

## SHKP MPF EMPLOYER SPONSORED SCHEME

Reports and Financial Statements  
For the year ended 31 March 2024

SHKP MPF EMPLOYER SPONSORED SCHEME

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024

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## SHKP MPF EMPLOYER SPONSORED SCHEME

### SCHEME REPORT FOR THE YEAR ENDED 31 MARCH 2024

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 2024.

The Scheme is an employer sponsored scheme established by a trust deed dated 20 October 2000, as amended, (the "Trust Deed").

RBC Investor Services Holding (Hong Kong) Limited, the former holding company of the Trustee, had 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.

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.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### SCHEME REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

#### 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\$1,101,719,246 (2023: HK\$1,049,033,378) and HK\$912,812,249 (2023: HK\$865,251,158), respectively. The net asset value of the Scheme as at 31 March 2024 was HK\$7,013,683,756 (2023: HK\$6,555,380,984). 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 2024

#### 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
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) <u>New address effective from 28 April 2023</u> Level 14, Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong  <u>Previous address prior to 28 April 2023</u> 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 2024

#### 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 - STANDARD CHARTERED TRUSTEE (HONG KONG) LIMITED<sup>1</sup> (formerly known as RBC INVESTOR SERVICES TRUST HONG KONG LIMITED)

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

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

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<sup>1</sup> 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 2024

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 54, which comprise the statement of net assets available for benefits - Scheme and statement of assets and liabilities - Constituent Funds as at 31 March 2024, 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 material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 31 March 2024, 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.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Trustee of the Scheme ("the Trustee") is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements, our auditor's report and independent auditor's assurance 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 concluded 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 the 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").

The Trustee is 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 HKSA's 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.

A handwritten signature in black ink, appearing to be "Eun Yung", is written over a horizontal line.


Certified Public Accountants  
Hong Kong  
26 September 2024

## SHKP MPF EMPLOYER SPONSORED SCHEME

### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - SCHEME AS AT 31 MARCH 2024

	<u>NOTES</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
<b>ASSETS</b>			
Investments in constituent funds	6	7,009,333,564	6,584,585,866
Contributions receivable		96,548,015	86,277,061
Amounts receivable on redemption of units in constituent funds		7,899,008	9,897,836
Other accounts receivable		151,497	201,651
Bank balances	7, 10(f)	8,074,381	11,035,586
		<u>7,122,006,465</u>	<u>6,691,998,000</u>
<b>LIABILITIES</b>			
Accounts payable		4,285,805	4,695,944
Benefits payable		100,792,625	128,918,695
Forfeitures payable		3,244,279	3,002,377
		<u>108,322,709</u>	<u>136,617,016</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><u>7,013,683,756</u></u>	<u><u>6,555,380,984</u></u>

The financial statements on pages 10 to 54 were approved and authorised for issue by the Trustee on 26 September 2024 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 2024

	<u>NOTES</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
INCREASE IN NET ASSETS ATTRIBUTABLE TO MEMBERS FROM PARTICIPATING TRANSACTIONS			
Contributions received and receivable			
From employers	12		
- mandatory		490,486,994	471,268,500
- additional voluntary		61,423,688	51,484,629
From employees			
- mandatory		470,103,155	453,339,452
- additional voluntary		38,818,085	34,746,373
Group transfers in from other schemes		6,405,674	3,251,041
Individual transfers in from other schemes		34,481,650	34,943,383
		<u>1,101,719,246</u>	<u>1,049,033,378</u>
Benefits paid and payable	13		
Death and disability		(244,467)	(2,679,550)
Retirement		(150,422,201)	(123,119,271)
Payments to and on account of leavers			
- refunds of contributions		(181,477)	(655,356)
- individual transfers out to other schemes		(754,175,316)	(727,568,799)
- group transfers out to other schemes		-	(261,499)
- permanent departure		(7,442,623)	(10,316,076)
- terminal illness		(346,165)	(650,607)
		<u>(912,812,249)</u>	<u>(865,251,158)</u>
Forfeitures		<u>(1,723,356)</u>	<u>(1,972,857)</u>
Total benefits paid and payable (including forfeitures)		<u>(914,535,605)</u>	<u>(867,224,015)</u>
		<u>187,183,641</u>	<u>181,809,363</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - SCHEME - continued  
FOR THE YEAR ENDED 31 MARCH 2024

	<u>NOTES</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO MEMBERS FROM OPERATIONS			
Investment income			
Interest income on bank deposits	10(f)	1,862	1,688
Net realised gain/(loss) on financial assets at fair value through profit or loss – investments in constituent funds		39,416,605	(6,098,181)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss – investments in constituent funds		<u>231,707,051</u>	<u>(513,744,447)</u>
		271,125,518	(519,840,940)
Other income		-	-
Expenses			
Bank charges and other expenses		<u>(6,387)</u>	<u>(2,391)</u>
		<u>271,119,131</u>	<u>(519,843,331)</u>
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>458,302,772</u>	<u>(338,033,968)</u>
BALANCE BROUGHT FORWARD		<u>6,555,380,984</u>	<u>6,893,414,952</u>
BALANCE CARRIED FORWARD		<u>7,013,683,756</u>	<u>6,555,380,984</u>

# SHKP MPF EMPLOYER SPONSORED SCHEME

## STATEMENT OF CASH FLOWS - SCHEME FOR THE YEAR ENDED 31 MARCH 2024

	<u>2024</u> HK\$	<u>2023</u> HK\$
<b>OPERATING ACTIVITIES</b>		
Increase/ (Decrease) in net assets attributable to members from operations	271,119,131	(519,843,331)
Adjustment for:		
Interest income on bank deposits	<u>(1,862)</u>	<u>(1,688)</u>
Operating cash inflows/ (outflows) before movements in working capital	271,117,269	(519,845,019)
(Increase)/ Decrease in investments in constituent funds	(424,747,698)	335,016,997
Decrease/ (Increase) in amounts receivable on redemption of units in constituent funds	1,998,828	(135,086)
Decrease/ (Increase) in other accounts receivable	50,154	(141,222)
Decrease in accounts payable	<u>(410,139)</u>	<u>(119,302)</u>
Cash used in operations	(151,991,586)	(185,223,632)
Interest received	<u>1,862</u>	<u>1,688</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(151,989,724)</u>	<u>(185,221,944)</u>
<b>FINANCING ACTIVITIES</b>		
Contributions received (Note)	1,089,966,838	1,040,718,417
Benefits paid	<u>(940,938,319)</u>	<u>(852,857,184)</u>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<u>149,028,519</u>	<u>187,861,233</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,961,205)	2,639,289
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<u>11,035,586</u>	<u>8,396,297</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<u><u>8,074,381</u></u>	<u><u>11,035,586</u></u>
<b>REPRESENTED BY:</b>		
Bank balances	<u><u>8,074,381</u></u>	<u><u>11,035,586</u></u>
<b>Note</b>	<u><u>2024</u></u> HK\$	<u><u>2023</u></u> HK\$
Contributions	1,091,448,292	1,042,005,077
Forfeitures applied	<u>(1,481,454)</u>	<u>(1,286,660)</u>
Contributions received	<u><u>1,089,966,838</u></u>	<u><u>1,040,718,417</u></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 2024

		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	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$
INCOME/ (LOSSES)													
Interest income on bank deposits	10(f)	27,216	2,482	77,169	7,721	33,957	4,000	49,368	2,915	17,350,376	11,375,366	54,511	3,216
Interest income on financial assets at fair value through profit or loss		-	-	-	-	-	-	-	-	3,794,577	1,384,307	-	-
Cash rebate and expense cap from managed funds	5	19,569	19,503	3,607,537	3,593,843	1,862,894	1,877,881	-	-	-	-	-	-
Net realised gain/ (loss) on financial assets at fair value through profit or loss		6,426,692	6,526,415	14,553,416	14,242,462	6,622,615	8,394,222	(4,216,755)	(6,687,220)	4,758,329	612,078	(8,364,131)	(20,883,274)
Net unrealised gain/ (loss) on financial assets at fair value through profit or loss		5,439,824	(31,889,464)	14,048,763	(119,769,426)	5,586,443	(67,416,410)	4,746,636	(9,214,155)	1,558,601	1,180,514	109,996,198	(191,478,786)
Other income		-	421	21	-	17	7	-	-	-	-	-	-
		<u>11,913,301</u>	<u>(25,340,643)</u>	<u>32,286,906</u>	<u>(101,925,400)</u>	<u>14,105,926</u>	<u>(57,140,300)</u>	<u>579,249</u>	<u>(15,898,460)</u>	<u>27,461,883</u>	<u>14,552,265</u>	<u>101,686,578</u>	<u>(212,358,844)</u>
EXPENSES													
Accounting fee	10(e)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,375)	(24,412)	(24,375)	(24,375)	(24,375)
Administration fee	10(d)	(1,101,505)	(1,091,466)	(3,631,721)	(3,604,281)	(1,872,571)	(1,882,497)	(1,291,016)	(1,279,173)	(1,781,449)	(2,116,419)	(3,538,859)	(3,343,550)
Auditor's remuneration		(45,621)	(32,887)	(154,449)	(109,080)	(76,692)	(60,021)	(55,313)	(42,727)	(82,214)	(52,087)	(145,343)	(65,336)
Miscellaneous expenses		(4,400)	(2,805)	(4,400)	(2,805)	(4,400)	(2,805)	(4,400)	(2,805)	(4,380)	(2,654)	(4,400)	(2,805)
MPF indemnity insurance		(59,277)	(59,608)	(194,996)	(195,689)	(100,324)	(103,565)	(69,714)	(67,491)	(100,648)	(94,476)	(181,932)	(202,963)
Publishing fee		(11,130)	(10,596)	(11,130)	(10,596)	(11,130)	(10,596)	(11,130)	(10,596)	(11,153)	(10,596)	(11,130)	(10,596)
Registration fee		(215)	(40)	(215)	(40)	(215)	(40)	(215)	(40)	(215)	(40)	(2,558)	(679)
Trustee fee	10(c)	(314,716)	(311,847)	(1,037,635)	(1,029,794)	(535,020)	(537,856)	(115,269)	(114,212)	(763,478)	(1,349,902)	(315,970)	(298,531)
Printing and postage fee		(19,999)	(19,999)	(20,000)	(19,998)	(19,998)	(19,997)	(20,000)	(19,998)	(20,037)	(19,995)	(19,998)	(19,999)
Management fee	10(b)	-	-	-	-	-	-	-	-	(1,336,087)	(2,257,107)	-	-
Bank charges		(184)	-	(183)	-	(183)	-	(183)	-	(7,458)	(10,250)	(183)	-
Legal and professional fee		(50,299)	(60,610)	(168,462)	(197,450)	(86,139)	(103,087)	(59,571)	(71,306)	(81,763)	(95,887)	(157,827)	(190,761)
Sub-custodian fee		-	-	-	-	-	-	-	-	(18,587)	(32,815)	-	-
Transaction fees		-	-	-	-	-	-	-	-	(34,914)	(25,341)	-	-
Set Up Expense		-	-	-	-	-	-	-	-	-	-	-	-
		<u>(1,631,721)</u>	<u>(1,614,233)</u>	<u>(5,247,566)</u>	<u>(5,194,108)</u>	<u>(2,731,047)</u>	<u>(2,744,839)</u>	<u>(1,651,186)</u>	<u>(1,632,723)</u>	<u>(4,266,795)</u>	<u>(6,091,944)</u>	<u>(4,402,575)</u>	<u>(4,159,595)</u>
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS													
		<u>10,281,580</u>	<u>(26,954,876)</u>	<u>27,039,340</u>	<u>(107,119,508)</u>	<u>11,374,879</u>	<u>(59,885,139)</u>	<u>(1,071,937)</u>	<u>(17,531,183)</u>	<u>23,195,088</u>	<u>8,460,321</u>	<u>97,284,003</u>	<u>(216,518,439)</u>



## SHKP MPF EMPLOYER SPONSORED SCHEME

### REVENUE STATEMENT - CONSTITUENT FUNDS - continued FOR THE YEAR ENDED 31 MARCH 2024

		Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
	NOTES	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$
INCOME/ (LOSSES)											
Interest income on bank deposits	10(f)	37,211	2,731	12,341	2,365	25,883	2,235	21,599	1,691	17,689,631	11,404,722
Interest income on financial assets at fair value through profit or loss		-	-	-	-	-	-	-	-	3,794,577	1,384,307
Cash rebate and expense cap from managed funds	5	32,316	31,127	3,030,308	3,105,227	-	-	-	-	8,552,624	8,627,581
Net realised gain/ (loss) on financial assets at fair value through profit or loss		11,948,030	8,487,015	517,386	(1,524,958)	7,927,709	(1,008,470)	(1,778,962)	(6,086,714)	38,394,329	2,071,556
Net unrealised gain/ (loss) on financial assets at fair value through profit or loss		13,744,686	(42,976,554)	5,912,993	(29,457,280)	55,695,419	(16,191,598)	14,977,488	(6,531,288)	231,707,051	(513,744,447)
Other income		-	399	24	117	-	-	-	-	62	944
		<u>25,762,243</u>	<u>(34,455,282)</u>	<u>9,473,052</u>	<u>(27,874,529)</u>	<u>63,649,011</u>	<u>(17,197,833)</u>	<u>13,220,125</u>	<u>(12,616,311)</u>	<u>300,138,274</u>	<u>(490,255,337)</u>
EXPENSES											
Accounting fee	10(e)	(24,375)	(24,375)	(24,375)	(24,375)	-	-	-	-	(195,037)	(195,000)
Administration fee	10(d)	(1,816,896)	(1,740,642)	(1,555,528)	(1,580,145)	(1,295,304)	(962,046)	(667,948)	(564,003)	(18,552,797)	(18,164,222)
Auditor's remuneration		(78,283)	(49,130)	(64,746)	(52,691)	(53,252)	(27,171)	(28,406)	(16,329)	(784,319)	(507,459)
Miscellaneous expenses		(4,400)	(2,805)	(4,400)	(2,805)	(4,400)	(2,799)	(4,400)	(2,768)	(43,980)	(27,856)
MPF indemnity insurance		(96,792)	(92,681)	(84,478)	(90,143)	(62,045)	(46,324)	(33,569)	(29,077)	(983,775)	(982,017)
Publishing fee		(11,130)	(10,596)	(11,130)	(10,596)	(11,130)	(10,596)	(11,130)	(10,596)	(111,323)	(105,960)
Registration fee		(215)	(40)	(215)	(40)	(215)	(40)	(215)	(40)	(4,493)	(1,039)
Trustee fee	10(c)	(519,113)	(497,326)	(444,437)	(451,470)	(1,103,647)	(824,611)	(569,307)	(483,431)	(5,718,592)	(5,898,980)
Printing and postage fee		(20,000)	(19,999)	(20,000)	(19,997)	(19,998)	(19,999)	(19,998)	(19,998)	(200,028)	(199,979)
Management fee	10(b)	-	-	-	-	-	-	-	-	(1,336,087)	(2,257,107)
Bank charges		(183)	-	(183)	-	(233)	-	(219)	-	(9,192)	(10,250)
Legal and professional fee		(82,620)	(97,578)	(72,325)	(84,130)	(49,502)	(58,408)	(27,660)	(34,721)	(836,168)	(993,938)
Sub-custodian fee		-	-	-	-	-	-	-	-	(18,587)	(32,815)
Transaction fees		-	-	-	-	-	-	-	-	(34,914)	(25,341)
Set Up Expense		-	-	-	-	(92,663)	(92,663)	(92,663)	(92,663)	(185,326)	(185,326)
		<u>(2,654,007)</u>	<u>(2,535,172)</u>	<u>(2,281,817)</u>	<u>(2,316,392)</u>	<u>(2,692,389)</u>	<u>(2,044,657)</u>	<u>(1,455,515)</u>	<u>(1,253,626)</u>	<u>(29,014,618)</u>	<u>(29,587,289)</u>
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS											
		<u>23,108,236</u>	<u>(36,990,454)</u>	<u>7,191,235</u>	<u>(30,190,921)</u>	<u>60,956,622</u>	<u>(19,242,490)</u>	<u>11,764,610</u>	<u>(13,869,937)</u>	<u>271,123,656</u>	<u>(519,842,626)</u>

## SHKP MPF EMPLOYER SPONSORED SCHEME

### STATEMENT OF ASSETS AND LIABILITIES - CONSTITUENT FUNDS AS AT 31 MARCH 2024

		Allianz Choice Stable						Manulife Career Average		Invesco MPF			
	NOTES	Growth Fund		Fidelity Balanced Fund		Fidelity Stable Growth Fund		Guaranteed Fund - SHKP		Conservative Fund		SHKP MPF Fund	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
ASSETS													
Financial assets at fair value through profit or loss	6	405,164,285	398,829,592	1,333,609,157	1,328,620,168	687,448,470	682,355,968	462,897,606	462,342,270	293,655,211	137,239,683	1,353,621,620	1,229,171,624
Amounts receivable on sale of financial assets at fair value through profit or loss		503,546	648,812	1,145,783	505,756	678,760	600,051	951,756	2,673,262	-	-	3,708,331	2,739,003
Amounts receivable on subscriptions		15,310	43,130	1,034,961	1,587,871	491,306	456,961	203,408	600,792	2,338,713	1,712,544	428,054	1,448,624
Prepayment and other receivables		66,364	45,688	796,745	724,032	412,545	371,096	70,257	46,295	2,243,045	2,556,504	199,771	127,406
Bank balances	7, 10(f)	3,475,496	290,499	10,242,428	2,007,620	4,118,786	700,407	7,095,588	286,157	365,741,309	505,574,471	7,114,491	592,746
Total assets		409,225,001	399,857,721	1,346,829,074	1,333,445,447	693,149,867	684,484,483	471,218,615	465,948,776	663,978,278	647,083,202	1,365,072,267	1,234,079,403
LIABILITIES													
Accounts payable	10(b), 10(c) 10(d), 10(e)	396,414	215,618	1,219,557	623,063	648,406	343,490	331,714	225,030	1,237,557	465,519	848,510	534,879
Amounts payable to scheme on redemption		570,603	567,404	2,196,293	1,636,812	801,680	840,005	821,343	2,315,322	1,865,304	4,946,279	3,377,289	2,502,997
Amounts payable on purchases		-	-	-	-	-	-	-	-	5,931,370	12,763,862	-	-
Total liabilities		967,017	783,022	3,415,850	2,259,875	1,450,086	1,183,495	1,153,057	2,540,352	9,034,231	18,175,660	4,225,799	3,037,876
Net assets attributable to unitholders		408,257,984	399,074,699	1,343,413,224	1,331,185,572	691,699,781	683,300,988	470,065,558	463,408,424	654,944,047	628,907,542	1,360,846,468	1,231,041,527
Number of units		16,545,927.5650	16,597,945.7652	6,087,946.567	6,161,996.733	3,482,639.669	3,500,135.513	38,109,038.679	37,490,650.767	54,548,345.184	54,328,796.434	42,340,217.101	41,285,917.082
Net asset value per unit		24.67	24.04	220.67	216.03	198.61	195.22	12.335	12.361	12.006	11.575	32.141	29.817

## SHKP MPF EMPLOYER SPONSORED SCHEME

### STATEMENT OF ASSETS AND LIABILITIES - CONSTITUENT FUNDS - continued AS AT 31 MARCH 2024

	NOTES	Allianz Choice Balanced Fund 2024 HK\$	2023 HK\$	Invesco Global Stable Fund 2024 HK\$	2023 HK\$	Schroder MPF Core Accumulation Fund 2024 HK\$	2023 HK\$	Schroder MPF Age 65 Plus Fund 2024 HK\$	2023 HK\$	Total 2024 HK\$	2023 HK\$
<b>ASSETS</b>											
Financial assets at fair value through profit or loss	6	674,791,833	656,216,125	556,787,631	569,827,662	567,790,526	397,693,385	264,773,628	219,083,099	6,600,539,967	6,081,379,576
Amounts receivable on sale of financial assets at fair value through profit or loss		491,332	1,148,410	1,115,386	579,050	1,134,469	1,337,848	1,350,514	1,028,456	11,079,877	11,260,648
Amounts receivable on subscriptions		42,330	764,330	111,280	30,852	1,942,628	1,275,837	1,616,950	665,106	8,224,940	8,586,047
Prepayment and other receivables		107,420	72,914	946,898	946,888	75,232	36,968	38,056	20,883	4,956,333	4,948,674
Bank balances	7, 10(f)	6,239,035	598,471	2,039,206	1,034,719	3,879,633	1,239,476	3,477,799	913,325	413,423,771	513,237,891
Total assets		681,671,950	658,800,250	561,000,401	572,419,171	574,822,488	401,583,514	271,256,947	221,710,869	7,038,224,888	6,619,412,836
<b>LIABILITIES</b>											
Accounts payable	10(b), 10(c) 10(d), 10(e)	625,888	321,845	543,201	294,852	616,771	323,239	367,989	231,691	6,836,007	3,579,226
Amounts payable to scheme on redemption		2,100,824	1,063,334	1,235,100	916,158	1,312,042	2,126,949	1,843,469	1,568,622	16,123,947	18,483,882
Amounts payable on purchases		-	-	-	-	-	-	-	-	5,931,370	12,763,862
Total liabilities		2,726,712	1,385,179	1,778,301	1,211,010	1,928,813	2,450,188	2,211,458	1,800,313	28,891,324	34,826,970
Net assets attributable to unitholders		678,945,238	657,415,071	559,222,100	571,208,161	572,893,675	399,133,326	269,045,489	219,910,556	7,009,333,564	6,584,585,866
Number of units		18,185,942.0483	18,243,745.1903	48,879,762.608	50,625,576.420	38,497,199.2700	30,373,483.368	23,791,810.585	20,369,305.112		
Net asset value per unit		37.33	36.04	11.4408	11.2830	14.8814	13.1408	11.3083	10.7961		

## SHKP MPF EMPLOYER SPONSORED SCHEME

### STATEMENT OF CHANGES IN NET ASSETS - CONSTITUENT FUNDS FOR THE YEAR ENDED 31 MARCH 2024

	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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
BALANCE BROUGHT												
FORWARD	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
Subscription of units	61,080,589	65,162,200	210,233,085	226,329,351	97,822,207	105,564,052	119,691,650	121,392,452	219,271,753	261,662,625	261,972,183	280,361,213
Redemption of units	(62,178,884)	(67,646,904)	(225,044,773)	(205,451,576)	(100,798,293)	(111,493,391)	(111,962,579)	(120,693,491)	(216,430,336)	(242,320,048)	(229,451,245)	(243,131,982)
Total subscription less redemption	(1,098,295)	(2,484,704)	(14,811,688)	20,877,775	(2,976,086)	(5,929,339)	7,729,071	698,961	2,841,417	19,342,577	32,520,938	37,229,231
Increase/ (decrease) in net assets attributable to unitholders from operations	10,281,580	(26,954,876)	27,039,340	(107,119,508)	11,374,879	(59,885,139)	(1,071,937)	(17,531,183)	23,195,088	8,460,321	97,284,003	(216,518,439)
BALANCE CARRIED FORWARD	408,257,984	399,074,699	1,343,413,224	1,331,185,572	691,699,781	683,300,988	470,065,558	463,408,424	654,944,047	628,907,542	1,360,846,468	1,231,041,527
Number of units												
- issued during the year	2,567,708.9508	2,793,381.5231	993,174.9910	1,078,541.653	510,784.3300	552,550.442	9,809,122.5000	9,962,595.435	18,614,271.2900	22,847,970.621	8,671,810.1120	9,523,740.834
- redeemed during the year	2,619,727.1510	2,904,145.8181	1,067,225.1570	980,204.660	528,280.174	584,613.820	9,190,734.5880	9,905,555.875	18,394,722.5400	21,155,142.138	7,617,510.0930	8,272,159.632

## SHKP MPF EMPLOYER SPONSORED SCHEME

### STATEMENT OF CHANGES IN NET ASSETS - CONSTITUENT FUNDS - continued FOR THE YEAR ENDED 31 MARCH 2024

	Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$	2024 HK\$	2023 HK\$
BALANCE BROUGHT FORWARD	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
Subscription of units	118,449,027	123,313,716	77,950,029	83,651,654	261,932,940	210,931,888	153,928,579	126,399,957	1,582,332,042	1,604,769,108
Redemption of units	(120,027,096)	(100,511,001)	(97,127,325)	(108,106,246)	(149,129,213)	(124,545,259)	(116,558,256)	(96,043,581)	(1,428,708,000)	(1,419,943,479)
Total subscription less redemption	(1,578,069)	22,802,715	(19,177,296)	(24,454,592)	112,803,727	86,386,629	37,370,323	30,356,376	153,624,042	184,825,629
Increase/ (decrease) in net assets attributable to unitholders from operations	23,108,236	(36,990,454)	7,191,235	(30,190,921)	60,956,622	(19,242,490)	11,764,610	(13,869,937)	271,123,656	(519,842,626)
BALANCE CARRIED FORWARD	678,945,238	657,415,071	559,222,100	571,208,161	572,893,675	399,133,326	269,045,489	219,910,556	7,009,333,564	6,584,585,866
Number of units										
- issued during the year	3,316,796.1746	3,562,418.6218	6,997,569.9180	7,679,677.077	19,097,804.7370	16,487,137.337	14,168,546.8520	11,787,828.752		
- redeemed during the year	3,374,599.3166	2,908,624.2829	8,743,383.7300	9,927,741.979	10,974,088.8350	9,776,004.272	10,746,041.3790	8,960,612.362		

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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#### 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.

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.

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 ("FVTPL").

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

In the current year, the Scheme and the Constituent Funds have adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 1 and HKFRS *Disclosure of Accounting Policies*

Practice Statement 2

Amendments to HKAS 8

*Definition of Accounting Estimates*

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their material 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 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Scheme and the Constituent Funds disclosed the material accounting policy information in note 3 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Scheme and the Constituent Funds' financial statements.

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. Since the Scheme and the Constituent Funds' approach and policy align with the amendments, the amendments had no impact on the Scheme and the Constituent Funds' financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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> <sup>1,2</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> 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

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

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

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application 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.



3. MATERIAL 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.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 3. MATERIAL 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.

3. MATERIAL 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.

3. MATERIAL 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.

3. MATERIAL 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.

3. MATERIAL 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.

**3. MATERIAL 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.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 3. MATERIAL 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.



## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 3. MATERIAL 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.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 3. MATERIAL 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 2024

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$	2023 HK\$
<i>Scheme</i>		
<b>Investments in constituent funds</b>		
Allianz Choice Stable Growth Fund	408,257,984	399,074,699
Fidelity Balanced Fund	1,343,413,224	1,331,185,572
Fidelity Stable Growth Fund	691,699,781	683,300,988
Manulife Career Average Guaranteed Fund - SHKP	470,065,558	463,408,424
Invesco MPF Conservative Fund	654,944,047	628,907,542
SHKP MPF Fund	1,360,846,468	1,231,041,527
Allianz Choice Balanced Fund	678,945,238	657,415,071
Invesco Global Stable Fund	559,222,100	571,208,161
Schroder MPF Core Accumulation Fund	572,893,675	399,133,326
Schroder MPF Age 65 Plus Fund	269,045,489	219,910,556
	<u>7,009,333,564</u>	<u>6,584,585,866</u>
 <i>Constituent Funds</i>		
<u>Allianz Choice Stable Growth Fund</u>		
Allianz Global Investors Choice Fund - Allianz Choice Stable Growth Fund (Ord. A)	405,164,285	398,829,592
 <u>Fidelity Balanced Fund</u>		
Fidelity Global Investment Fund - Balanced Fund	1,333,609,157	1,328,620,168
 <u>Fidelity Stable Growth Fund</u>		
Fidelity Global Investment Fund - Stable Growth Fund	687,448,470	682,355,968
 <u>Manulife Career Average Guaranteed Fund - SHKP</u>		
Manulife Career Average Guaranteed Fund	462,897,606	462,342,270
 <u>Invesco MPF Conservative Fund</u>		
Certificates of deposit	129,134,883	92,938,579
Treasury bills	74,829,149	29,971,800
Listed debt securities	-	14,329,304
Unlisted debt securities	89,691,179	-
	<u>293,655,211</u>	<u>137,239,683</u>
 <u>SHKP MPF Fund</u>		
SHKP Nexus Fund - SHKP MPF Fund	1,353,621,620	1,229,171,624
 <u>Allianz Choice Balanced Fund</u>		
Allianz Global Investors Choice Fund - Allianz Choice Balanced Fund	674,791,833	656,216,125
 <u>Invesco Global Stable Fund</u>		
Invesco Pooled Investment Fund - Global Stable Fund	556,787,631	569,827,662
 <u>Schroder MPF Core Accumulation Fund</u>		
Schroder MPF Core 60/40 Fund	567,790,526	397,693,385
 <u>Schroder MPF Age 65 Plus Fund</u>		
Schroder MPF Core 20/80 Fund	264,773,628	219,083,099
	<u>6,600,539,967</u>	<u>6,081,379,576</u>

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 7. BANK BALANCES

The bank balances of the Scheme and the Constituent Funds at 31 March 2024 and 2023 are all savings accounts carrying interest at prevailing market rates and time deposits carrying interest at fixed rates.

	<u>2024</u> HK\$	<u>2023</u> HK\$
<i>Scheme</i>		
Savings accounts	<u>8,074,381</u>	<u>11,035,586</u>
<i>Constituent Funds</i>		
<u>Allianz Choice Stable Growth Fund\</u>		
Savings accounts	<u>3,475,496</u>	<u>290,499</u>
<u>Fidelity Balanced Fund</u>		
Savings accounts	<u>10,242,428</u>	<u>2,007,620</u>
<u>Fidelity Stable Growth Fund</u>		
Savings accounts	<u>4,118,786</u>	<u>700,407</u>
<u>Manulife Career Average Guaranteed Fund - SHKP</u>		
Savings accounts	<u>7,095,588</u>	<u>286,157</u>
<u>Invesco MPF Conservative Fund</u>		
Savings accounts	16,615,874	36,025,480
Time deposits	<u>349,125,435</u>	<u>469,548,991</u>
	<u>365,741,309</u>	<u>505,574,471</u>

Time deposits carried interest which range from 4.3% to 5.05% (2023: 0.2% to 5.7%) per annum.

	<u>2024</u> HK\$	<u>2023</u> HK\$
<u>SHKP MPF Fund</u>		
Savings accounts	<u>7,114,491</u>	<u>592,746</u>
<u>Allianz Choice Balanced Fund</u>		
Savings accounts	<u>6,239,035</u>	<u>598,471</u>
<u>Invesco Global Stable Fund</u>		
Savings accounts	<u>2,039,206</u>	<u>1,034,719</u>
<u>Schroder MPF Core Accumulation Fund</u>		
Savings accounts	<u>3,879,633</u>	<u>1,239,476</u>
<u>Schroder MPF Age 65 Plus Fund</u>		
Savings accounts	<u>3,477,799</u>	<u>913,325</u>

The savings accounts of the Constituent Funds were held in Standard Chartered Bank (Hong Kong) Limited., the holding company of the Trustee.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 8. FINANCIAL INSTRUMENTS

Categories of financial instruments of the Scheme

	<u>2024</u> HK\$	<u>2023</u> HK\$
<b>Financial assets</b>		
At fair value through profit or loss	7,009,333,564	6,584,585,866
Amortised cost	<u>112,672,901</u>	<u>107,412,134</u>
<b>Financial liabilities</b>		
Amortised cost	108,322,709	136,617,016
Net assets attributable to members	<u>7,013,683,756</u>	<u>6,555,380,984</u>

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

#### 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	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Financial assets</b>												
At fair value through profit or loss	405,164,285	398,829,592	1,333,609,157	1,328,620,168	687,448,470	682,355,968	462,897,606	462,342,270	293,655,211	137,239,683	1,353,621,620	1,229,171,624
Amortised cost	<u>4,060,716</u>	<u>1,028,129</u>	<u>13,219,917</u>	<u>4,825,279</u>	<u>5,701,397</u>	<u>2,128,515</u>	<u>8,321,009</u>	<u>3,606,506</u>	<u>370,323,067</u>	<u>509,843,519</u>	<u>11,450,647</u>	<u>4,907,779</u>
<b>Financial liabilities</b>												
Amortised cost	967,017	783,022	3,415,850	2,259,875	1,450,086	1,183,495	1,153,057	2,540,352	9,034,231	18,175,660	4,225,799	3,037,876
Net assets attributable to unitholders	<u>408,257,984</u>	<u>399,074,699</u>	<u>1,343,413,224</u>	<u>1,331,185,572</u>	<u>691,699,781</u>	<u>683,300,988</u>	<u>470,065,558</u>	<u>463,408,424</u>	<u>654,944,047</u>	<u>628,907,542</u>	<u>1,360,846,468</u>	<u>1,231,041,527</u>
	Allianz Choice Balanced Fund		Invesco Global Stable Fund		Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
<b>Financial assets</b>												
At fair value through profit or loss	674,791,833	656,216,125	556,787,631	569,827,662	567,790,526	397,693,385	264,773,628	219,083,099	6,600,539,967	6,081,379,576		
Amortised cost	<u>6,880,117</u>	<u>2,584,125</u>	<u>4,212,770</u>	<u>2,591,509</u>	<u>7,031,962</u>	<u>3,890,129</u>	<u>6,483,319</u>	<u>2,627,770</u>	<u>437,684,921</u>	<u>538,033,260</u>		
<b>Financial liabilities</b>												
Amortised cost	2,726,712	1,385,179	1,778,301	1,211,010	1,928,813	2,450,188	2,211,458	1,800,313	28,891,324	34,826,970		
Net assets attributable to unitholders	<u>678,945,238</u>	<u>657,415,071</u>	<u>559,222,100</u>	<u>571,208,161</u>	<u>572,893,675</u>	<u>399,133,326</u>	<u>269,045,489</u>	<u>219,910,556</u>	<u>7,009,333,564</u>	<u>6,584,585,866</u>		

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024

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#### 8. FINANCIAL INSTRUMENTS - continued

##### Financial risk management objectives and policies - continued

##### **Market risk** - continued

##### Price sensitivity - continued

	<u>2024</u> HK\$	<u>2023</u> HK\$
Members	<u>+/-350,466,678</u>	<u>+/-329,229,293</u>
Unitholders of:		
Allianz Choice Stable Growth Fund	+/-20,258,214	+/-19,941,480
Fidelity Balanced Fund	+/-66,680,458	+/-66,431,008
Fidelity Stable Growth Fund	+/-34,372,424	+/-34,117,798
Manulife Career Average Guaranteed Fund - SHKP	+/-23,144,880	+/-23,117,114
Invesco MPF Conservative Fund	N/A	N/A
SHKP MPF Fund	+/-67,681,081	+/-61,458,581
Allianz Choice Balanced Fund	+/-33,739,592	+/-32,810,806
Invesco Global Stable Fund	+/-27,839,382	+/-28,491,383
Schroder MPF Core Accumulation Fund	+/-28,389,526	+/-19,884,669
Schroder MPF Age 65 Plus Fund	<u>+/-13,238,681</u>	<u>+/-10,954,155</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 2024, 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\$378,065 (2023: HK\$323,229).



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024 and 2023, 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 2024 and 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024

#### 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		Fair value	Valuation technique and
		31.3.2024	31.3.2023	Hierarchy	key input
Investments in constituent Funds	HK\$7,009,333,564		HK\$6,584,585,866	Level 2	Total net asset value of the constituent funds.

##### Constituent Funds

<u>Financial assets</u>		Fair value as at		Fair value	Valuation technique and
		31.3.2024	31.3.2023	Hierarchy	key input
Approved pooled investment fund	6,306,884,756		5,944,139,893	Level 1	Quoted bid prices in active markets.
Certificates of deposit	129,134,883		92,938,579	Level 2	Quoted bid prices in active markets or dealer quotes for similar instruments.
Treasury bills	74,829,149		29,971,800	Level 1	Quoted bid prices in active markets.
Listed debt securities	-		14,329,304	Level 1	Quoted bid prices in active markets.
Unlisted debt securities	89,691,179		-	Level 2	Quoted bid prices in active markets or dealer quotes for similar instruments
		<u>6,600,539,967</u>	<u>6,081,379,576</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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>Financial assets at FVTPL</b>				
Investments in constituent funds	-	7,009,333,564	-	7,009,333,564
	At 31 March 2023			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>Financial assets at FVTPL</b>				
Investments in constituent funds	-	6,584,585,866	-	6,584,585,866

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 2024

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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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>405,164,285</u>	<u>-</u>	<u>-</u>	<u>405,164,285</u>
	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>

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

Fidelity Balanced Fund

	At 31 March 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>1,333,609,157</u>	<u>-</u>	<u>-</u>	<u>1,333,609,157</u>
	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>

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 2024

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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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>687,448,470</u>	<u>-</u>	<u>-</u>	<u>687,448,470</u>
	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>

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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>462,897,606</u>	<u>-</u>	<u>-</u>	<u>462,897,606</u>
	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>

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 2024

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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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>74,829,149</u>	<u>218,826,062</u>	<u>-</u>	<u>293,655,211</u>
	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>

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

SHKP MPF Fund

	At 31 March 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>1,353,621,620</u>	<u>-</u>	<u>-</u>	<u>1,353,621,620</u>
	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>

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 2024

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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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>674,791,833</u>	<u>-</u>	<u>-</u>	<u>674,791,833</u>

	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>

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

Invesco Global Stable Fund

	At 31 March 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>556,787,631</u>	<u>-</u>	<u>-</u>	<u>556,787,631</u>

	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>

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 2024

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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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>567,790,526</u>	<u>-</u>	<u>-</u>	<u>567,790,526</u>

	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>

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 2024			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss	<u>264,773,628</u>	<u>-</u>	<u>-</u>	<u>264,773,628</u>

	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>

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 2024

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#### 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 2023	86,277,061	(128,918,695)	(3,002,377)	(45,644,011)
Financing cash flows	(1,091,448,292)	940,938,319	1,481,454	(149,028,519)
Contributions received and receivable	1,101,719,246	-	-	1,101,719,246
Benefits paid and payable	-	(912,812,249)	-	(912,812,249)
Forfeitures	-	-	(1,723,356)	(1,723,356)
	<u>96,548,015</u>	<u>(100,792,625)</u>	<u>(3,244,279)</u>	<u>(7,488,889)</u>
At 31 March 2024				
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 31 March 2023				

#### 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 (2023: 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 2024

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#### 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 (2023: 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>2024</u>	<u>2023</u>
	HK\$	HK\$
1 Allianz Choice Stable Growth Fund	157,513	26,556
2 Fidelity Balanced Fund	514,631	88,434
3 Fidelity Stable Growth Fund	266,777	45,456
4 Manulife Career Average Guaranteed Fund - SHKP	58,041	9,801
5 Invesco MPF Conservative Fund	385,109	63,958
6 SHKP MPF Fund	161,150	25,466
7 Allianz Choice Balanced Fund	259,095	43,529
8 Invesco Global Stable Fund	220,768	38,201
9 Schroder MPF Core Accumulation Fund	199,782	26,335
10 Schroder MPF Age 65 Plus Fund	<u>100,142</u>	<u>14,715</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 2024

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#### 10. TRANSACTIONS WITH ASSOCIATES - continued

- (e) Accounting fee totalling HK\$195,037 (2023: 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\$ 24,412 in 2024 (2023: HK\$24,375) and Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund which were not charged any fee in 2024 (2023: 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 2024, the Scheme and the Constituent Funds placed bank deposits amounting to HK\$8,074,381 and HK\$64,298,336 respectively (2023: HK\$11,035,586 and HK\$43,688,900 respectively) and carrying interest at prevailing market rates with Standard Chartered Bank (Hong Kong) Limited. Interest income of HK\$1,862 and HK\$628,676 (2023: HK\$1,688 and HK\$0) have been earned by the Scheme and the Constituent Funds with Standard Chartered Bank (Hong Kong) Limited respectively.

<sup>1</sup>Standard Chartered Bank (Hong Kong) Limited is the holding company of the Trustee.

The related bank balances with Standard Chartered Bank (Hong Kong) Limited for each Constituent Fund as at reporting date were as follows:

	<u>2024</u> HK\$	<u>2023</u> HK\$
1 Allianz Choice Stable Growth Fund	3,475,496	290,499
2 Fidelity Balanced Fund	10,242,428	2,007,620
3 Fidelity Stable Growth Fund	4,118,786	700,407
4 Manulife Career Average Guaranteed Fund - SHKP	7,095,588	286,157
5 Invesco MPF Conservative Fund	16,615,874	36,025,480
6 SHKP MPF Fund	7,114,491	592,746
7 Allianz Choice Balanced Fund	6,239,035	598,471
8 Invesco Global Stable Fund	2,039,206	1,034,719
9 Schroder MPF Core Accumulation Fund	3,879,633	1,239,476
10 Schroder MPF Age 65 Plus Fund	<u>3,477,799</u>	<u>913,325</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024

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 2024*

	Schroder MPF Core Accumulation Fund HK\$	Schroder MPF Age 65 Plus Fund HK\$
<u>Payments for services</u>		
Administration fee	1,295,304	667,948
Trustee fee	<u>1,103,647</u>	<u>569,307</u>
	<u>2,398,951</u>	<u>1,237,255</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	53,252	28,406
Miscellaneous expenses	4,400	4,400
MPF indemnity insurance	62,045	33,569
Publishing fee	11,130	11,130
Printing and postage fee	19,998	19,998
Registration fee	215	215
Set up expenses	92,663	92,663
Legal and professional fee	49,502	27,660
Bank charges	<u>233</u>	<u>219</u>
	<u>293,438</u>	<u>218,260</u>
Out-of-pocket expenses expressed as a daily percentage of net asset value	<u>0.06%</u>	<u>0.09%</u>

## SHKP MPF EMPLOYER SPONSORED SCHEME

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2024

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

*For the year ended 31 March 2023*

	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	962,046	564,003
Trustee fee	<u>824,611</u>	<u>483,431</u>
	<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	<u>58,408</u>	<u>34,721</u>
	<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>

#### 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024 and 2023.

15. ACCRUED VESTED BENEFITS

The total accrued benefits vested in the members' accounts amounted to HK\$6,997,394,873 as at 31 March 2024 (2023: HK\$6,540,484,425).

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 2024 and 2023, the Scheme and its Constituent Funds did not enter into any security lending arrangements.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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18. NEGOTIABILITY OF ASSETS

At 31 March 2024 and 2023, 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 2024 and 2023.

20. CONTINGENT LIABILITIES

The Scheme and the Constituent Funds had no contingent liabilities as at 31 March 2024 and 2023.

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 2024 and 2023.



## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2024

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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.

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024

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#### 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).

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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.

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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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 2024

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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)	2.62	2.07	2.21	3.92
Performance Target				
Willis Towers Watson Median (Equity Content 40%-60%)	2.10	0.80	1.70	N/A
Deviation from the performance target	0.52	1.27	0.51	N/A

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

During Q2 and Q3 2023, global equities delivered mixed returns. Japanese equities surged, with major indices touching 33-year highs. US indices also delivered solid gains, mostly driven by a narrow band of technology stocks. However, European stocks fell slightly while Chinese equities tumbled. Global government bonds sold off during the period with yields rise sharply. During Q4 2023 and Q1 2024, both global equity and global bonds rallied. Equities initially weakened given the escalating violence in Middle East. However, global stocks subsequently rebounded strongly as major central banks signalled that rates had likely peaked and borrowing costs could be lowered in 2024. For global bonds, towards the end of December 2023, the yield on the 10-year US Treasury fell below 4.0% for the first time since July. While bond yields backed up slightly in Q1 2024 as hopes faded that rates may be cut as early as March, they still closed the period 30-40 basis points lower than their levels at the end of September 2023.

The fund underperformed its benchmark during the period. From country/region perspective, investments in HK/China and Asia ex Japan equities have detracted the most. On the positive side, stock selection in Japanese equities has contributed the most to relative performance. Overall fixed income investment also outperformed its benchmark, mainly driven by the underweight position in JPY government bonds as well as investments in US bond.

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

Trustee's commentary - continued

2. Fidelity Balanced Fund

	Annualised return			
	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	%	%	%	%
Fidelity Balanced Fund (launch date: 1 December 2000)	2.15	1.33	2.88	4.58
Performance Target Willis Towers Watson Median (Equity Content 60%-80%)	3.10	1.80	2.70	N/A
Deviation from the performance target	-0.95	-0.47	0.18	N/A

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

Global equities gained over the review period. Equity markets rose modestly over the first half of the period as moderating inflationary pressures raised expectations for less restrictive monetary policies. However, gains were limited as elevated inflation led major central banks to continue to raise interest rates, though at a slower pace. Concerns around the debt ceiling and a rating downgrade for government debt in the US also kept investors cautious. Equities came under pressure in October amid expectations of 'higher for longer' interest rates and geopolitical tensions in the Middle East. Nevertheless, equities rallied strongly from November onwards as major developed market central banks left policy rates unchanged. Healthy economic data and easing inflation raised hopes for a soft landing in the global economy, and supported prospects of interest rate cuts in 2024. Against this backdrop, the US, Japan and Europe ex UK equities led the gains. Emerging markets ended higher but lagged developed markets, due to sluggish economic growth in China.

Global bond markets faced significant volatility during the period. While concerns about China's economic recovery and the headline for a decision on the US government's debt ceiling weighed on markets, sentiment improved as negotiators reached an agreement to avert a default. Markets remained healthy amid strong corporate earnings and receding recession risks following healthy labour markets, resilient growth and weakening inflation data. That said, tragic events in Israel and Gaza and resilient economic data sparked concerns that interest rates may need to remain elevated for an extended period, leading to a surge in sovereign bond yields.

Towards the second half of the review period, the manager reduced the overall allocation to bonds and cash, and rotated the proceeds into equities, particularly developed market equities, as investor sentiment towards risk assets improved, while economic data was resilient. Overall, the manager reduced exposure to Hong Kong equities and ended the period with a neutral positioning as economic data showed signs of a stabilisation in China and policy remained supportive. The fund generated positive returns over the year, due to the increased exposure to equities and the bias toward developed markets. US equities led gains, supported by resilient economic data and the US Federal Reserve's dovish stance. While the allocation to Japan and Europe added value, the exposure to Hong Kong offset some gains amid concerns around China's economic recovery. Meanwhile, the holding in bonds and cash generated muted returns. The fund underperformed its benchmark during the period. The fund's overweight positions in US, Europe, and Asia Pacific equities, underweight position in bonds, and security selection in bonds contributed positively to relative return. However, the fund's security selection in regional equities and underweight position in cash detracted overall relative performance.

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

Trustee's commentary - continued

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)	1.74	0.62	2.07	4.11
Performance Target Willis Towers Watson Median (Equity Content 40%-60%)	2.10	0.80	1.70	N/A
Deviation from the performance target	-0.36	-0.18	0.37	N/A

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

Global equities gained over the review period. Equity markets rose modestly over the first half of the period as moderating inflationary pressures raised expectations for less restrictive monetary policies. However, gains were limited as elevated inflation led major central banks to continue to raise interest rates, though at a slower pace. Concerns around the debt ceiling and a rating downgrade for government debt in the US also kept investors cautious. Equities came under pressure in October amid expectations of 'higher for longer' interest rates and geopolitical tensions in the Middle East. Nevertheless, equities rallied strongly from November onwards as major developed market central banks left policy rates unchanged. Healthy economic data and easing inflation raised hopes for a soft landing in the global economy, and supported prospects of interest rate cuts in 2024. Against this backdrop, the US, Japan and Europe ex UK equities led the gains. Emerging markets ended higher but lagged developed markets, due to sluggish economic growth in China.

Global bond markets faced significant volatility during the period. While concerns about China's economic recovery and the headline for a decision on the US government's debt ceiling weighed on markets, sentiment improved as negotiators reached an agreement to avert a default. Markets remained healthy amid strong corporate earnings and receding recession risks following healthy labour markets, resilient growth and weakening inflation data. That said, tragic events in Israel and Gaza and resilient economic data sparked concerns that interest rates may need to remain elevated for an extended period, leading to a surge in sovereign bond yields.

Towards the second half of the review period, the manager reduced the overall allocation to bonds and cash, and rotated the proceeds into equities, particularly developed market equities, as investor sentiment towards risk assets improved, while economic data was resilient. Overall, the manager reduced exposure to Hong Kong equities and ended the period with a neutral positioning as economic data showed signs of a stabilisation in China and policy remained supportive. The fund generated positive returns over the year, due to the increased exposure to equities and the bias toward developed markets. US equities led gains, supported by resilient economic data and the US Federal Reserve's dovish stance. While the allocation to Japan and Europe added value, the exposure to Hong Kong offset some gains amid concerns around China's economic recovery. Meanwhile, the holding in bonds and cash generated muted returns. The fund underperformed its benchmark during the period. The fund's overweight positions in US, Europe, and Asia Pacific equities, underweight position in bonds, and security selection in bonds contributed positively to relative return. However, the fund's security selection in regional equities and underweight position in cash detracted overall relative performance.



## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### Trustee's commentary - continued

#### 4. Manulife Career Average Guaranteed Fund - SHKP

	Annualised return			
	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>Since launch</u>
	%	%	%	%
Manulife Career Average Guaranteed Fund - SHKP (launch date: 1 December 2000)	-0.21	-0.81	0.51	0.76
Performance Target Willis Towers Watson Median (Guaranteed Fund)	0.10	-0.70	0.20	N/A
Deviation from the performance target	-0.31	-0.11	0.31	N/A

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

In the US, US Treasury yields trended higher as the US Federal Reserve Board (Fed) raised rates by 25 bps to 5.25%-5.50% in July and signaled rates could be kept “higher for longer” in September amid strong economic data. The US Fed rate hike, combined with a resilient US economy, pushed bond yields higher for much of the period, putting pressure on bond prices. Market sentiment changed dramatically in late 2023, as declining inflation and softer economic data fueled investor expectations that the US Fed was not only finished raising interest rates but could begin cutting rates in the first half of 2024. At the beginning of 2024, however, US Treasury yields trended higher again as the market pared back rate cut expectations amid persistent inflation and robust economic data. Over the period, the 10-year US Treasury yield moved higher from 3.47% to 4.20%. Hong Kong interest rates similarly moved higher over the period with the Hong Kong Monetary Authority (HKMA) increasing its base rate to 5.75% from 5.25% during the year. The 10-year Hong Kong government bond yield ended at 4.20% from 3.47% at the beginning of the period.

The US Fed held rates steady during the March Federal Open Market Committee (FOMC) meeting. The updated 2024 dot plot indicated the possibility of three cuts of 25 bps each, though the market continues unwinding the aggressive pricing for early cut from June to September as both employment and consumer price index (CPI) surprised on the upside. Our baseline remains the US to achieve a soft landing and the US Fed to cut rates by Q3 (two to three cuts of 25 bps each) as the central bank acknowledges slowing growth, a resilient labor market, and gradual progress towards its 2% inflation target. The HKD remains stable at 7.83 as a mid of 7.75-7.85 range. Hong Kong aggregated balance is stable at around HKD46 billion. The HKD liquidity has been getting looser after the 2024 Hong Kong government budget, which focused on fiscal consolidation and fully abolished restrictive measures on property demand to boost property sales. Looser HKD funding has prompted arbitrage flows from HKD to USD front-end of the yield curve to capture the attractive rates differential.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### Trustee's commentary - continued

#### 5. Invesco MPF Conservative 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>
Invesco MPF Conservative Fund (launch date: 1 December 2000)	3.72	1.40	0.81	0.79
Performance Target Willis Towers Watson Median (MPF Conservative Fund)	3.42	1.19	0.67	N/A
Deviation from the performance target	0.30	0.21	0.14	N/A

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

The US has done hiking in Q3 2023 but maintained an overall hawkish narrative signalling rates to stay higher for longer. Stronger than expected US labor market and stubbornly high US inflation suggested a bumpy disinflation path. Fed's hawkish stance & higher for longer narrative have led to further rising in HIBOR rates and tightening in HKD liquidity conditions. US & HK rates on upward trajectory due to unwinding of Fed rate cut expectations.

HIBOR/SOFR tightened significantly on strong demand in HKD in 2023. Liquidity condition in HK banking system tightened despite flat Aggregate balance. However, we started to see a softening in HKD rates in early 2024. Weak loan demand in HK prompted banks to increase allocations to certificate of deposits (CDs) and debt securities/money market instruments, which pushed HKD interbank funding costs lower.

The Fund took advantage of the higher HIBOR rates to lengthen average WAM of the portfolio and enhancing the portfolio yield, which helping delivered higher return for the portfolio. We have always actively looked for better relative values between different asset classes in time deposits, CDs, and Treasury bills to enhance the overall portfolio return.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 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)	7.79	1.83	3.87	5.51
Performance Target Willis Towers Watson Median (Equity Content 40%-60%)	2.10	0.80	1.70	N/A
Deviation from the performance target	5.69	1.03	2.17	N/A

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

The manager preserved a higher cash level to navigate the market under an uncertain economic outlook. Higher deposit rates after Fed rate hikes also justified our decision. In equities, the fund has sizable equity position in the US market led to our outperformance. Technology stock holdings also attributed positively to the fund's performance. On the bond side, several privately owned Chinese property developers defaulted during the year that attributed negatively to the fund's performance while bank capital related investments performed well, offsetting aforementioned losses. The fund outperformed as a 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)	3.58	3.31	3.14	3.56
Performance Target Willis Towers Watson Median (Equity Content 60%-80%)	3.10	1.80	2.70	N/A
Deviation from the performance target	0.48	1.51	0.44	N/A

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

Trustee's commentary - continued

7. Allianz Choice Balanced Fund - continued

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

During Q2 and Q3 2023, global equities delivered mixed returns. Japanese equities surged, with major indices touching 33-year highs. US indices also delivered solid gains, mostly driven by a narrow band of technology stocks. However, European stocks fell slightly while Chinese equities tumbled. Global government bonds sold off during the period with yields rise sharply. During Q4 2023 and Q1 2024, both global equity and global bonds rallied. Equities initially weakened given the escalating violence in Middle East. However, global stocks subsequently rebounded strongly as major central banks signalled that rates had likely peaked and borrowing costs could be lowered in 2024. For global bonds, towards the end of December 2023, the yield on the 10-year US Treasury fell below 4.0% for the first time since July. While bond yields backed up slightly in Q1 2024 as hopes faded that rates may be cut as early as March, they still closed the period 30-40 basis points lower than their levels at the end of September 2023.

The fund underperformed its benchmark during the period. Investments in HK and China onshore equities have been the main detractor on relative basis. Investments in Asia ex Japan equities also detracted from relative performance, mainly driven by the exposure to Australia market. On the other hand, stock selection in Japanese equities has been the key contributor to relative performance. Fixed income investments have outperformed, mainly driven by the underweight position in JPY government bonds and investments in US bond.

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)	1.40	0.51	N/A	1.49
Performance Target				
Willis Towers Watson Median (Equity Content 20%-40%)	1.20	-0.10	N/A	N/A
Deviation from the performance target	0.20	0.61	N/A	N/A

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

Global equity markets posted positive return over the 12-month review period, albeit with highly diverging returns between HK & China and other regions. Hong Kong and China equities had another disappointing year with double digit loss amidst concern over softer-than-expected post COVID economic recovery and property market overhang. Developed market equities posted strong gain, lifted by a sharp rally in latter part of year amidst optimism towards easing policies in US with growth stocks highly in favour.

US equity markets were the best performing markets for the period, with growth style equities significantly outpacing value style, with gain concentrated in leading tech giants labelled as 'magnificent seven'. European equities posted gain for the Period but lagged other developed markets. European equities benefited from moderating concern over Ukraine Russia conflict, as well as easing inflationary pressure.

**UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024****Trustee's commentary - continued****8. Invesco Global Stable Fund - continued**

Japanese equities surpassed historical index high, with favourable fund flow lifted by its structural growth story and the symbolic ending to its zero-interest rate policy. China / HK equities extended weakness for the review period, amidst softer than expected post-COVID economic recovery and concern over sluggish property market. Asian equity markets (ex HK & China) posted sharp rally for the year. India was the best performing market, lifted by favourable fund flow and optimism towards its structural growth story. Taiwan and Korea also fared well, with I.T. and tech names in favour.

Global bond posted mild gain, with yield narrowing amidst expectation that we may see easing rates from second half of 2024.

**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)	13.25	6.36	N/A	5.84
Performance Target Willis Towers Watson Benchmark (MPF DIS Reference Portfolio)	12.90	5.80	N/A	5.80
Deviation from the performance target	0.35	0.56	N/A	0.04

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

The Fund outperformed the Reference Portfolio over the past one year. The main contributor came from equity allocations, as we overweight equities to capture some of the market rallies over the past 12 months.

We continue to target to outperform the Reference index through allocating to different equity styles. Over the past 12 months, the fund has gradually shifted from a relatively balanced style to a focus on quality, momentum, and growth. The rotation was driven by our belief in a favourable environment for equity growth, supported by a resilient economy, robust corporate earnings, and the prospect of interest rate cuts in 2024. The allocation to specific styles, combined with an overweight position in equities, has resulted in the Fund's outperformance.

## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 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)	4.74	1.54	N/A	1.77
Performance Target Willis Towers Watson Benchmark (MPF DIS Reference Portfolio)	4.50	1.10	N/A	1.70
Deviation from the performance target	0.24	0.44	N/A	0.07

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

The Fund outperformed the Reference Portfolio over the past one year. The main contributor came from equity allocations, which outperformed fixed income over the past 12 months.

Our underlying equity strategies aim to outperform the reference index through allocating to different styles, such as quality and growth. During the period, the Fund has reduced its allocation in value style while increasing tilts towards quality, momentum, and growth styles. The allocation adjustment has reflected our belief that the equity performance should remain supported by resilient economy, robust corporate earnings, and the prospect of interest rate cuts in 2024. Overall, the fund's outperformance can be attributed to style allocation and the overweight in equities.

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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**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\$7,009,333,564 at the end of the financial year (2023: HK\$6,584,585,866).

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\$8,552,624 for this financial year (2023: HK\$8,627,581).

The analysis on movements in net asset value (including investment returns) and the investment performance of each constituent fund are shown on pages 70 to 71 and 81 to 90 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 2024

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

	Allianz Choice Stable Growth Fund			Fidelity Balanced Fund		
	2024 HK\$	2023 HK\$	2022 HK\$	2024 HK\$	2023 HK\$	2022 HK\$
Opening net asset value	399,074,699	428,514,279	481,988,305	1,331,185,572	1,417,427,305	1,585,435,232
Subscription of units	61,080,589	65,162,200	67,192,727	210,233,085	226,329,351	250,602,162
Redemption of units	(62,178,884)	(67,646,904)	(93,981,241)	(225,044,773)	(205,451,576)	(292,212,630)
Net loss excluding capital appreciation or depreciation	(1,584,936)	(1,591,827)	(1,712,930)	(1,562,839)	(1,592,544)	(1,678,634)
Net appreciation/(depreciation) of investments						
- realised and unrealised	11,866,516	(25,363,049)	(24,972,582)	28,602,179	(105,526,964)	(124,718,825)
Change of net asset value during the year	9,183,285	(29,439,580)	(53,474,026)	12,227,652	(86,241,733)	(168,007,927)
Closing net asset value	408,257,984	399,074,699	428,514,279	1,343,413,224	1,331,185,572	1,417,427,305

	Fidelity Stable Growth Fund			Manulife Career Average Guaranteed Fund - SHKP		
	2024 HK\$	2023 HK\$	2022 HK\$	2024 HK\$	2023 HK\$	2022 HK\$
Opening net asset value	683,300,988	749,115,466	846,600,211	463,408,424	480,240,646	526,874,319
Subscription of units	97,822,207	105,564,052	110,275,476	119,691,650	121,392,452	131,210,150
Redemption of units	(100,798,293)	(111,493,391)	(147,696,559)	(111,962,579)	(120,693,491)	(149,700,126)
Net loss excluding capital appreciation or depreciation	(834,179)	(862,951)	(925,205)	(1,601,818)	(1,629,808)	(1,755,938)
Net appreciation/ (depreciation) of investments						
- realised and unrealised	12,209,058	(59,022,188)	(59,138,457)	529,881	(15,901,375)	(26,387,759)
Change of net asset value during the year	8,398,793	(65,814,478)	(97,484,745)	6,657,134	(16,832,222)	(46,633,673)
Closing net asset value	691,699,781	683,300,988	749,115,466	470,065,558	463,408,424	480,240,646

	Invesco MPF Conservative Fund			SHKP MPF Fund		
	2024 HK\$	2023 HK\$	2022 HK\$	2024 HK\$	2023 HK\$	2022 HK\$
Opening net asset value	628,907,542	601,104,644	650,956,018	1,231,041,527	1,410,330,735	1,715,192,786
Subscription of units	219,271,753	261,662,625	228,195,706	261,972,183	280,361,213	402,277,286
Redemption of units	(216,430,336)	(242,320,048)	(278,053,282)	(229,451,245)	(243,131,982)	(335,061,186)
Net gain/ (loss) excluding capital appreciation or depreciation	16,878,158	6,667,729	297,070	(4,348,064)	(4,156,379)	(5,502,237)
Net appreciation/(depreciation) of investments						
- realised and unrealised	6,316,930	1,792,592	(290,868)	101,632,067	(212,362,060)	(366,575,914)
Change of net asset value during the year	26,036,505	27,802,898	(49,851,374)	129,804,941	(179,289,208)	(304,862,051)
Closing net asset value	654,944,047	628,907,542	601,104,644	1,360,846,468	1,231,041,527	1,410,330,735



# SHKP MPF EMPLOYER SPONSORED SCHEME

## UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

### 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>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Opening 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>
Subscription of units	118,449,027	123,313,716	133,405,136	77,950,029	83,651,654	90,789,316
Redemption of units	(120,027,096)	(100,511,001)	(138,148,855)	(97,127,325)	(108,106,246)	(129,736,699)
Net gain/ (loss) excluding capital appreciation or depreciation	(2,584,480)	(2,500,915)	(2,575,961)	760,856	791,317	1,074,250
Net appreciation/ (depreciation) of investments						
- realised and unrealised	<u>25,692,716</u>	<u>(34,489,539)</u>	<u>(39,553,952)</u>	<u>6,430,379</u>	<u>(30,982,238)</u>	<u>(44,650,108)</u>
Change of net asset value during the year	<u>21,530,167</u>	<u>(14,187,739)</u>	<u>(46,873,632)</u>	<u>(11,986,061)</u>	<u>(54,645,513)</u>	<u>(82,523,241)</u>
Closing net asset value	<u>678,945,238</u>	<u>657,415,071</u>	<u>671,602,810</u>	<u>559,222,100</u>	<u>571,208,161</u>	<u>625,853,674</u>

	<u>Schroder MPF Core Accumulation Fund</u>			<u>Schroder MPF Age 65 Plus Fund</u>		
	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Opening net asset value	399,133,326	331,989,187	258,805,728	219,910,556	203,424,117	163,953,096
Subscription of units	261,932,940	210,931,888	189,315,542	153,928,579	126,399,957	132,791,658
Redemption of units	(149,129,213)	(124,545,259)	(124,570,935)	(116,558,256)	(96,043,581)	(88,653,516)
Net loss excluding capital appreciation or depreciation	(2,666,506)	(2,042,422)	(1,664,091)	(1,433,916)	(1,251,935)	(1,041,753)
Net appreciation/ (depreciation) of investments						
- realised and unrealised	<u>63,623,128</u>	<u>(17,200,068)</u>	<u>10,102,943</u>	<u>13,198,526</u>	<u>(12,618,002)</u>	<u>(3,625,368)</u>
Change of net asset value during the year	<u>173,760,349</u>	<u>67,144,139</u>	<u>73,183,459</u>	<u>49,134,933</u>	<u>16,486,439</u>	<u>39,471,021</u>
Closing-net-asset-value	<u>572,893,675</u>	<u>399,133,326</u>	<u>331,989,187</u>	<u>269,045,489</u>	<u>219,910,556</u>	<u>203,424,117</u>

	<u>2024</u> HK\$	<u>Total</u> <u>2023</u> HK\$	<u>2022</u> HK\$
Opening net asset value	6,584,585,866	6,919,602,863	7,656,659,052
Subscription of units	1,582,332,042	1,604,769,108	1,736,055,159
Redemption of units	(1,428,708,000)	(1,419,943,479)	(1,777,815,029)
Net gain/ (loss) excluding capital appreciation or depreciation	1,022,276	(8,169,735)	(15,485,429)
Net appreciation/(depreciation) of investments			
- realised and unrealised	<u>270,101,380</u>	<u>(511,672,891)</u>	<u>(679,810,890)</u>
Change of net asset value during the year	<u>424,747,698</u>	<u>(335,016,997)</u>	<u>(737,056,189)</u>
Closing net asset value	<u>7,009,333,564</u>	<u>6,584,585,866</u>	<u>6,919,602,863</u>

## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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

	<u>Holding as at 31 March 2023</u> Units	Additions Units	Disposals Units	<u>Holding as at 31 March 2024</u> Units
1) Allianz Choice Stable Growth Fund				
<b>Unlisted</b>				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Allianz Global Investors Choice Fund				
- Allianz Choice Stable Growth Fund (Ord. A)	14,300,092.953	2,387,726.277	2,595,148.449	14,092,670.781
2) Fidelity Balanced Fund				
<b>Unlisted</b>				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Fidelity Global Investment Fund				
- Balanced Fund	5,601,265.463	955,723.255	1,061,874.961	5,495,113.757
3) Fidelity Stable Growth Fund				
<b>Unlisted</b>				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Fidelity Global Investment Fund				
- Stable Growth Fund	3,183,967.016	489,705.750	525,438.322	3,148,234.444
4) Manulife Career Average Guaranteed Fund - SHKP				
<b>Unlisted</b>				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Manulife Career Average Guaranteed Fund	32,394,150.192	9,155,893.146	9,166,673.307	32,383,370.031

## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### 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>2024</u> %	31 March <u>2023</u> %
Denominated in Hong Kong dollars		
Certificates of deposit	19.72	14.79
Treasury bills	11.43	4.77
Listed debt securities	-	2.28
Unlisted debt securities	<u>13.69</u>	<u>-</u>
	<u>44.84</u>	<u>21.84</u>

	Holding as at 31 March 2023 Units	Additions Units	Disposals Units	Holding as at 31 March 2024 Units
6) SHKP MPF Fund				
<b>Unlisted</b>				
<u>Hong Kong</u> <i>Approved pooled investment fund</i> SHKP Nexus Fund - SHKP MPF Fund	37,668,830.981	8,249,911.579	7,593,149.554	38,325,593.006
7) Allianz Choice Balanced Fund				
<b>Unlisted</b>				
<u>Hong Kong</u> <i>Approved pooled investment fund</i> Allianz Global Investors Choice Fund - Allianz Choice Balanced Fund (Ord. A)	16,471,288.272	3,165,592.047	3,361,148.700	16,275,731.619
8) Invesco Global Stable Fund				
<b>Unlisted</b>				
<u>Hong Kong</u> <i>Approved pooled investment fund</i> Invesco Pooled Investment Fund - Global Stable Fund - Class A	51,090,498.946	7,077,589.010	8,870,415.571	49,297,672.385

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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

	<u>Holding as at 31 March 2023</u> Units	Additions Units	Disposals Units	<u>Holding as at 31 March 2024</u> Units
9) Schroder MPF Core Accumulation Fund				
<b>Unlisted</b>				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Schroder MPF Core 60/40 Fund	28,902,135.541	18,258,759.747	10,972,843.919	36,188,051.369
10) Schroder MPF Age 65 Plus Fund				
<b>Unlisted</b>				
<u>Hong Kong</u>				
<i>Approved pooled investment fund</i>				
Schroder MPF Core 20/80 Fund	19,370,742.647	13,565,237.743	10,742,046.778	22,193,933.612

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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INVESTMENT PORTFOLIO AS AT 31 March 2024

	<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>14,092,671</u>	<u>405,164,285</u>	<u>99.24</u>
Total investments, at cost <sup>1,2</sup>		<u>357,119,782</u>	
2) Fidelity Balanced Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Fidelity Global Investment Fund			
- Balanced Fund	<u>5,495,114</u>	<u>1,333,609,157</u>	<u>99.27</u>
Total investments, at cost <sup>1,2</sup>		<u>1,204,455,525</u>	
3) Fidelity Stable Growth Fund			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Fidelity Global Investment Fund			
- Stable Growth Fund	<u>3,148,234</u>	<u>687,448,470</u>	<u>99.39</u>
Total investments, at cost <sup>1,2</sup>		<u>623,348,299</u>	
4) Manulife Career Average Guaranteed Fund - SHKP			
<u>Approved Pooled Investment Fund (Unlisted)</u>			
Manulife Career Average Guaranteed Fund	<u>32,383,370</u>	<u>462,897,606</u>	<u>98.48</u>
Total investments, at cost <sup>1,2</sup>		<u>469,082,135</u>	

SHKP MPF EMPLOYER SPONSORED SCHEMEUNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

## INVESTMENT PORTFOLIO AS AT 31 March 2024 - 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>			
Industrial & Commercial Bank of China Ltd/Sydney 5.285% 14/05/2024	6,000,000	6,122,802	0.93
Industrial & Commercial Bank of China Ltd/Sydney 4.59% 07/08/2024	10,000,000	10,069,750	1.54
Bank of Communications Co Ltd/Sydney 4.1% 27/03/2025	3,000,000	2,982,781	0.46
China Development Bank/Hong Kong 0% 12/06/2024	6,000,000	5,948,182	0.91
China Construction Bank Corp/Tokyo 0% 07/05/2024	10,000,000	9,960,499	1.52
China Development Bank/Hong Kong 0% 23/05/2024	6,000,000	5,964,044	0.91
China Construction Bank Corp/Tokyo 0% 12/06/2024	10,000,000	9,913,637	1.51
Bank of Communications Co Ltd/Macau 0% 30/04/2024	10,000,000	9,969,140	1.52
China Construction Bank Corp Singapore Branch 4.54% 06/08/2024	10,000,000	10,066,187	1.54
China Construction Bank Corp/Tokyo 0% 15/08/2024	12,000,000	11,800,685	1.80
China Construction Bank Corp/Tokyo 0% 09/09/2024	14,000,000	13,717,645	2.09
Bank of China Ltd/Macau 0% 13/09/2024	10,000,000	9,793,611	1.50
Bank of China Ltd/Macau 0% 14/06/2024	12,000,000	11,894,315	1.82
Agricultural Bank of China Ltd/Hong Kong 4.75% 30/09/2024	5,000,000	5,004,296	0.76
Agricultural Bank of China Ltd/Hong Kong 0% 05/07/2024	6,000,000	5,927,309	0.91
		<u>129,134,883</u>	<u>19.72</u>
<u>Treasury bills</u>			
Hong Kong Treasury Bill 0% 03/04/2024	15,000,000	14,995,350	2.29
Hong Kong Treasury Bill 0% 10/04/2024	25,000,000	24,971,749	3.82
Hong Kong Treasury Bill 0% 17/04/2024	15,000,000	14,971,950	2.29
Hong Kong Treasury Bill 0% 24/04/2024	10,000,000	9,973,000	1.52
Hong Kong Treasury Bill 0% 12/06/2024	10,000,000	9,917,100	1.51
		<u>74,829,149</u>	<u>11.43</u>

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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INVESTMENT PORTFOLIO AS AT 31 March 2024 - continued

	<u>Nominal value</u>	<u>Market value</u> HK\$	<u>% of</u> <u>Net assets</u>
<u>Unlisted debt securities</u>			
<i>Denominated in Hong Kong dollars</i>			
Australia & New Zealand Banking Group Ltd 4.75% 27/03/2025 EMTN	3,000,000	3,003,303	0.46
Australia & New Zealand Banking Group Ltd 5.27% 27/07/2024 EMTN	10,000,000	10,361,858	1.58
Commonwealth Bank of Australia 5.3% 04/10/2024 EMTN	10,000,000	10,272,919	1.57
Hong Kong Mortgage Corp Ltd/The 4.4% 15/08/2024 EMTN	10,000,000	10,047,926	1.53
Hong Kong Mortgage Corp Ltd/The 4.5% 23/08/2024 EMTN	12,000,000	12,049,244	1.84
Hong Kong Mortgage Corp Ltd/The 4.5% 16/09/2024 EMTN	10,000,000	10,224,134	1.56
Hong Kong Mortgage Corp Ltd/The 4.61% 20/09/2024 EMTN	10,000,000	10,001,775	1.53
Korea Development Bank/The 4.93% 08/09/2024 EMTN	10,000,000	10,282,941	1.57
Westpac Banking Corp 5.25% 16/08/2024 EMTN	13,000,000	13,447,079	2.05
		<u>89,691,179</u>	<u>13.69</u>
<u>Total investments</u>		<u>293,655,211</u>	<u>44.84</u>
Total investments, at cost <sup>1</sup>		<u>290,620,083</u>	

SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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INVESTMENT PORTFOLIO AS AT 31 March 2024 - continued

	No. of <u>shares held</u>	<u>Market value</u> HK\$	% of <u>Net assets</u>
6) SHKP MPF Fund			
<u>Approved Pooled Investment Fund</u> (Unlisted)			
SHKP Nexus Fund - SHKP MPF Fund	<u>38,325,593</u>	<u>1,353,621,620</u>	<u>99.47</u>
Total investments, at cost <sup>1,2</sup>		<u>1,305,706,546</u>	
7) Allianz Choice Balanced Fund			
<u>Approved Pooled Investment Fund</u> (Unlisted)			
Allianz Global Investors Choice Fund - Allianz Choice Balanced Fund	<u>16,275,732</u>	<u>674,791,833</u>	<u>99.39</u>
Total investments, at cost <sup>1,2</sup>		<u>589,561,925</u>	
8) Invesco Global Stable Fund			
<u>Approved Pooled Investment Fund</u> (Unlisted)			
Invesco Pooled Investment Fund - Global Stable Fund - Class A	<u>49,297,672</u>	<u>556,787,631</u>	<u>99.56</u>
Total investments, at cost <sup>1,2</sup>		<u>538,449,353</u>	
9) Schroder MPF Core Accumulation Fund			
<u>Approved Pooled Investment Fund</u> (Unlisted)			
Schroder MPF Core 60/40 Fund	<u>36,188,051</u>	<u>567,790,526</u>	<u>99.11</u>
Total investments, at cost <sup>1,2</sup>		<u>501,403,740</u>	



SHKP MPF EMPLOYER SPONSORED SCHEME

UNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

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INVESTMENT PORTFOLIO AS AT 31 March 2024 - 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>22,193,934</u>	<u>264,773,628</u>	<u>98.41</u>
Total investments, at cost <sup>1,2</sup>		<u>256,525,918</u>	

<sup>1</sup> Investments are accounted on a trade date basis.

<sup>2</sup> 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 2024

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#### ANALYSIS OF INVESTMENTS HELD BY THE SCHEME

		<u>As at 31 March 2024</u>		<u>As at 31 March 2023</u>		<u>As at 31 March 2022</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	408,257,984	5.82%	399,074,699	6.06%	428,514,279	6.19%
2)	Fidelity Balanced Fund	1,343,413,224	19.17%	1,331,185,572	20.22%	1,417,427,305	20.48%
3)	Fidelity Stable Growth Fund	691,699,781	9.87%	683,300,988	10.38%	749,115,466	10.83%
4)	Manulife Career Average Guaranteed Fund - SHKP	470,065,558	6.71%	463,408,424	7.04%	480,240,646	6.94%
5)	Invesco MPF Conservative Fund	654,944,047	9.34%	628,907,542	9.55%	601,104,644	8.69%
6)	SHKP MPF Fund	1,360,846,468	19.41%	1,231,041,527	18.70%	1,410,330,735	20.38%
7)	Allianz Choice Balanced Fund	678,945,238	9.69%	657,415,071	9.98%	671,602,810	9.71%
8)	Invesco Global Stable Fund	559,222,100	7.98%	571,208,161	8.67%	625,853,674	9.04%
9)	Schroder MPF Core Accumulation Fund	572,893,675	8.17%	399,133,326	6.06%	331,989,187	4.80%
10)	Schroder MPF Age 65 Plus Fund	269,045,489	3.84 %	219,910,556	3.34%	203,424,117	2.94%
NET ASSET VALUE		<u>7,009,333,564</u>	<u>100.00%</u>	<u>6,584,585,866</u>	<u>100.00%</u>	<u>6,919,602,863</u>	<u>100.00%</u>

## SHKP MPF EMPLOYER SPONSORED SCHEME

### UNAUDITED INVESTMENT REPORT - continued FOR THE YEAR ENDED 31 MARCH 2024

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#### PERFORMANCE TABLE

1. Allianz Choice Stable Growth Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	408,257,984	399,074,699	428,514,279
Net asset value per unit	<u>24.67</u>	<u>24.04</u>	<u>25.65</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)
2024	24.76	22.38	2.62
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	<u>20.58</u>	<u>19.40</u>	<u>0.81</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 2024

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PERFORMANCE TABLE - continued

2. Fidelity Balanced Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	1,343,413,224	1,331,185,572	1,417,427,305
Net asset value per unit	<u>220.67</u>	<u>216.03</u>	<u>233.76</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)
2024	221.24	195.87	2.15
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	<u>177.23</u>	<u>164.10</u>	<u>6.10</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 2024

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PERFORMANCE TABLE - continued

3. Fidelity Stable Growth Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	691,699,781	683,300,988	749,115,466
Net asset value per unit	<u>198.61</u>	<u>195.22</u>	<u>212.08</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)
2024	198.75	178.48	1.74
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	<u>169.53</u>	<u>160.87</u>	<u>3.84</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 2024

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PERFORMANCE TABLE - continued

4. Manulife Career Average Guaranteed Fund - SHKP

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	470,065,558	463,408,424	480,240,646
Net asset value per unit	<u>12.335</u>	<u>12.361</u>	<u>12.829</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)
2024	12.481	11.786	(0.21)
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	<u>12.205</u>	<u>11.707</u>	<u>3.85</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 2024

PERFORMANCE TABLE - continued

5. Invesco MPF Conservative Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	654,944,047	628,907,542	601,104,644
Net asset value per unit	<u>12.006</u>	<u>11.575</u>	<u>11.420</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2024	12.006	11.578	3.72
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	<u>11.076</u>	<u>11.076</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.

SHKP MPF EMPLOYER SPONSORED SCHEMEUNAUDITED INVESTMENT REPORT - continued  
FOR THE YEAR ENDED 31 MARCH 2024

## PERFORMANCE TABLE - continued

## 6. SHKP MPF Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	1,360,846,468	1,231,041,527	1,410,330,735
Net asset value per unit	<u>32.141</u>	<u>29.817</u>	<u>35.228</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)
2024	32.564	27.751	7.79
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	<u>24.083</u>	<u>21.299</u>	<u>9.31</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 2024

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PERFORMANCE TABLE - continued

7. Allianz Choice Balanced Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	678,945,238	657,415,071	671,602,810
Net asset value per unit	<u>37.33</u>	<u>36.04</u>	<u>38.18</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2024	37.47	33.36	3.58
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	<u>28.73</u>	<u>26.50</u>	<u>2.15</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 2024

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PERFORMANCE TABLE - continued

8. Invesco Global Stable Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	559,222,100	571,208,161	625,853,674
Net asset value per unit	<u>11.4408</u>	<u>11.2830</u>	<u>11.8368</u>
	Highest issue price <u>per unit</u> HK\$	Lowest redemption price <u>per unit</u> HK\$	Net annualised investment return % (note 2)
2024	11.4992	10.5179	1.40
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)	<u>10.1400</u>	<u>9.9804</u>	<u>1.20</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 2024**

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PERFORMANCE TABLE - continued

9. Schroder MPF Core Accumulation Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	572,893,675	399,133,326	331,989,187
Net asset value per unit	<u>14.8814</u>	<u>13.1408</u>	<u>14.0302</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)
2024	14.8821	12.7401	13.25
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	<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 2024

PERFORMANCE TABLE - continued

10. Schroder MPF Age 65 Plus Fund

	<u>2024</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Total net asset value	269,045,489	219,910,556	203,424,117
Net asset value per unit	<u>11.3083</u>	<u>10.7961</u>	<u>11.5963</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)
2024	11.3089	10.3728	4.74
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	<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 2024

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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	0.96594%	-
2. Fidelity Balanced Fund	0.98804%	-
3. Fidelity Stable Growth Fund	0.98789%	-
4. Manulife Career Average Guaranteed Fund - SHKP	2.27641%	-
5. Invesco MPF Conservative Fund	0.67113%	-
6. SHKP MPF Fund	0.65761%	-
7. Allianz Choice Balanced Fund	0.96076%	-
8. Invesco Global Stable Fund	0.83405%	-
9. Schroder MPF Core Accumulation Fund	0.59469%	-
10. Schroder MPF Age 65 Plus Fund	<u>0.61610%</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 2024 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 2024.

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 2024 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 April 2023, 30 October 2023 and 31 March 2024; 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 April 2023, 30 October 2023 and 31 March 2024; 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 2024.
2. as at 31 March 2024, 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 2024 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.

A handwritten signature in black ink, appearing to be 'Eyt - Yung'.

Certified Public Accountants  
Hong Kong  
26 September 2024



SHKP MPF EMPLOYER SPONSORED SCHEME  
SCHEME GOVERNANCE REPORT  
FOR THE YEAR ENDED  
31 March 2024

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## **Section 1: Trustee's Governance Framework**

### **Overview of Trustee's Governance Framework**

Standard Chartered Trustee (Hong Kong) Limited (formerly known as *RBC Investor Services Trust Hong Kong Limited*) ("SCT" or the "Trustee"), 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.
3. 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 the 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 the 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 2023 to 31 March 2024 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 June 2024. 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 2024 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.

The regulator conducted an assessment on the investment performance and fee level of all MPF funds as of end December 2023, in which SHKP MPF Employer Sponsored Scheme was rated in the first quadrant (i.e. Better Return & Lower Fee).

### 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 2024, 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 since 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 10 September 2024.