percentage of net asset value	<u>0.08%</u>	<u>0.10%</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

11. PAYMENTS CHARGED TO DEFAULT INVESTMENT STRATEGY CONSTITUENT FUNDS – continued

For the year ended 31 March 2022

	Schroder MPF Core Accumulation <u>Fund</u> HK\$	Schroder MPF Age 65 Plus Fund <u>Plus Fund</u> HK\$
<u>Payments for services</u>		
Administration fee	842,384	518,347
Trustee fee	<u>722,043</u>	<u>444,298</u>
	<u>1,564,427</u>	<u>962,645</u>
Payments for services expressed as a daily percentage of net asset value	<u>0.52%</u>	<u>0.52%</u>
Proportionate underlying investment fund fees rate	-	-
Aggregate percentage of payments for services	<u>0.52%</u>	<u>0.52%</u>
<u>Out-of-pocket expenses</u>		
Auditor's remuneration	29,100	18,528
Miscellaneous expenses	1,280	1,280
MPF indemnity insurance	19,218	12,136
Publishing fee	6,596	6,596
Printing and postage fee	35,000	35,000
Bank charges	52	52
Legal and professional fee	<u>8,432</u>	<u>5,527</u>
	<u>99,678</u>	<u>79,119</u>
Out-of-pocket expenses expressed as a daily percentage of net asset value	<u>0.03%</u>	<u>0.04%</u>

12. CONTRIBUTIONS

Mandatory contributions for both the employers and members are equal to 5% of the members' relevant income. The minimum level of relevant income for mandatory contribution for each member is HK\$7,100 per month. For members earning less than HK\$7,100 per month, the members' mandatory contribution is nil. The maximum level of relevant income for mandatory contribution for each member is HK\$30,000 per month.

Any contributions made to the Scheme by the employers or members in excess of their mandatory contributions are additional voluntary contributions.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

13. BENEFITS

Members will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment, after reaching the age of 60 or as a result of permanent incapacity; (iii) permanently departure from Hong Kong; (iv) die; (v) have the right to claim a small balance pursuant to the Ordinance or (vi) has terminal illness.

Members will become entitled to benefits in respect of voluntary contributions to the Scheme in circumstances set out in the Trust Deed and the relevant participation agreement.

14. BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The Scheme and its Constituent Funds had no bank loans, overdrafts or borrowings as at 31 March 2023 and 2022.

15. ACCRUED VESTED BENEFITS

The total accrued benefits vested in the members' accounts amounted to HK\$6,540,484,425 as at 31 March 2023 (2022: HK\$6,884,186,897).

16. SOFT COMMISSION ARRANGEMENTS

There are no soft commission arrangements relating to dealings in the property of the Constituent Funds during the year.

17. SECURITY LENDING ARRANGEMENTS

During the years ended 31 March 2023 and 2022, the Scheme and its Constituent Funds did not enter into any security lending arrangements.

SHKP MPF EMPLOYER SPONSORED SCHEME

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

18. NEGOTIABILITY OF ASSETS

At 31 March 2023 and 2022, there were no statutory or contractual requirements restricting the negotiability of assets of the Scheme and the Constituent Funds.

19. COMMITMENTS

The Scheme and the Constituent Funds had no commitments as at 31 March 2023 and 2022.

20. CONTINGENT LIABILITIES

The Scheme and the Constituent Funds had no contingent liabilities as at 31 March 2023 and 2022.

21. MARKETING EXPENSES

There have been no advertising expenses, promotional expenses or commissions or brokerage fees paid and payable to the MPF intermediaries deducted from the Scheme or the Constituent Funds during the years ended 31 March 2023 and 2022.

22. COMPARATIVE INFORMATION

The financial statements provide comparative information in respect of the previous period. Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

23. EVENT AFTER THE REPORTING PERIOD

RBC Investor Services Holding (Hong Kong) Limited, the former holding company of the Trustee, has entered into an agreement dated 15 December 2021 with Standard Chartered Bank (Hong Kong) Limited to acquire 100% ownership of the Trustee. The acquisition was completed on 28 April 2023. Upon completion of the acquisition, Standard Chartered Bank (Hong Kong) Limited has become the holding company of the Trustee.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2023

This unaudited Investment Report provides an analysis of the investments of SHKP MPF Employer Sponsored Scheme (the "Scheme") and its constituent funds and the movements in net asset value and performance of the constituent funds. Except for Invesco MPF Conservative Fund which is a direct investment fund, each constituent fund is a feeder fund investing in a single and separate underlying approved pooled investment fund.

The investment objective and policy of each constituent fund are summarised below:

1. Allianz Choice Stable Growth Fund

The Fund aims to achieve a stable overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities. The Fund will invest in an Approved Pooled Investment Fund, Allianz Global Investors Choice Fund - Allianz Choice Stable Growth Fund ("Underlying Fund"), managed by Allianz Global Investors Asia Pacific Limited ("Manager"). Investment will include a diversified portfolio of global equities and fixed-interest securities. It is expected that the Underlying Fund will invest 50% of its assets in equities and 50% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the Underlying Fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the Manager, in other Asian countries and emerging markets. Such smaller proportion of the equity portion of the Underlying Fund may be invested in China A-Shares, in which the Underlying Fund may invest less than 30% of its equity portion. For the avoidance of doubt, the limit of the Underlying Fund's investment in China A-Shares is calculated based on the Underlying Fund's equity portion (instead of the Underlying Fund's net asset value).

The Underlying Fund, a sub-fund of Allianz Global Investors Choice Fund, is a fund of funds investing substantially all its assets in (i) other sub-funds of the Allianz Global Investors Choice Fund ("Other APIFs") and/or (ii) Approved Index-Tracking Funds ("Underlying ITCIS") as determined by the Manager from time to time to be appropriate to provide the desired investment exposure for the Underlying Fund based on its investment objective and policy. All Other APIFs are approved as Approved Pooled Investment Funds by the Authority and authorized by the Commission and all Underlying ITCIS are approved by the Authority. The Underlying Fund may invest at least 40% and up to 60% of its assets in global equities (out of which less than 30% of such equity portion of the Underlying Fund may be invested in China A-Shares) and at least 40% and up to 60% of its assets in fixed interest securities via the Other APIFs and/or Underlying ITCIS. The Underlying Fund will invest in 5 or more Other APIFs and/or Underlying ITCIS.

It is expected that the Underlying Fund will invest 70% to 100% of its net asset value in the Other APIFs and not more than 30% of its net asset value in the Underlying ITCIS.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

2. Fidelity Balanced Fund

The objective of this Fund is to build capital value over the long term. The Fund will invest in an Approved Pooled Investment Fund, Fidelity Global Investment Fund – Balanced Fund ("Underlying Fund"), managed by FIL Investment Management (Hong Kong) Limited. The Underlying Fund (which is a fund of funds) normally invests 70% of its net asset value in global equities and 30% of its net asset value in global bonds and cash, although actual portfolios may vary as market and other conditions change.

The Underlying Fund will have a broad geographic scope with a bias towards Hong Kong.

3. Fidelity Stable Growth Fund

The objective of this Fund is to generate a positive return over the long term. The Fund will invest in an Approved Pooled Investment Fund, Fidelity Global Investment Fund – Stable Growth Fund ("Underlying Fund"), managed by FIL Investment Management (Hong Kong) Limited. The Underlying Fund (which is a fund of funds) will normally allocate 50% of its net asset value to global equities, 50% to global bonds and cash, although actual portfolios may vary as market and other conditions change.

4. Manulife Career Average Guaranteed Fund - SHKP

The Fund seeks to achieve long term capital growth while also providing a minimum guaranteed career average return through investment in an Approved Pooled Investment Fund, Manulife Career Average Guaranteed Fund ("Underlying Fund"), guaranteed by the Guarantor and managed by Manulife Investment Management (Hong Kong) Limited ("Manager").

The portfolio of the Underlying Fund will include global debt securities and may also include equity securities denominated in Hong Kong dollars or other currencies.

The Underlying Fund will invest predominantly in global debt securities to seek to ensure that the guaranteed return can be achieved. Initially the portfolio will be predominantly weighted (up to 100%) towards debt securities but the weighting of debt securities may reduce whilst investment in global equities may increase to up to 20% over time. Based on the Manager's view that the guaranteed return is achievable, the Underlying Fund will invest in global equities with a view to enhancing the actual return.

The Underlying Fund may invest in the above mentioned securities directly or through Approved Index-Tracking Funds.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

5. Invesco MPF Conservative Fund

The Fund is managed by Invesco Hong Kong Limited. The investment objective of the Fund is to preserve capital with minimal risk.* The Fund will invest in HK dollar deposits, HK dollar denominated money market instruments as well as short-dated fixed interest securities. It will invest in a manner consistent with those set out in Section 37 of the Mandatory Provident Fund Schemes (General) Regulation (the "MPF Regulation").

* It is not a guaranteed fund.

The portfolio of the Fund will include cash deposits, certificates of deposit, government and corporate Hong Kong debt securities. The portfolio of the fund will have an average maturity of not more than 90 days.

The Fund will maintain an "effective currency exposure" to HK dollars (as defined in the MPF Regulation) of 100%.

6. SHKP MPF Fund

The Fund seeks to achieve medium capital growth with medium volatility. The long-term return objective is to exceed Hong Kong inflation. The Fund will invest in an Approved Pooled Investment Fund, SHKP Nexus Fund – SHKP MPF Fund ("Underlying Fund"), managed by Nexus Investment Management Limited. The underlying fund will normally invest 27%-67% in equities and equity related investments and the remainder in deposits, debt securities and other investments permitted under the Mandatory Provident Fund Schemes (General) Regulation.

The Underlying Fund is globally diversified but is biased towards Hong Kong.

7. Allianz Choice Balanced Fund

The Fund seeks to achieve a high level (above market) of overall return over the long term by investing in a diversified portfolio of global equities and fixed interest securities. The Fund will invest in an Approved Pooled Investment Fund, Allianz Global Investors Choice Fund – Allianz Choice Balanced Fund ("Underlying Fund"), managed by Allianz Global Investors Asia Pacific Limited ("Manager"). Investment will include a diversified portfolio of global equities and fixed-interest securities. It is expected that 70% of its assets of the Underlying Fund will be invested in equities and 30% in fixed-interest securities.

The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the Underlying Fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the Manager, in other Asian countries and emerging markets. Such smaller proportion of the equity portion of the Underlying Fund may be invested in China A-Shares, in which the Underlying Fund may invest less than 30% of its equity portion. For the avoidance of doubt, the limit of the Underlying Fund's investment in China A-Shares is calculated based on the Underlying Fund's equity portion (instead of the Underlying Fund's net asset value).

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

7. Allianz Choice Balanced Fund - continued

The Underlying Fund, a sub-fund of Allianz Global Investors Choice Fund, is a fund of funds investing substantially all its assets in (i) other sub-funds of the Allianz Global Investors Choice Fund ("Other APIFs") and/or (ii) Approved Index-Tracking Funds ("Underlying ITCIS") as determined by the Manager from time to time to be appropriate to provide the desired investment exposure for the Underlying Fund based on its investment objective and policy. All Other APIFs are approved as approved pooled investment funds by the Authority and authorized by the Commission and all Underlying ITCIS are approved by the Authority. The Underlying Fund may invest at least 60% and up to 80% of its assets in global equities (out of which less than 30% of such equity portion of the Underlying Fund may be invested in China A-Shares) and at least 20% and up to 40% of its assets in fixed interest securities via the Other APIFs and/or Underlying ITCIS. The Underlying Fund will invest in 5 or more Other APIFs and/or Underlying ITCIS.

It is expected that the Underlying Fund will invest 70% to 100% of its net asset value in the Other APIFs and not more than 30% of its net asset value in the Underlying ITCIS.

8. Invesco Global Stable Fund

The Fund seeks to achieve capital preservation over the long term whilst seeking to enhance return through limited exposure of global equities. The Fund will invest in an approved pooled investment fund, Invesco Pooled Investment Fund - Global Stable Fund, the underlying fund managed by Invesco Hong Kong Limited. The underlying fund which is a fund of funds seeks to provide investors with a stable return by investing mainly in global bonds with some additional growth potential through exposure to global equities. The underlying fund will normally invest 70% of its net asset value in global bonds and 30% of its net asset value in global equities.

9. Schroder MPF Core Accumulation Fund

The investment objective of the Fund is to achieve capital growth by investing in a globally diversified manner. The Fund shall invest in an Approved Pooled Investment Fund named Schroder MPF Core 60/40 Fund ("Underlying Fund"). The Underlying Fund is a fund of funds which invests in two Approved Pooled Investment Funds managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation.

The two underlying Approved Pooled Investment Funds invested by the Underlying Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "Constituent Index") under the Reference Portfolio respectively. The two underlying Approved Pooled Investment Funds adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying Approved Pooled Investment Funds may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

10. Schroder MPF Age 65 Plus Fund

The investment objective of the Fund is to achieve stable growth by investing in a globally diversified manner. The fund shall invest in an Approved Pooled Investment Fund named Schroder MPF Core 20/80 Fund (the "Underlying Fund"). The Underlying Fund is a fund of funds which invests in two Approved Pooled Investment Funds managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation.

The two underlying Approved Pooled Investment Funds invested by the Underlying Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "Constituent Index") under the Reference Portfolio respectively. The two underlying Approved Pooled Investment Funds adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying Approved Pooled Investment Funds may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

The Trustee's commentary on analysis of the investments held by the Scheme and supporting information of its commentary are summarised below:

Trustee's commentary

1. Allianz Choice Stable Growth Fund

	<u>1 year</u>	<u>Annualised return</u>		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Allianz Choice Stable Growth Fund (launch date: 1 December 2000)	-6.28	0.81	2.49	3.97
Performance Target				
Willis Towers Watson Median (Equity Content 40%-60%)	-7.10	-0.20	2.00	N/A
Deviation from the performance target	0.82	1.01	0.49	N/A

The fund has outperformed the Performance Target over 1, 5 and 10 years.

During the Q2 and Q3 2022, global equities and bonds both fell sharply. Accelerating inflation forced central banks to be more aggressive in raising interest rates, sparking speculation that a period of negative growth would be needed in the US and Europe to bring inflation back under control. Geopolitical risks also remained elevated. For the six months ending March 2023, global equities rallied sharply and global bonds also delivered positive returns. Signs that inflation may have peaked sparked speculation that central banks may start to ease the pace at which they raise rates. Sentiment was further boosted when China pivoted on its strict zero-COVID policy. However, shares prices closed the period on a weak note after the collapse of two regional US banks and an enforced merger of Credit Suisse with its rival UBS. For fixed income markets, US bonds were among the best performers as the Fed adopted a less aggressive stance, moving from a 75-basis-point (bps) hike in November to 25-bps increases in February and March. In contrast, eurozone bonds lagged as ECB maintained its hawkish policy.

On a country/regional level, investments in HK/China have detracted the most on a relative basis, especially the stock selection in onshore China equities. On the other hand, investments in Asia ex Japan region contributed positively. In addition, fixed income investments added value on a relative basis, mainly driven by the underweight positions in EUR and JPY bonds.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

2. Fidelity Balanced Fund

	<u>1 year</u>	<u>Annualised return</u>		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Fidelity Balanced Fund (launch date: 1 December 2000)	-7.58	0.70	3.54	4.69
Performance Target Willis Towers Watson Median (Equity Content 60%-80%)	-6.10	0.60	3.10	N/A
Deviation from the performance target	-1.48	0.10	0.44	N/A

The fund has outperformed the Performance Target over 5 years and 10 years, yet underperformed over 1 year.

Global equities ended lower over the review period. Markets fell in the first half of the period as major central banks tightened monetary policies to curb elevated inflation and global growth weakened. Geopolitical risks arising from the Russia-Ukraine conflict and the resultant energy crisis in Europe further weighed on equities. Markets recovered some losses in the second half of the period, as investors appeared to bet that slowing inflation and weakening global growth would eventually force major central banks to pursue less restrictive policies. That said, markets remained volatile as inflation remained higher than target levels, leading central banks to retain their hawkish stance. Turmoil in the banking sector in developed markets towards the end of the period also intensified fears around global financial stability, though policymakers acted swiftly to manage contagion risks. Against this backdrop, US, Pacific ex Japan and emerging markets were the worst performers. Meanwhile, Europe ex UK equities ended higher as positive economic surprises supported a rebound towards the latter part of the period. At a sector level, consumer discretionary, communication services and financials were among the key decliners.

Global bond markets faced significant volatility during the period. Markets battled with soaring inflation, unprecedented interest rate hikes by central banks and a subsequent slowdown in global economic activity. Russia's invasion of Ukraine, supply chain disruptions, an energy crisis in Europe and COVID-19 related lockdowns in China earlier in the year exacerbated an already challenging macroeconomic backdrop.

The manager reduced the overall allocation to bonds and rotated the proceeds and some cash into equities towards the latter part of the period as investor sentiment towards risk assets improved and economic fundamentals were resilient.

Regarding underperformance over the 1 year period ended 31 March 2023:

- The fund generated negative returns over the year, mostly due to the exposure to equities.
- US equities came under pressure in light of the US Federal Reserve's hawkish stance and concerns over a slowdown in the US economy.
- The allocation to Hong Kong, Japan and other Asia Pacific equities also held back gains amid inflationary concerns and COVID-19 related uncertainties in China.
- The exposure to bonds weighed on returns as government bond yields rose amid the tightening monetary policy stance adopted by major central banks.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

2. Fidelity Balanced Fund - continued

We shall continue to monitor its performance in accordance with the mechanism mentioned under heading “Trustee's assessment framework for deriving its commentary and the Trustee's action, if any, to address its concerns raised in its commentary above” below.

3. Fidelity Stable Growth Fund

	Annualised return			
	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	%	%	%	%
Fidelity Stable Growth Fund (launch date: 1 December 2000)	-7.95	0.15	2.58	4.22
Performance Target				
Willis Towers Watson Median (Equity Content 40%-60%)	-7.10	-0.20	2.00	N/A
Deviation from the performance target	-0.85	0.35	0.58	N/A

The fund has outperformed the Performance Target over 5 years and 10 years, yet underperformed over 1 year.

Global equities ended lower over the review period. Markets fell in the first half of the period as major central banks tightened monetary policies to curb elevated inflation and global growth weakened. Geopolitical risks arising from the Russia-Ukraine conflict and the resultant energy crisis in Europe further weighed on equities. Markets recovered some losses in the second half of the period, as investors appeared to bet that slowing inflation and weakening global growth would eventually force major central banks to pursue less restrictive policies. That said, markets remained volatile as inflation remained higher than target levels, leading central banks to retain their hawkish stance. Turmoil in the banking sector in developed markets towards the end of the period also intensified fears around global financial stability, though policymakers acted swiftly to manage contagion risks. Against this backdrop, US, Pacific ex Japan and emerging markets were the worst performers. Meanwhile, Europe ex UK equities ended higher as positive economic surprises supported a rebound towards the latter part of the period. At a sector level, consumer discretionary, communication services and financials were among the key decliners.

Global bond markets faced significant volatility during the period. Markets battled with soaring inflation, unprecedented interest rate hikes by central banks and a subsequent slowdown in global economic activity. Russia's invasion of Ukraine, supply chain disruptions, an energy crisis in Europe and COVID-19 related lockdowns in China earlier in the year exacerbated an already challenging macroeconomic backdrop.

The manager reduced the overall allocation to bonds and rotated the proceeds and some cash into equities towards the latter part of the period as investor sentiment towards risk assets improved and economic fundamentals were resilient.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

3. Fidelity Stable Growth Fund - continued

Regarding underperformance over the 1 year period ended 31 March 2023:

- The fund generated negative returns over the year, mostly due to the exposure to equities.
- US equities came under pressure in light of the US Federal Reserve's hawkish stance and concerns over a slowdown in the US economy.
- The allocation to Hong Kong, Japan and other Asia Pacific equities also held back gains amid inflationary concerns and COVID-19 related uncertainties in China.
- The exposure to bonds weighed on returns as government bond yields rose amid the tightening monetary policy stance adopted by major central banks.

The fund's smaller equity exposure relative to the Fidelity Balanced Fund contributed to a better relative performance.

We shall continue to monitor its performance in accordance with the mechanism mentioned under heading "Trustee's assessment framework for deriving its commentary and the Trustee's action, if any, to address its concerns raised in its commentary above" below.

.4. Manulife Career Average Guaranteed Fund - SHKP

	<u>1 year</u>	Annualised return		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	%	%	%	%
Manulife Career Average Guaranteed Fund - SHKP (launch date: 1 December 2000)	-3.65	0.03	0.26	0.80
Performance Target Willis Towers Watson Median (Guaranteed Fund)	-3.50	-0.30	0.20	N/A
Deviation from the performance target	-0.15	0.33	0.06	N/A

The fund has outperformed the Performance Target over 5 years and 10 years, underperformed over 1 year though in the case of guarantee funds, the guaranteed return rates and the qualifying conditions for the guarantee worth more attention.

In the United States, Treasury yields generally trended higher during most of the period amid persistent inflation and multiple interest rate hikes by the US Federal Reserve Board. Towards the end of the period, Treasury yields retracted to lower levels due to statements by Fed Chairman Powell that the potential pace of future rate hikes could be slower. Similarly, Hong Kong interest rates moved higher over the period, with the HKMA increasing its base rate in lockstep with the Fed, closing at 5.25% from 0.75% at the beginning of the period. The 10-year Hong Kong government bond yield ended at 3.18% from 2.06% at the beginning of the period.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

4. Manulife Career Average Guaranteed Fund – SHKP - continued

China's full reopening and the peaking of Omicron cases in January are catalysing economic recovery in 2023, with the GDP growth target set at around 5%. This has been followed by the swift full opening of both HK–Mainland borders and international travel. After three years of pandemic-related contractions, Hong Kong's small open economy should see a strong recovery, with growth expected to pick up to 4%. Inbound visitors have rebounded, boosting retail, services and employment. HKD liquidity is easing significantly on strong inflow via southbound transactions in both financial assets and properties. The Centaline property price index rebounded from the 2022 trough on government stamp duty cuts and incentives to attract talented professional immigrants. Hong Kong liquidity remains flush despite the global banking strains in the US and Europe. Hong Kong's aggregate balance remains stable at HKD 76 billion with only a small arbitrage outflow. Despite FOMC's hike of 25 bp in the first quarter, it is acknowledged that the banking strains tightened credit conditions; thus, less is needed for a hike. US front-end rates had a record drop of -100 bp during the first quarter as the market is pricing for Fed's pause in June, followed by a sharp rate cut in 2H. The 2Y HKD IRS rallied -70 bp to 3.78%, largely keeping pace with the US rate rally. Under the currency board regime, interest rate arbitrage is driving HKD spot depreciation back to 7.85 against the dollar. We expect HKD rates to be stable with moderate outperformance due to a steeper curve and loose liquidity. We expect the HKD spot to trade around the 7.82–7.85 level.

5. Invesco MPF Conservative Fund

	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	%	%	%	%
Invesco MPF Conservative Fund (launch date: 1 December 2000)	1.36	0.87	0.44	0.66
Performance Target				
Willis Towers Watson Median (MPF Conservative Fund)	1.01	0.64	0.33	N/A
Deviation from the performance target	0.35	0.23	0.11	N/A

The fund has outperformed the Performance Target over 1 year, 5 years and 10 years.

Central bank policy directions drove the market for the past year. US treasury yields marched higher as central banks was laser-focused on inflation and aggressively tightened monetary policies. US Federal Reserve raised policy rate from close to 0% to around 5% in one year. Other major global central banks including European Central Bank also made synchronized tightening moves. Elsewhere, geopolitical risks, US regional banking crisis and debt ceiling developments added volatilities to the market. HKD rates largely tracked US rates and also rose significantly. There were certain periods where HKD money market rates got squeezed higher with tighter liquidity, as HKMA drained HKD to defend the currency peg and the aggregate balance shrank sharply.

The manager took advantage of the higher HKD rates to boost up portfolio yield. It lengthened the WAM for the portfolio and maintained a relatively long WAM for the portfolio given the high short-end HKD rates. It also looked for opportunities in the market to boost up portfolio yield whenever longer tenor deposit or CD rates present opportunities. The fund run a much higher portfolio yield compared to last year, which helped the performance in the period.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

6. SHKP MPF Fund

	<u>1 year</u>	<u>Annualised return</u>		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
SHKP MPF Fund (launch date: 2 July 2002)	-15.36	0.37	3.69	5.41
Performance Target				
Willis Towers Watson Median (Equity Content 40%-60%)	-7.10	-0.20	2.00	N/A
Deviation from the performance target	-8.26	0.57	1.69	N/A

The fund has outperformed the Performance Target over 5 years and 10 years, yet underperformed over 1 year.

Notwithstanding the fact that the manager preserved a higher cash level to navigate the market under an uncertain economic outlook, the fund had sizable equity position in the US and Hong Kong markets which had performed poorly. Technology stock holdings also dragged the fund's performance as investor sentiment weakened amid aggressive interest rate hike cycle. In addition, Hong Kong stocks weighed on the performance amid COVID related restrictive measures in the first half of the year. On the bond side, liquidity crisis in China property sector dragged fixed income asset's performance and kept the segment volatile. The fund underperformed as a result. The investment manager will re-evaluate its assumptions over the macro securities market outlook. We shall follow up on the result.

7. Allianz Choice Balanced Fund

	<u>1 year</u>	<u>Annualised return</u>		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Allianz Choice Balanced Fund (launch date: 19 March 2010)	-5.61	1.62	3.55	3.56
Performance Target				
Willis Towers Watson Median (Equity Content 60%-80%)	-6.10	0.60	3.10	N/A
Deviation from the performance target	0.49	1.02	0.45	N/A

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

7. Allianz Choice Balanced Fund - continued

The fund has outperformed the Performance Target over 1 year, 5 years and 10 years.

During Q2 and Q3 2022, global equities and bonds both fell sharply. Accelerating inflation forced central banks to be more aggressive in raising rates, sparking speculation that a period of negative growth would be needed in the US and Europe to bring inflation back under control. Geopolitical risks also remained elevated, with the war between Russia and Ukraine showing no signs of ending while tensions between China and Taiwan rose. For the six months ending March 2023, global equities rallied sharply and global bonds also delivered positive returns. Signs that inflation may have peaked sparked speculation that central banks may start to ease the pace at which they raise rates. Sentiment was further boosted when China pivoted on its strict zero-COVID policy, raising hopes of an economic rebound. However, shares prices closed the period on a weak note after the collapse of two regional US banks and an enforced merger of Credit Suisse with UBS highlighted the stresses in the banking system caused by central banks' aggressive rate hikes. For fixed income markets, US bonds were among the best performers as the Fed adopted a less aggressive stance.

Investments in HK/China have detracted the most on relative basis, especially the stock selection in onshore China equities. On the other hand, investments in Asia ex Japan region contributed positively. In addition, fixed income investments added value on a relative basis, mainly driven by the underweight positions in EUR and JPY bonds.

8. Invesco Global Stable Fund

	Annualised return			
	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	%	%	%	%
Invesco Global Stable Fund (launch date: 4 March 2015)	-4.68	0.01	N/A	1.50
Performance Target				
Willis Towers Watson Median (Equity Content 20%-40%)	-7.20	-0.80	N/A	N/A
Deviation from the performance target	2.52	0.81	N/A	N/A

The fund has outperformed the Performance Target over 1 and 5 years.

Global equity markets posted negative return over review period. Correction was broad-based, with Asia ex Japan (ex HK CN) leading the decline. HK & China equities extended weakness throughout 3rd and early 4th quarter amidst geopolitical concern and visibility over zero COVID policy. Markets rebounded since, with market lifted by reversal of China's COVID policy, and moderating inflation that signalled US may be at advanced stage of interest rate tightening cycle. In terms of style, it has been another year where value/cyclical sectors have extended its market leadership from growth stocks, although we are seeing early signs of style reversal towards end of review period, particularly in the US.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

8. Invesco Global Stable Fund - continued

US equity markets corrected during the review period, amidst market concern over weakening corporate earnings following sharp increase in credit cost, and possibility of a mild recession ahead. European equities was the only region posting mild positive return for the period, as market digest the impact of Ukraine-Russia conflict. Value and cyclical sectors that are more economically-sensitive extended leadership over growth stocks. Japanese equities posted negative return in HKD terms, with loss largely from a weaker yen as US interest rates spiked sharply. Japanese equities in local currencies were relatively resilient, with corporates with export exposure likely to benefit from a weaker currency. China/HK equities posted extended weakness for the review period as Chinese equities were out of favor due to regulatory headwinds and geopolitical tension, but staged a sharp rally since November due to visibility towards removal of zero COVID policy in China. Asian equity markets (ex HK & China) were weaker for the review period. North Asia markets, including Korea and Taiwan markets, underperformed its regional peers due to concern over slowing export amidst moderating growth in developed economies. ASEAN markets were broadly more resilient amidst optimism towards relaxing travel restrictions. Global bond yields continued to climb over the reporting period with FED central banks extending its monetary tightening with sharp rally in rates. There is early sign of US inflation levelling off but remains in question if interest rate hike will come to a pause as it will likely to be data dependent.

9. Schroder MPF Core Accumulation Fund

	<u>1 year</u>	<u>Annualised return</u>		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	<u>%</u>	<u>%</u>	<u>%</u>	
Schroder MPF Core Accumulation Fund (launch date: 1 April 2017)	-6.34	4.03	N/A	4.66
Performance Target Willis Towers Watson Benchmark (MPF DIS Reference Portfolio)	-6.80	3.70	N/A	4.50
Deviation from the performance target	0.46	0.33	N/A	0.16

The fund has outperformed the Performance Target over 1 year, 5 years and Since launch.

Asset allocation was slightly negative. The main contributor came from positive equity selections in developed markets.

The manager continues to adopt a flexible approach to the style rotation within the equity portfolio. The fund had value and quality tilts in 2022 to position defensively as both global bonds and equities declined, driven by interest rate hikes and recessionary risk. In the first quarter of 2023, however, given expectations of peaking inflation and reversal in market sentiment, the manager tilted towards growth style which reduced losses from global banking crisis and captured market growth.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's commentary - continued

10. Schroder MPF Age 65 Plus Fund

	<u>1 year</u>	<u>Annualised return</u>		
	<u>%</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Schroder MPF Age 65 Plus Fund (launch date: 1 April 2017)	-6.90	1.07	N/A	1.28
Performance Target Willis Towers Watson Benchmark (MPF DIS Reference Portfolio)	-6.80	0.90	N/A	1.20
Deviation from the performance target	-0.10	0.17	N/A	0.08

The fund has outperformed the Performance Target over 5 years and Since launch and marginally underperformed over 1 year despite the underlying fund had outperformed the Reference Portfolio over the same period. Asset allocation was slightly negative but equity selections contributed positively.

The underlying equity strategies target to outperform reference index through allocating to different styles such as value and growth. Despite both global bonds and equities were under pressure in 2022, the manager's value and quality tilts defended margins amid market volatility. Stepping into 2023, the market backdrop has changed given signs of peaking inflation. Their growth tilt in the first quarter of 2023 captured market growth. As stubborn inflation and banking crisis continue to add market uncertainties, the manager will proactively rotate between styles to capture opportunities.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

Trustee's assessment framework for deriving its commentary and the Trustee's action, if any, to address its concerns raised in its commentary above

Mechanisms for monitoring Investment Managers and fund performance are in place.

There is a Trustee Investment Committee (TIC) with representatives of trustee and sponsor. TIC meetings are held regularly to review performance (for last quarter, past 1 year, past 3 years and past 5 years) and any other issues of investment funds (e.g. FER, fund range and viability of funds). TIC monitors fund performance against both the market median (i.e. Willis Towers Watson Median) and benchmark (i.e. Willis Towers Watson Benchmark). If the rates of return of a fund were both below the market median and the benchmark by 10% or more for 3 out of 4 periods. The fund(s) will be classified as under "watch list". Follow-up actions with investment managers are taken for funds under watch list (if any) with poor performance or other issues.

Results of the TIC meetings and follow-up actions (if any) are reported to the Board of Directors of the Trustee regularly.

The total net asset value of all constituent funds amounted to HK\$ 6,584,585,866 at the end of the financial year (2022: HK\$6,919,602,863).

Except for Invesco MPF Conservative Fund which is a direct investment fund, each other constituent fund of the Scheme invests in an approved pooled investment fund which is approved by the Mandatory Provident Fund Schemes Authority. The cash rebate and expense cap from the investment manager of the underlying funds of Allianz Choice Stable Growth Fund, Fidelity Balanced Fund, Fidelity Stable Growth Fund, Allianz Choice Balanced Fund, Invesco Global Stable Fund, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund is totalling HK\$ 8,627,581 for this financial year (2022: HK\$10,773,548).

The analysis on movements in net asset value (including investment returns) and the investment performance of each constituent fund are shown on pages 69 to 70 and 79 to 88 respectively. Overall, those constituent funds whose investment policies are to invest to a greater extent in equities experienced more volatility in price movements than those constituent funds having a relatively greater exposure to fixed income instruments and cash.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

ANALYSIS ON MOVEMENTS IN NET ASSET VALUE (INCLUDING INVESTMENT RETURNS) FOR THE YEAR ENDED 31 MARCH

	<u>Allianz Choice Stable Growth Fund</u>			<u>Fidelity Balanced Fund</u>		
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Opening net asset value	<u>428,514,279</u>	<u>481,988,305</u>	<u>382,136,780</u>	<u>1,417,427,305</u>	<u>1,585,435,232</u>	<u>1,256,853,021</u>
Subscription of units	65,162,200	67,192,727	73,621,279	226,329,351	250,602,162	250,439,507
Redemption of units	(67,646,904)	(93,981,241)	(81,909,928)	(205,451,576)	(292,212,630)	(319,983,971)
Net loss excluding capital appreciation or depreciation	(1,591,827)	(1,712,930)	(1,410,290)	(1,592,544)	(1,678,634)	(1,513,611)
Net (depreciation) appreciation of investments						
- realised and unrealised	<u>(25,363,049)</u>	<u>(24,972,582)</u>	<u>109,550,464</u>	<u>(105,526,964)</u>	<u>(124,718,825)</u>	<u>399,640,286</u>
Change of net asset value during the year	<u>(29,439,580)</u>	<u>(53,474,026)</u>	<u>99,851,525</u>	<u>(86,241,733)</u>	<u>(168,007,927)</u>	<u>328,582,211</u>
Closing net asset value	<u>399,074,699</u>	<u>428,514,279</u>	<u>481,988,305</u>	<u>1,331,185,572</u>	<u>1,417,427,305</u>	<u>1,585,435,232</u>

	<u>Fidelity Stable Growth Fund</u>			<u>Manulife Career Average Guaranteed Fund - SHKP</u>		
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Opening net asset value	<u>749,115,466</u>	<u>846,600,211</u>	<u>709,175,843</u>	<u>480,240,646</u>	<u>526,874,319</u>	<u>478,818,569</u>
Subscription of units	105,564,052	110,275,476	117,092,428	121,392,452	131,210,150	178,770,224
Redemption of units	(111,493,391)	(147,696,559)	(141,709,283)	(120,693,491)	(149,700,126)	(143,282,170)
Net loss excluding capital appreciation or depreciation	(862,951)	(925,205)	(852,563)	(1,629,808)	(1,755,938)	(1,721,632)
Net (depreciation) appreciation of investments						
- realised and unrealised	<u>(59,022,188)</u>	<u>(59,138,457)</u>	<u>162,893,786</u>	<u>(15,901,375)</u>	<u>(26,387,759)</u>	<u>14,289,328</u>
Change of net asset value during the year	<u>(65,814,478)</u>	<u>(97,484,745)</u>	<u>137,424,368</u>	<u>(16,832,222)</u>	<u>(46,633,673)</u>	<u>48,055,750</u>
Closing net asset value	<u>683,300,988</u>	<u>749,115,466</u>	<u>846,600,211</u>	<u>463,408,424</u>	<u>480,240,646</u>	<u>526,874,319</u>

	<u>Invesco MPF Conservative Fund</u>			<u>SHKP MPF Fund</u>		
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Opening net asset value	<u>601,104,644</u>	<u>650,956,018</u>	<u>577,051,898</u>	<u>1,410,330,735</u>	<u>1,715,192,786</u>	<u>955,194,306</u>
Subscription of units	261,662,625	228,195,706	349,557,215	280,361,213	402,277,286	483,867,908
Redemption of units	(242,320,048)	(278,053,282)	(278,435,391)	(243,131,982)	(335,061,186)	(335,535,347)
Net gain/ (loss) excluding capital appreciation or depreciation	6,667,729	297,070	3,047,500	(4,156,379)	(5,502,237)	(4,451,974)
Net appreciation (depreciation) of investments						
- realised and unrealised	<u>1,792,592</u>	<u>(290,868)</u>	<u>(265,204)</u>	<u>(212,362,060)</u>	<u>(366,575,914)</u>	<u>616,117,893</u>
Change of net asset value during the year	<u>27,802,898</u>	<u>(49,851,374)</u>	<u>73,904,120</u>	<u>(179,289,208)</u>	<u>(304,862,051)</u>	<u>759,998,480</u>
Closing net asset value	<u>628,907,542</u>	<u>601,104,644</u>	<u>650,956,018</u>	<u>1,231,041,527</u>	<u>1,410,330,735</u>	<u>1,715,192,786</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

ANALYSIS ON MOVEMENTS IN NET ASSET VALUE (INCLUDING INVESTMENT RETURNS) FOR THE YEAR ENDED 31 MARCH - continued

	<u>Allianz Choice Balanced Fund</u>			<u>Invesco Global Stable Fund</u>		
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Opening net asset value	<u>671,602,810</u>	<u>718,476,442</u>	<u>512,419,138</u>	<u>625,853,674</u>	<u>708,376,915</u>	<u>635,739,219</u>
Subscription of units	123,313,716	133,405,136	136,529,933	83,651,654	90,789,316	112,159,346
Redemption of units	(100,511,001)	(138,148,855)	(132,574,415)	(108,106,246)	(129,736,699)	(142,078,669)
Net gain/ (loss) excluding capital appreciation or depreciation	(2,500,915)	(2,575,961)	(1,987,496)	791,317	1,074,250	1,183,012
Net (depreciation) appreciation of investments						
- realised and unrealised	<u>(34,489,539)</u>	<u>(39,553,952)</u>	<u>204,089,282</u>	<u>(30,982,238)</u>	<u>(44,650,108)</u>	<u>101,374,007</u>
Change of net asset value during the year	<u>(14,187,739)</u>	<u>(46,873,632)</u>	<u>206,057,304</u>	<u>(54,645,513)</u>	<u>(82,523,241)</u>	<u>72,637,696</u>
Closing net asset value	<u>657,415,071</u>	<u>671,602,810</u>	<u>718,476,442</u>	<u>571,208,161</u>	<u>625,853,674</u>	<u>708,376,915</u>

	<u>Schroder MPF Core Accumulation Fund</u>			<u>Schroder MPF Age 65 Plus Fund</u>		
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Opening net asset value	331,989,187	258,805,728	139,051,264	203,424,117	163,953,096	92,937,111
Subscription of units	210,931,888	189,315,542	150,767,311	126,399,957	132,791,658	129,513,233
Redemption of units	(124,545,259)	(124,570,935)	(80,967,840)	(96,043,581)	(88,653,516)	(67,406,453)
Net loss excluding capital appreciation or depreciation	(2,042,422)	(1,664,091)	(1,117,996)	(1,251,935)	(1,041,753)	(741,065)
Net (depreciation) appreciation of investments						
- realised and unrealised	<u>(17,200,068)</u>	<u>10,102,943</u>	<u>51,072,989</u>	<u>(12,618,002)</u>	<u>(3,625,368)</u>	<u>9,650,270</u>
Change of net asset value during the year	<u>67,144,139</u>	<u>73,183,459</u>	<u>119,754,464</u>	<u>16,486,439</u>	<u>39,471,021</u>	<u>71,015,985</u>
Closing-net-asset-value	<u>399,133,326</u>	<u>331,989,187</u>	<u>258,805,728</u>	<u>219,910,556</u>	<u>203,424,117</u>	<u>163,953,096</u>

	<u>2023</u> HK\$	<u>Total</u> <u>2022</u> HK\$	<u>2021</u> HK\$
Opening net asset value	6,919,602,863	7,656,659,052	5,739,377,149
Subscription of units	1,604,769,108	1,736,055,159	1,982,318,384
Redemption of units	(1,419,943,479)	(1,777,815,029)	(1,723,883,467)
Net loss excluding capital appreciation or depreciation	(8,169,735)	(15,485,429)	(9,566,115)
Net (depreciation) appreciation of investments			
- realised and unrealised	<u>(511,672,891)</u>	<u>(679,810,890)</u>	<u>1,668,413,101</u>
Change of net asset value during the year	<u>(335,016,997)</u>	<u>(737,056,189)</u>	<u>1,917,281,903</u>
Closing net asset value	<u>6,584,585,866</u>	<u>6,919,602,863</u>	<u>7,656,659,052</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

ANALYSIS ON MOVEMENTS IN PORTFOLIO HOLDINGS FOR THE YEAR ENDED 31 MARCH

	Holding as at 31 March 2022 Units	Additions Units	Disposals Units	Holding as at 31 March 2023 Units
1) Allianz Choice Stable Growth Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Allianz Global Investors Choice Fund				
- Allianz Choice Stable Growth Fund (Ord. A)	14,428,958.801	2,758,861.452	2,887,727.300	14,300,092.953
2) Fidelity Balanced Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Fidelity Global Investment Fund				
- Balanced Fund	5,514,685.221	1,063,086.608	976,506.366	5,601,265.463
3) Fidelity Stable Growth Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Fidelity Global Investment Fund				
- Stable Growth Fund	3,214,800.668	550,997.414	581,831.066	3,183,967.016
4) Manulife Career Average Guaranteed Fund - SHKP				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Manulife Career Average Guaranteed Fund	32,426,849.047	9,852,968.947	9,885,667.802	32,394,150.192

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

ANALYSIS ON MOVEMENTS IN PORTFOLIO HOLDINGS FOR THE YEAR ENDED 31 MARCH - continued

5) Invesco MPF Conservative Fund

	Percentage holding of net assets	
	31 March <u>2023</u> %	31 March <u>2022</u> %
Denominated in Hong Kong dollars		
Certificates of deposit	14.79	9.47
Treasury bills	4.77	1.17
Listed debt securities	<u>2.28</u>	<u>2.83</u>
	<u>21.84</u>	<u>13.47</u>

	Holding as at 31 March 2022 Units	Additions Units	Disposals Units	Holding as at 31 March 2023 Units
6) SHKP MPF Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
SHKP Nexus Fund - SHKP MPF Fund	36,613,462.227	9,310,531.210	8,255,162.456	37,668,830.981
7) Allianz Choice Balanced Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Allianz Global Investors Choice Fund				
- Allianz Choice Balanced Fund				
(Ord. A)	15,934,514.376	3,436,376.440	2,899,602.544	16,471,288.272
8) Invesco Global Stable Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Invesco Pooled Investment Fund				
- Global Stable Fund - Class A	53,261,066.177	7,910,490.422	10,081,057.653	51,090,498.946

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

ANALYSIS ON MOVEMENTS IN PORTFOLIO HOLDINGS FOR THE YEAR ENDED 31 MARCH - continued

	<u>Holding as at 31 March 2022</u> Units	Additions Units	Disposals Units	<u>Holding as at 31 March 2023</u> Units
9) Schroder MPF Core Accumulation Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Schroder MPF Core 60/40 Fund	22,641,860.869	16,034,664.150	9,774,389.478	28,902,135.541
10) Schroder MPF Age 65 Plus Fund				
Unlisted				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Schroder MPF Core 20/80 Fund	16,674,498.961	11,650,686.409	8,954,442.723	19,370,742.647

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

INVESTMENT PORTFOLIO AS AT 31 MARCH 2023

	<u>No. of shares held</u>	<u>Market value HK\$</u>	<u>% of Net assets</u>
1) Allianz Choice Stable Growth Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Allianz Global Investors Choice Fund			
- Allianz Choice Stable Growth Fund (Ord. A)	<u>14,300,093</u>	<u>398,829,592</u>	<u>99.94</u>
Total investments, at cost ^{1,2}		<u>356,224,913</u>	
2) Fidelity Balanced Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Fidelity Global Investment Fund			
- Balanced Fund	<u>5,601,265</u>	<u>1,328,620,168</u>	<u>99.81</u>
Total investments, at cost ^{1,2}		<u>1,213,515,299</u>	
3) Fidelity Stable Growth Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Fidelity Global Investment Fund			
- Stable Growth Fund	<u>3,183,967</u>	<u>682,355,968</u>	<u>99.86</u>
Total investments, at cost ^{1,2}		<u>623,842,240</u>	
4) Manulife Career Average Guaranteed Fund - SHKP			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Manulife Career Average Guaranteed Fund	<u>32,394,150</u>	<u>462,342,270</u>	<u>99.77</u>
Total investments, at cost ^{1,2}		<u>473,273,435</u>	

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

INVESTMENT PORTFOLIO AS AT 31 MARCH 2023 - continued

	<u>Nominal value</u>	<u>Market value</u> HK\$	<u>% of</u> <u>Net assets</u>
5) Invesco MPF Conservative Fund			
<u>Certificates of deposit</u>			
<i>Denominated in Hong Kong dollars</i>			
China Construction Bank Corp 0% 22/05/2023	8,000,000	7,964,328	1.27
China Development Bank 0% 02/05/2023	15,000,000	14,963,025	2.38
Bank Of Communications Co., Ltd. 4.23% 08/02/2024	10,000,000	10,048,174	1.60
Bank of Communications Co Ltd 4.41% 13/10/2023	12,000,000	12,029,702	1.91
Industrial & Commercial Bank of China Ltd 0% 01/06/2023	12,000,000	11,934,600	1.90
Industrial & Commercial Bank of China Ltd 5.33% 15/06/2023	13,000,000	13,240,408	2.11
Canadian Imperial Bank of Commerce 0% 12/04/2023	10,000,000	9,994,480	1.59
Canadian Imperial Bank of Commerce 0% 06/10/2023	13,000,000	12,763,862	2.03
Total certificates of deposit		<u>92,938,579</u>	<u>14.79</u>
<u>Treasury bills</u>			
Hong Kong Treasury Bill 0% 12/04/2023	10,000,000	9,994,800	1.59
Hong Kong Treasury Bill 0% 19/04/2023	10,000,000	9,990,600	1.59
Hong Kong Treasury Bill 0% 26/04/2023	10,000,000	9,986,400	1.59
		<u>29,971,800</u>	<u>4.77</u>
<u>Listed debt securities</u>			
<i>Denominated in Hong Kong dollars</i>			
Commonwealth Bank of Australia 5.47% 01/12/2023 EMTN	9,000,000	9,227,137	1.47
Australia & New Zealand Banking Group Ltd 4.1% 26/09/2023 EMTN	5,000,000	5,102,167	0.81
		<u>14,329,304</u>	<u>2.28</u>
Total investments		<u>137,239,683</u>	<u>21.84</u>
Total investments, at cost ¹		<u>135,687,623</u>	

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

INVESTMENT PORTFOLIO AS AT 31 MARCH 2023 - continued

	<u>No. of shares held</u>	<u>Market value HK\$</u>	<u>% of Net assets</u>
6) SHKP MPF Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
SHKP Nexus Fund - SHKP MPF Fund	<u>37,668,831</u>	<u>1,229,171,624</u>	<u>99.85</u>
Total investments, at cost ^{1,2}		<u>1,291,252,748</u>	
7) Allianz Choice Balanced Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Allianz Global Investors Choice Fund - Allianz Choice Balanced Fund	<u>16,471,288</u>	<u>656,216,125</u>	<u>99.82</u>
Total investments, at cost ^{1,2}		<u>584,730,903</u>	
8) Invesco Global Stable Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Invesco Pooled Investment Fund - Global Stable Fund - Class A	<u>51,090,499</u>	<u>569,827,662</u>	<u>99.76</u>
Total investments, at cost ^{1,2}		<u>557,402,377</u>	
9) Schroder MPF Core Accumulation Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Schroder MPF Core 60/40 Fund	<u>28,902,136</u>	<u>397,693,385</u>	<u>99.64</u>
Total investments, at cost ^{1,2}		<u>387,002,018</u>	

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2023

INVESTMENT PORTFOLIO AS AT 31 MARCH 2023 - continued

	<u>No. of shares held</u>	<u>Market value HK\$</u>	<u>% of Net assets</u>
10) Schroder MPF Age 65 Plus Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Schroder MPF Core 20/80 Fund	<u>19,370,743</u>	<u>219,083,099</u>	<u>99.62</u>
Total investments, at cost ^{1,2}		<u>225,812,877</u>	

¹ Investments are accounted on a trade date basis.

² The underlying approved pooled investment funds as listed above were established in Hong Kong and approved by the Mandatory Provident Fund Schemes Authority.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

ANALYSIS OF INVESTMENTS HELD BY THE SCHEME

		<u>As at 31 March 2023</u>		<u>As at 31 March 2022</u>		<u>As at 31 March 2021</u>	
		Net	% of net	Net	% of net	Net	% of net
		asset value	asset value	asset value	asset value	asset value	asset value
1)	Allianz Choice Stable Growth Fund	399,074,699	6.06%	428,514,279	6.19%	481,988,305	6.30%
2)	Fidelity Balanced Fund	1,331,185,572	20.22%	1,417,427,305	20.48%	1,585,435,232	20.71%
3)	Fidelity Stable Growth Fund	683,300,988	10.38%	749,115,466	10.83%	846,600,211	11.06%
4)	Manulife Career Average Guaranteed Fund - SHKP	463,408,424	7.04%	480,240,646	6.94%	526,874,319	6.88%
5)	Invesco MPF Conservative Fund	628,907,542	9.55%	601,104,644	8.69%	650,956,018	8.50%
6)	SHKP MPF Fund	1,231,041,527	18.70%	1,410,330,735	20.38%	1,715,192,786	22.40%
7)	Allianz Choice Balanced Fund	657,415,071	9.98%	671,602,810	9.71%	718,476,442	9.38%
8)	Invesco Global Stable Fund	571,208,161	8.67%	625,853,674	9.04%	708,376,915	9.25%
9)	Schroder MPF Core Accumulation Fund	399,133,326	6.06%	331,989,187	4.80%	258,805,728	3.38%
10)	Schroder MPF Age 65 Plus Fund	219,910,556	3.34%	203,424,117	2.94%	163,953,096	2.14%
NET ASSET VALUE		<u>6,584,585,866</u>	<u>100.00%</u>	<u>6,919,602,863</u>	<u>100.00%</u>	<u>7,656,659,052</u>	<u>100.00%</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE

1. Allianz Choice Stable Growth Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	399,074,699	428,514,279	481,988,305
Net asset value per unit	<u>24.04</u>	<u>25.65</u>	<u>27.25</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment <u>return</u> % (note 2)
2023	25.75	21.00	(6.28)
2022	28.18	24.53	(5.87)
2021	28.42	20.93	28.24
2020	23.69	19.88	(4.62)
2019	23.29	20.74	(3.51)
2018	24.16	20.31	13.58
2017	20.46	18.94	5.34
2016	21.02	18.04	(3.45)
2015	20.58	19.40	0.81
2014	<u>20.10</u>	<u>18.05</u>	<u>5.53</u>

Notes:

- 1 Past performance is not necessary a guide to future performance. Investors are reminded that the price of units and the income from them are not guaranteed and may go down as well as up.
- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

2. Fidelity Balanced Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	1,331,185,572	1,417,427,305	1,585,435,232
Net asset value per unit	<u>216.03</u>	<u>233.76</u>	<u>254.86</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	235.74	185.43	(7.58)
2022	266.38	218.66	(8.28)
2021	270.06	189.60	31.98
2020	224.88	177.42	(6.50)
2019	214.11	186.34	(1.02)
2018	221.86	178.69	16.24
2017	180.57	160.48	8.85
2016	187.69	150.79	(6.45)
2015	177.23	164.10	6.10
2014	<u>168.22</u>	<u>146.97</u>	<u>8.88</u>

Notes:

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- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

3. Fidelity Stable Growth Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	683,300,988	749,115,466	846,600,211
Net asset value per unit	<u>195.22</u>	<u>212.08</u>	<u>229.22</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	213.24	171.83	(7.95)
2022	237.85	202.59	(7.48)
2021	240.99	183.90	23.01
2020	206.43	174.05	(3.25)
2019	196.34	177.73	(0.58)
2018	202.35	170.40	13.64
2017	171.27	158.35	5.64
2016	176.34	150.52	(3.97)
2015	169.53	160.87	3.84
2014	<u>163.23</u>	<u>146.12</u>	<u>6.96</u>

Notes:

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- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

4. Manulife Career Average Guaranteed Fund - SHKP

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	463,408,424	480,240,646	526,874,319
Net asset value per unit	<u>12.361</u>	<u>12.829</u>	<u>13.584</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	12.788	11.276	(3.65)
2022	13.854	12.718	(5.56)
2021	13.854	13.126	2.62
2020	13.749	12.780	3.04
2019	12.876	12.149	4.07
2018	12.651	12.298	0.06
2017	12.647	12.093	0.37
2016	12.291	11.980	0.99
2015	12.205	11.707	3.85
2014	<u>12.113</u>	<u>11.563</u>	<u>(2.68)</u>

Notes:

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- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

5. Invesco MPF Conservative Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	628,907,542	601,104,644	650,956,018
Net asset value per unit	<u>11.575</u>	<u>11.420</u>	<u>11.419</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	11.575	11.420	1.36
2022	11.420	11.419	0.01
2021	11.419	11.366	0.47
2020	11.366	11.198	1.51
2019	11.197	11.088	0.99
2018	11.087	11.077	0.09
2017	11.077	11.077	-
2016	11.077	11.076	0.01
2015	11.076	11.076	-
2014	<u>11.076</u>	<u>11.076</u>	<u>0.01</u>

Notes:

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- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

6. SHKP MPF Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	1,231,041,527	1,410,330,735	1,715,192,786
Net asset value per unit	<u>29.817</u>	<u>35.228</u>	<u>44.647</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment <u>return</u> % (note 2)
2023	36.324	25.404	(15.36)
2022	46.846	30.471	(21.10)
2021	48.940	26.846	62.44
2020	32.393	24.913	(6.39)
2019	30.714	25.527	0.33
2018	30.987	24.775	17.88
2017	24.957	21.317	12.85
2016	26.482	19.909	8.51
2015	24.083	21.299	9.31
2014	<u>22.862</u>	<u>19.540</u>	<u>5.95</u>

Notes:

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- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

7. Allianz Choice Balanced Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	657,415,071	671,602,810	718,476,442
Net asset value per unit	<u>36.04</u>	<u>38.18</u>	<u>40.61</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	38.45	30.60	(5.61)
2022	42.33	35.84	(5.98)
2021	42.67	28.60	39.12
2020	34.07	26.73	(7.95)
2019	33.84	28.90	(4.63)
2018	35.43	28.35	16.83
2017	28.66	25.42	8.63
2016	29.92	23.91	(6.36)
2015	28.73	26.50	2.15
2014	<u>28.07</u>	<u>24.24</u>	<u>7.75</u>

Notes:

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- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

8. Invesco Global Stable Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	571,208,161	625,853,674	708,376,915
Net asset value per unit	<u>11.2830</u>	<u>11.8368</u>	<u>12.6576</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	11.8586	9.9814	(4.68)
2022	12.9988	11.5264	(6.48)
2021	13.1507	10.7772	16.35
2020	11.7059	10.3163	(2.47)
2019	11.3658	10.5056	(1.08)
2018	11.5635	10.2490	10.04
2017	10.4164	9.8380	3.16
2016	10.4155	9.4225	(1.84)
2015 (note 3)	10.1400	9.9804	1.20
2014	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- 1 Past performance is not necessary a guide to future performance. Investors are reminded that the price of units and the income from them are not guaranteed and may go down as well as up.
- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.
- 3 The actual net investment return is calculated as the percentage change in unit price between the establishment of Invesco Global Stable Fund on 4 March 2015 and the period end date 31 March 2015.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

9. Schroder MPF Core Accumulation Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	399,133,326	331,989,187	258,805,728
Net asset value per unit	<u>13.1408</u>	<u>14.0302</u>	<u>13.5402</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	14.0963	11.7276	(6.34)
2022	14.7001	13.4789	3.62
2021	13.7122	10.1370	30.94
2020	11.8883	9.5348	(5.41)
2019	11.0390	9.9469	1.38
2018 (note 3)	11.2377	9.9925	7.83
2017	-	-	-
2016	-	-	-
2015	-	-	-
2014	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- 1 Past performance is not necessary a guide to future performance. Investors are reminded that the price of units and the income from them are not guaranteed and may go down as well as up.
- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.
- 3 The actual net investment return is calculated as the percentage change in unit price between the establishment of Schroder MPF Core Accumulation Fund on 1 April 2017 and the period end date 31 March 2018.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

PERFORMANCE TABLE - continued

10. Schroder MPF Age 65 Plus Fund

	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
Total net asset value	219,910,556	203,424,117	163,953,096
Net asset value per unit	<u>10.7961</u>	<u>11.5963</u>	<u>11.8188</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2023	11.6050	10.1523	(6.90)
2022	12.2618	11.4944	(1.88)
2021	12.0605	10.8426	8.52
2020	11.2650	10.4493	3.95
2019	10.4777	9.9906	2.37
2018 (note 3)	10.3241	9.9720	2.35
2017	-	-	-
2016	-	-	-
2015	-	-	-
2014	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- 1 Past performance is not necessary a guide to future performance. Investors are reminded that the price of units and the income from them are not guaranteed and may go down as well as up.
- 2 The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.
- 3 The actual net investment return is calculated as the percentage change in unit price between the establishment of Schroder MPF Age 65 Plus Fund on 1 April 2017 and the period end date 31 March 2018.

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2023

FUND EXPENSE RATIOS AND TRANSACTION COSTS

The annual fund expense ratios and transaction costs of the constituent funds are shown as follows:

	Fund expense <u>ratio</u>	Transaction <u>cost</u> HK\$
1. Allianz Choice Stable Growth Fund	0.98%	-
2. Fidelity Balanced Fund	0.97%	-
3. Fidelity Stable Growth Fund	0.99%	-
4. Manulife Career Average Guaranteed Fund - SHKP	2.29%	-
5. Invesco MPF Conservative Fund	0.99%	-
6. SHKP MPF Fund	0.67%	-
7. Allianz Choice Balanced Fund	0.97%	-
8. Invesco Global Stable Fund	0.84%	-
9. Schroder MPF Core Accumulation Fund	0.61%	-
10. Schroder MPF Age 65 Plus Fund	<u>0.64%</u>	<u>-</u>

**INDEPENDENT AUDITOR'S ASSURANCE REPORT
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME**

We have audited the financial statements of SHKP MPF Employer Sponsored Scheme (the "Scheme") for the year ended 31 March 2023 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1(Revised), *The Audit of Retirement Schemes* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 26 September 2023.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance (the "Ordinance") and the General Regulation.

Trustee's Responsibility

The General Regulation requires the trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority (the "Authority") under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with; and
- (c) the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4) of the Ordinance are complied with; and
- (d) the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT - continued
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME**

Auditor's Responsibility

Our responsibility is to report on the Scheme's compliance with the above requirements based on the results of the procedures performed by us.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance about whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended on PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Based on the foregoing:

1. in our opinion:
 - (a) proper accounting and other records have been kept during the year ended 31 March 2023 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
 - (b) the requirements specified in the guidelines made by the Authority under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 30 June 2022, 31 December 2022 and 31 March 2023; and
 - (c) the requirements specified in the Ordinance under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund have been complied with, in all material respects, as at 30 June 2022, 31 December 2022 and 31 March 2023; and
 - (d) the requirements specified in section 34DD(4)(b) of the Ordinance with respect to the controls of out-of-pocket expenses of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund have been complied with, in all material respects, as at 31 March 2023.
2. as at 31 March 2023, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT - continued
TO THE TRUSTEE OF SHKP MPF EMPLOYER SPONSORED SCHEME**

Other Matter

The requirements specified in the Ordinance under sections 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund are not applicable to the trustee during the year ended 31 March 2023 as the trustee has completed the relevant transitional provisions. Accordingly, there is no reporting on these sections.

Intended Users and Purpose

This report is intended solely for submission by the trustee to the Authority pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purpose.



Certified Public Accountants
Hong Kong
26 September 2023

SHKP MPF EMPLOYER SPONSORED SCHEME
SCHEME GOVERNANCE REPORT
FOR THE YEAR ENDED
31 MARCH 2023

<u>Contents</u>	<u>Pages</u>
Section 1: Trustee’s Governance Framework	95 to 96
Section 2: Assessment Areas	97 to 100
(i) Value for Money Assessment	
(ii) Sustainable Investing Strategy and Implementation Progress	
Board’s Endorsement on the Governance Report	101

Section 1: Trustee's Governance Framework

Overview of Trustee's Governance Framework

Standard Chartered Trustee (Hong Kong) Limited (previously known as *RBC Investor Services Trust Hong Kong Limited*) ("SCT" or the "Company"), as the trustee of SHKP MPF Employer Sponsored Scheme (the "Scheme"), has established the governance framework to ensure effective and prudent management and operations of SCT's trustee businesses. The framework is endorsed by the Board of Directors (the "Board"), such that decisions and initiatives undertaken are consistent with SCT's scope of services and fiduciary responsibilities towards the interest of Scheme members.

SCT signed the Mandatory Provident Fund Schemes Authority (the "MPFA")'s Governance Charter for MPF Trustees in 2018 and committed to uphold and abide by the following core values at all times:-

- Value-for-money MPF schemes and services;
- Act in the best interest of members;
- Lift governance standards;
- Understand and respond to members' needs;
- Engage members through transparency and communications; and
- Serve with honesty and integrity

The Board is ultimately responsible for the performance of SCT, including its compliance with regulatory, contractual, fiduciary and corporate obligations as well as safeguard MPF members' interests.

Board Composition

The Board currently composes of representatives from the business and two independent non-executive directors. The representatives are selected with a view of the necessary skills, expertise and authority to ensure the responsibilities are appropriately discharged. The Board comprises of five directors and two independent non-executive directors. The directors' biographies collectively demonstrate a breadth of industry and sector experience and institutional knowledge that manage to understand the key activities and risks involved in the business and to provide proper oversight and effective challenge across the major activities and decisions made in respect of the Scheme. The Board is committed to maintaining sufficient size that the requirements of the business can be met and that changes to the Board's composition can be managed without undue disruption.

Role of the Board

The Board Terms of Reference sets out the role and responsibilities of the Board. The Board is responsible for the governance, strategic direction and performance of the Company and for the delivery of sustainable value within a framework of prudent and effective controls. The Board is also responsible for understanding the views and interests of all other key stakeholders and for considering those views and interests during Board discussions and decision-making. The Board has responsibility for the matters set out below key areas:

- Strategy and Management
- Financial Reporting and Controls
- Risk Management and Internal Control
- Communication
- Board Membership and other Appointments
- Delegation of Authority
- Corporate Governance Matters

Committees of the Board

The Board has established Trustee Committee and Trustee Investment Committee with the following salient responsibilities:

- Trustee Committee: Representatives from Compliance, Risk, Trustee Services, Operations and the Chief Executive Officer of SCT (“CEO) meet monthly to consider and discuss:
 - Regulatory updates
 - Incident, error or regulatory breach
 - Weaknesses in operations or controls
 - Service providers performance
 - Initiatives undertaken by Risk
- Trustee Investment Committee: Representatives comprise the sponsor of the schemes, with a view to elevating the investment performance of the investment options for the schemes under SCT’s trusteeship, as well as determining follow up actions against investment managers who consistently underperformed the set standards.

In addition to the above, dedicated committee or team will be formed to oversee different projects as and when required.

Mechanism for reporting

1. The Board meets on a quarterly basis at least to provide strategic directions for the oversight of SCT’s operations. At its meetings, the Board receives and considers submissions from the CEO and the relevant stakeholders, which include submissions by the committee(s).
2. The report to the Board specifically covers but not limited to:-
 - Service providers monitoring result
 - Funds’ performance update
 - Breaches and errors reporting
 - Material regulatory or policies changes and the relevant impact analysis
 - Organization changes including business planning
 - Updates from Finance, Risk and Compliance
3. The Board will receive reports and recommendations from time to time on any matter which it considers significant to the Company.

Section 2: Assessment Areas

The overall structure and activities of the Scheme are reviewed continuously, with issues discussed in the relevant committees and quarterly Board meetings, as necessary.

(i) Value for Money Assessment

SCT is committed to pursuing effective strategy of facilitating the Scheme to provide members with value for money.

1. The expenses and fees charged to members are an important metric for assessing if the Scheme is offering value for money.
 - 1.1 SCT monitors the fund expense ratios (“FER”) of the constituent funds under the Scheme (“CFs”) against the relevant industry information on a regular basis.
 - 1.2 The Scheme is an employer sponsored scheme that no sponsor fee is charged to the Scheme.
2. The performance of the CFs is another core pillar for assessing the Scheme’s value to members. Trustee Investment Committee monitors and measures investment performance of the Scheme’s CFs against the industry median over different horizons. Notable change (surge) in the volatility of a CF will be identified.

The range of funds and options available under the Scheme is another important part of the Scheme’s value to members.

- 3.1 SCT will initiate and conduct discussion with the Sponsor regularly on the adequacy and suitability of investment options.
 - 3.2 SCT also considers initiatives to review the range and suitability of fund options, which aim to diversify the choice of the CFs under the Scheme and to enhance its overall competitiveness in the long run.
4. SCT reviews and monitors the quality and level of services provided to Scheme members. Observations and suggestions for enhancements are regular agenda items at internal meetings and/or with the relevant stakeholders. SCT works with the scheme administrator of the Scheme in this area with a view to supporting the Scheme members to manage their accounts in a secured and efficient manner.
5. SCT reviews the performance of the investment managers of the constituent funds under the Scheme regularly and also through the regular monitoring mechanism to ensure the investment managers discharge its roles and responsibilities in accordance with the applicable requirements.

6. SCT follows its group conflict of interest policies and procedures for identifying and managing any potential and actual conflict of interest issues. The Board also monitors conflict of interest so as to ensure the interests of Scheme members are considered in SCT's decision-making process and decisions are not unduly influenced by the interests of other parties. In particular, SCT has no ties to the sponsor of the Scheme which facilitates provision of independent trustee services. The fees and charges borne by the Scheme are disclosed in the scheme brochure and the investment managers of the constituent funds are independent from SCT. All staff of SCT are required to complete mandatory compliance training course to certify their compliance with the group's code of conduct policy and that directors of the Board are also required to declare annually disclosing any conflict of interest.

Summary of Key Actions Taken

With a view to providing value to the Scheme members, the below key actions were taken by SCT during the financial year from 1 April 2022 to 31 March 2023 and SCT is satisfied with the actions arising from the value for money assessment of the Scheme.

Investment Performance Monitoring

1. SCT reviewed the investment performance of the constituent funds under the Scheme on a regular basis and followed up with the investment manager of the constituent fund with unsatisfactory fund performance in May 2022. SCT continues to engage with the investment manager to understand their plans to improve their performance, and the timeline for these plans to be executed. The fund range is considered appropriate and thus no new fund launch plan on the pipeline.
2. Please refer to section headed "Trustee Commentary" in the Scheme's Annual Consolidated Report for the year ended 31 March 2023 for the analysis of investment returns of individual CFs under the Scheme against the performance target.
3. SCT would continue monitor the investment performance of the CFs under the Scheme and take necessary actions if investment underperformance situations are noted. This included following up with the relevant investment manager to provide the justification as well as their proposed actions to improve the underperformance situation.

Fees and Charges Monitoring

SCT performed a review of the CF's FERs against the peers and considered the fees level of the CFs are reasonable and fair, in particular, no sponsor fees were charged to the CFs and the FER of some CFs are one of the lowest in the respective categories. SCT would continue to monitor fees and charges applied by the respective CFs.

Quality of Services to the Scheme members

Various means of communication channels are available to collect feedback from scheme participants, such as, on-site member briefings, call centre, online pension service centre. The appointed scheme administrator conducts regular on-site briefing and members' helpdesk at employers' office. Views and feedbacks from employers and members are discussed in meetings among trustee, employers, scheme administrator to assess if enhancement of service is required

Conclusion

In view of the foregoing, SCT is satisfied that the Scheme provided Value for Money to the Scheme's members for the year ended 31 March 2023, and consistently adopted the monitoring mechanism to improve the governance framework and Value for Money initiative.

(ii) Sustainable Investing Strategy and Implementation Progress

SCT is committed to working with the investment managers of the CFs and/or the underlying funds in the integration of environmental, social and governance ("ESG") factors into the investment and risk management processes in accordance with the MPFA's Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds" issued in November 2021.

1. SCT recognizes that ESG factors could be a source of financial risk with a long-term financial impact on the value of MPF investment portfolios. It is therefore in members' interest that ESG factors are taken into account in the investment and risk management processes.
2. SCT would consider the ESG policies and practices adopted by the appointed investment managers of CFs and the underlying funds, to ensure they align with the Scheme's ESG integration strategy.
3. During the process of selecting investment managers of constituent fund and underlying fund levels, SCT requires investment managers to articulate how ESG considerations are integrated to their investment philosophy and process and investment decision making, and how the integration approach can enhance the investment performance and risk management of their strategy. SCT would engage with the investment managers who are signatories (or who is looking to have the signatory) to the United Nations Principles for Responsible Investment ("UNPRI") going forward. Such signatories commit to integrate ESG issues into investment analysis and decision-making processes.
4. The Board monitors on the ESG integration of the investment managers of the CFs and/or their underlying funds at regular Board meetings.
5. SCT requests information on the ESG policies adopted by the investment managers of the CFs and/or their underlying funds to ensure they align with the Scheme's ESG integration policies. Currently, most of the investment managers of the CFs and/or the underlying funds are signatories to the UNPRI (except for one) which shows evidence of their commitment to comply with the global ESG investment standards and most of the investment managers have dedicated ESG staff conducting scenario analysis on ESG considerations.
6. SCT ascertains from the investment managers how relevant and material ESG factors are taken into account into their investment and risk management processes. The investment managers demonstrated to trustee of their integration of ESG factors and considerations into the investment decision making processes.
7. SCT expects the investment managers to use their influence as institutional investors to pursue SCT's rights and duties as a shareholder including voting, along with, where relevant and appropriate, engaging with the underlying investee companies to promote good corporate governance, accountability and positive change.
8. SCT requires that the investment managers report to SCT on ESG and stewardship matters on a regular basis and be responsive to queries from SCT. The investment managers are also invited to report the ESG related information the investment committee meeting.

9. SCT's ESG integration strategy is currently at initial stages of implementation and will continue to monitor the status and report it to the Board.

SCT's ESG integration strategy for the Scheme was formalised and endorsed by the Board in September 2022. The governance framework was applied consistently by SCT for the financial year and regularly engaged and encouraged the investment managers on ESG integration.

Board's Endorsement on the Scheme's Governance Report

The Scheme's Governance Report was endorsed by the Board of SCT on 21 August 2023.