

HAITONG MPF RETIREMENT FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022

HAITONG MPF RETIREMENT FUND

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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HAITONG MPF RETIREMENT FUND

SCHEME REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Background

Haitong MPF Retirement Fund (the “Scheme”) is a master trust scheme set up for the purpose of providing retirement benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “Ordinance”). The Scheme is established under a Trust Deed dated 26 January 2000 as amended from time to time, and was last supplemented by the Deed of Retirement and Appointment of Trustee dated 29 June 2021 entered into between Haitong International Investment Managers Limited as sponsor (the “Sponsor”), HSBC Institutional Trust Services (Asia) Limited (“HTHK”) as the retiring trustee and HSBC Provident Fund Trustee (Hong Kong) Limited as the new trustee (“HPFT” or “Trustee” where the context requires), whereby the trustee of the scheme was changed to HPFT effective 1 July 2021. As a result, the custodian of the Scheme was also changed to HPFT. The Scheme is registered under Section 21 of the Ordinance and authorised by the Securities and Futures Commission.

The Scheme was established by a Trust Deed dated 26 January 2000, as amended by a First Supplemental Trust Deed dated 15 December 2000, a Second Supplemental Trust Deed dated 15 August 2002, a Third Supplemental Trust Deed dated 21 December 2005, a Fourth Supplemental Trust Deed dated 12 June 2007, a Fifth Supplemental Trust Deed 1 August 2007, a Sixth Supplemental Trust Deed dated 8 October 2009, a Seventh Supplemental Trust Deed dated 22 November 2010, an Eighth Supplemental Trust Deed dated 19 September 2012, a Ninth Supplemental Trust Deed dated 17 July 2013, a Tenth Supplemental Trust Deed dated 18 November 2015, an Eleventh Supplemental Trust Deed dated 7 December 2015, a Twelfth Supplemental Trust Deed dated 2 December 2016, a Thirteenth Supplemental Trust Deed dated 29 March 2019, a Fourteenth Supplemental Trust Deed dated 31 March 2020 and the Deed of Retirement and Appointment of Trustee dated 29 June 2021 mentioned above.

The First Addendum to Explanatory Memorandum was issued on 1 April 2019 which form part of the Explanatory Memorandum dated December 2018. The First Addendum to the MPF Scheme Brochure (formerly known as Explanatory Memorandum) was issued on 1 May 2020, the Second Addendum dated 23 March 2021 and Third Addendum dated 1 July 2021 (“Third Addendum”) which form part of the MPF Scheme Brochure dated 1 April 2020.

The scheme is a defined contribution provident fund scheme that is open for participation by all employers, employees, self-employed persons and retired members in Hong Kong. The Scheme incorporated seven Constituent Funds, namely Haitong Asia Pacific Fund, Haitong MPF Conservative Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund, Haitong Korea Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund. Each of them, with a different investment objective and risk profile, is offered to the Scheme members exclusively. Scheme members can choose to invest their accrued benefit balances in any combination of the seven Constituent Funds.

2 Financial development

The Scheme commenced operations on 26 January 2000. The total contributions received and receivable including transfers-in and benefits paid and payable including transfers-out during the year were HK\$60,159,574 (2021: HK\$62,965,314) and HK\$70,387,770 (2021: HK\$117,322,836) respectively. The net asset value of the Scheme as at 30 June 2022 was HK\$516,698,554 (2021: HK\$625,563,926). The Scheme had 5,796 (2021: 5,879) members as at 30 June 2022.

Total investment loss before operating expenses during the year was HK\$88,137,925 (2021: income of HK\$154,853,150). Operating expenses incurred for the Scheme were HK\$5,211,929 (2021: HK\$8,496,855). The net loss of the Scheme for the year ended 30 June 2022 was therefore HK\$93,349,854 (2021: net income of HK\$146,147,398).

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SCHEME REPORT FOR THE YEAR ENDED 30 JUNE 2022

3 Changes to the governing rules

With effect from 23 March 2021, the Scheme Brochure has been updated (1) to reflect the restructuring of certain Constituent Funds (“CFs”) under the Scheme, i.e. the Haitong Hong Kong SAR Fund, the Haitong Asia Pacific Fund and the Haitong Korea Fund (collectively the “Restructured CFs”), which made direct investments, would be restructured into feeder funds each investing in a single APIF (collectively the “New APIFs”). As part of this restructuring, the management fees of the Restructured CFs would be reduced; (2) to reflect the changes to investment policy of the Haitong Asia Pacific (excluding HK) Fund which would be renamed as the Haitong Asia Pacific Fund to reflect such a change; and (3) to reflect the changes to investment policies of the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund (collectively the “DIS CFs”) which the disclosure of the investment policies of the DIS CFs would be streamlined. Also, there would be changes to the investment policy of one of the APIFs in which the DIS CFs invest.

By the Deed of Retirement and Appointment of Trustee executed on 29 June 2021, amendments were made to the Trust Deed of the Scheme to reflect the trustee and custodian of the Scheme was changed from HTHK to HPFT effective on and from 1 July 2021. The Third Addendum to the MPF Scheme Brochure was issued on 1 July 2021 to reflect 1) the change of the trustee and custodian of the Scheme and 2) a breakdown of the rate of trustee/custodian fees and rate of administration fees for better clarity.

In addition, with effect from 30 June 2022, the key scheme information document (the ‘KSID’) becomes available. The KSID forms part of the offering document of the Scheme. The KSID can help provide Members with key scheme information relating to the Scheme in a simplified and standardised format prescribed by the Mandatory Provident Fund Schemes Authority, thus facilitating the Members to obtain an overview of the key details and features of the Scheme.

Apart from those that have been disclosed in the above, there have been no other changes to the governing rules of the Scheme or the Scheme brochure during the financial years ended 30 June 2022.

4 Major service providers

Particulars of the Trustee and service providers engaged by the Trustee for the purposes of the Scheme during the year ended 30 June 2022 are set out below.

Trustee and Custodian

HSBC Provident Fund Trustee (Hong Kong) Limited
1 Queen’s Road Central
Hong Kong

Administrator

HSBC Institutional Trust Services (Asia) Limited
1 Queen’s Road Central
Hong Kong

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SCHEME REPORT FOR THE YEAR ENDED 30 JUNE 2022

4 Major service providers (Continued)

Sponsor and Investment Manager

Haitong International Investment Managers Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong
Telephone: 2116 8200
Fax: 2116 0145
Home page: <http://www.htisec.com/asm>
Email address: htiim@htisec.com

Bank

The Hongkong and Shanghai Banking Corporation Limited (holding company of the Trustee)
HSBC Main Building
1 Queen's Road Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central
Hong Kong

Legal Advisers

Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

5 Directors of the Trustee

Directors of the Trustee during the financial year were:

Elaine Yuen Man LO
Sau Ling TSE
Horace Kwan Hor CHAU
Renny Ket Liong LIE KEN JIE
Johnny Kok Chung CHAN
Eunice Cheuk Yee LEUNG (appointed on 23 May 2022)
Luanne Hui Hung LIM (resigned on 1 March 2022)

The business address of the above directors is:
1 Queen's Road Central
Hong Kong

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6 Particulars of parties associated with the Trustee

The Hongkong and Shanghai Banking Corporation Limited

Directors of the The Hongkong and Shanghai Banking Corporation Limited during the financial year were:

Annabelle Yu LONG (appointed on 17th August 2022)
Andrea Lisa Della MATTEA (appointed on 11st March 2022)
Beau Khoon Chen KUOK
David Gordon ELDON
David Yi Chien LIAO
Dr Christopher Wai Chee CHENG (resigned on 1st June 2022)
Ewen James STEVENSON
Graham John BRADLEY (resigned on 1st June 2022)
Irene Yun-Lien LEE
Kevin Anthony WESTLEY
Peter Tung Shun WONG
Rajnish KUMAR
Sonia Chi Man CHENG
Surendranath Ravi ROSHA
Tan Sri (Sir) Francis Sock Ping YEOH (resigned on 1st June 2022)
Victor Tzar Kuoi LI
Yiu Kwan CHOI

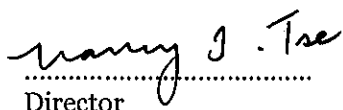
The business address of the above directors is:
1 Queen's Road Central
Hong Kong

7 Further information

Members can obtain further information about the Scheme and its operations from the Scheme's member hotline at 2500 1600 or website at <http://www.htisec.com/asm/en/mpf.jsp>.

On behalf of
HSBC Provident Fund Trustee (Hong Kong) Limited

acting solely in its capacity as Trustee to Haitong MPF Retirement Fund.


.....
Director

Dated: 6 December 2022

HAITONG MPF RETIREMENT FUND

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

Performance Review

The performance (on an offer-to-offer basis) of the funds for the period 1 July 2021 to 30 June 2022 with comparison to the last financial year is as below.

Haitong Hong Kong SAR Fund decreased by 20.18%.

Haitong Asia Pacific Fund decreased by 18.20%.

Haitong Global Diversification Fund decreased by 13.66%.

Haitong Korea Fund decreased by 28.05%.

Haitong MPF Conservative Fund increased by 0.01%.

Haitong Core Accumulation Fund decreased by 11.15%.

Haitong Age 65 Plus Fund decreased by 8.63%.

Market review and outlook

Global

During the period under review, the global equity markets have seen a divergent performance as the pace and magnitude of both corrections and recoveries in equity prices have varied across regions, countries, and sectors. The performance of global equity markets was turbulent, mainly driven by the profound uncertainties which emerged on multiple fronts. For monetary policy, global government and central banks shift their focus to tame the rising inflations, reverse stimulus policies, and start tightening the financial conditions from the onset of 2022. While the increase in inflation caused by pandemic-induced supply disruptions and a strong recovery in demand should eventually fade, the reversal of the longer-term drivers of disinflation is also concerning. High inflation not only reduces real returns, but its adverse impact on economic stability raises the risk premium on financial assets. Portfolio diversification will also be more challenging as most companies are not spared from the effects of worsening inflation and slower economic growth. At the same time, the pandemic risk lingers on, and the Russia-Ukraine conflicts injected further uncertainty into geopolitics, prices, and food and energy security. On the macro front, the global economy recovered from the sharp economic downturn experienced in 2020 and the global growth for 2021 is estimated by IMF to be 6.1%, but projected growth for 2022 is revised down 0.8% to 3.6%.

China & Hong Kong

12-month total returns during the period under review for Shanghai Composite Index and Shenzhen Component Index were -3.32% and -8.66%, respectively. Hong Kong stock market, affected by both China's economy and fund outflow during a US rates hike cycle, experienced a larger downfall as the 12-month total returns for Hang Seng Index and Hang Seng China Enterprises Index were -21.87% and -25.85%, respectively. The Chinese government continued to bring forward supportive fiscal and monetary policy to fight against the gloomy global economy and the weak recovery from domestic economy. On the macro front, China's GDP growth slows down in the first half of 2022 mainly due to lockdowns in the early second quarter to fight the COVID outbreak, and slow recovery on demand and production later. Looking forward, although the original economic growth target may be challenging to meet, mainland China and Hong Kong's economy are on the right recovery track, especially with supportive policies from both supply and demand side. While China remains one major economy with sustainable growth and high growth quality, Hong Kong stock market, traded at a relatively low valuation, remains an attractive asset to global investors.

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INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

Market review and outlook (Continued)

Japan

In Japan, Nikkei 225 index fell 8.3% during the 12-month period ending June 30, 2022 in local currency term. Aside from the global impact, Japan's equity market drawdown was primarily driven by news flow on monetary policy and currency markets, together with concerns over the growing possibility of a U.S. recession. The Bank of Japan remained steadfast in its commitment to yield curve control (YCC), causing the yen to continue to depreciate sharply. During the 12-month period, the JPY depreciated 18.1% against USD. The future decision of Bank of Japan on YCC will be an important "tail risk event" at the global monetary policy level in the future. Meanwhile corporate results in latest quarter made fewer surprises than previous quarters. The overall tone of results and guidance were still better than expected. Though rising inflation and deterioration of the global economy has been putting downward pressure on the Japanese economy, the recovery of domestic demand on the back of declining COVID-19 infections has been improving consumer sentiment and boosting the economy as a whole. The employment situation is getting better with rising real income. Inflation is accelerating owing to external factors, such as foods and energy costs.

Korea

The Korea stock market traded lower for the past 12 months. The KOSPI 200 Index dropped 30.0% in Korean Won term for the period from July 1st, 2021 to June 30th, 2022. Communication Services and Information Technology stocks were particularly badly hit amid fears of a global recession. In the macro front, the South Korea economy registered a 2021 GDP growth rate of 4.3%, its quickest rebound in 11 years. For 2022, the International Monetary Fund (IMF) forecasts a growth of 3.0% for the Asia's fourth largest economy but later revised down in April to 2.5% this year. The IMF also sharply raised this year's inflation outlook for South Korea by 0.9% point from its earlier projection of 3.1%. As the pandemic wave broke and cases fell, the country is moving toward treating Covid as endemic. Despite the March 2022 election of opposition People's Power Party (PPP) candidate, Yoon Suk-yeol as new President, major policy changes are not likely in the next 2 years. Looking ahead, the South Korea economy has been on a recovery path on the back of robust exports and improving private spending. But it faces growing uncertainty at home amid resurging Omicron cases as well as surging fuel & food prices caused by Russia – Ukraine conflict. Elevated household debt and housing prices, and stronger-than-expected interest rate increases poses downside risks to domestic demand.

For the latest market outlook, please refer to Scheme's website at <https://www.htisec.com/asm/en/download.jsp#>

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies

At 30 June 2022 and during the year, Haitong MPF Retirement Fund is offering a choice of the following seven Constituent Funds:

- a) Haitong Asia Pacific Fund
- b) Haitong MPF Conservative Fund
- c) Haitong Global Diversification Fund
- d) Haitong Hong Kong SAR Fund
- e) Haitong Korea Fund
- f) Haitong Core Accumulation Fund
- g) Haitong Age 65 Plus Fund

For the year ended 30 June 2022, investments of the Constituent Funds were in accordance with the respective investment policies as stated in the MPF Scheme Brochure (formerly known as Explanatory Memorandum) of the Scheme. There have been no significant changes to the investment policies during the year which would materially affect the risk attached to the investments of the Scheme. Each of the seven Constituent Funds has a different investment policy, achieved through investing its assets into an approved pooled investment fund or investing directly in permitted investments. These policies are outlined below.

1.1 Common policies on investments which apply to each constituent fund

- (i) The Investment Manager may enter into futures and options contracts for the account of the Constituent Funds for hedging purposes only.
- (ii) Although the Trust Deed allows for assets of the Constituent Funds to be lent to third parties, the Investment Manager does not intend to exercise this power in the normal course of managing the Constituent Funds.
- (iii) Each constituent fund is subject to the investment and borrowing restrictions in Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation.

1.2 Haitong Asia Pacific Fund

- (i) The objective of the constituent fund is to achieve capital growth.
- (ii) Effective from 23 March 2021, the constituent fund will be invested in an APIF, namely the Haitong Asia Pacific Fund, managed by the Investment Manager. The APIF will mainly invest directly in equity securities listed on approved stock exchanges of Asia Pacific. The APIF will invest primarily in Australia, Taiwan, Singapore, Korea, Malaysia, Thailand, Indonesia, the Philippines, Hong Kong and the People's Republic of China, although it may also invest in Japan and countries in the Indian Sub-continent and other Asian markets which become open to foreign investors in the future. The APIF may also invest in listed equity derivatives (as permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended)) for hedging purposes only. Prior to 23 March 2021, the constituent fund mainly invested in securities of approved stock exchange of Asia Pacific outside Hong Kong. The fund will invest mainly in listed equities and listed equity derivatives although it may from time to time invest in money market and/or other fixed income instruments. The fund invested primarily in Australia, Taiwan, Singapore, Korea, Malaysia, Thailand, Indonesia, the Philippines and the People's Republic of China, although it may also invest in Japan and countries in the Indian Sub-continent and other Asian markets which become open to foreign investors in the future.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.2 Haitong Asia Pacific Fund (Continued)

- (iii) Through the underlying APIF, the constituent fund will invest at least 90% of its net asset value in equities with balance in cash, money market, other fixed income instruments and up to 10% of its net asset value in other securities as defined in section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended), including but not limited to authorised unit trusts and/or mutual funds approved by the Authority and listed ADRs and/or GDRs representing fully-paid up shares listed on an approved stock exchange in the above markets, to the extent permitted under section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended).
- (iv) The Investment Manager will not enter into futures and options contracts for the account of the constituent fund. The APIF in which constituent fund invests will invest in financial futures and options contracts for hedging purposes only.
- (v) To better accommodate rapid changing market conditions and benefit from the Asia Pacific economic growth more effectively, the constituent fund will include Hong Kong as one of the target geographical locations for its investments after the restructuring on 23 March 2021. The constituent fund will be renamed as the Haitong Asia Pacific Fund to reflect such a change.
- (vi) The Investment Manager does not intend to engage in security lending and repurchase agreements in respect of the constituent fund.
- (vii) The Investment Manager may enter into futures and options contracts for the account of the constituent fund for hedging purposes only.
- (viii) The constituent fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.
- (ix) The Investment Manager expects the return of the constituent fund over the long term to be representative of the growth in equity values throughout Asia Pacific and to be in excess of Hong Kong's salary rate of inflation.
- (x) Investors should regard the constituent fund as a medium risk investment.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.3 Haitong MPF Conservative Fund

- (i) The objective of the constituent fund is to preserve capital.
- (ii) The constituent fund seeks to provide investors with a high degree of security by investing in investments permitted for capital preservation funds under the MPF Ordinance (primarily, HK dollar deposits and debt securities).
- (iii) The constituent fund's investments will be limited by the investment restrictions for a MPF conservative fund as defined in the MPF legislation and guidelines. In summary these are as follows:
 - a) Deposits, less than 12 months maturity with banks meeting specific requirements.
 - b) Debt securities, with a maturity of 2 years or less issued by or guaranteed by the Government of the Hong Kong Special Administrative Region, the Exchange Fund, a company wholly owned by the Hong Kong Government; or a foreign government or multi-lateral agency (such as the World Bank) with the highest credit rating.
 - c) Debt securities, with a maturity of 1 year or less with a credit rating level set by the Authority.
 - d) The average maturity of all securities must not exceed ninety days.
 - e) The constituent fund must be wholly invested in Hong Kong dollar currency investments.
- (iv) The Investment Manager will not engage in security lending and repurchase agreements in respect of the constituent fund.
- (v) The Investment Manager will not enter into futures and options contracts for the account of the constituent fund.
- (vi) The constituent fund will maintain an effective currency exposure to Hong Kong dollars of 100%.
- (vii) The Investment Manager expects the return of the constituent fund over the long term to exceed the interest rate payable from time to time by major banks in Hong Kong on Hong Kong dollar savings accounts.
- (viii) It should be noted that an investment in the constituent fund is not the same as placing funds on deposit with a bank or deposit-taking company and that a member's rights on redemption of any units held for the account of the member in the constituent fund are limited to the bid price of such units at the relevant time. It should also be noted that the constituent fund is not subject to the supervision of the Hong Kong Monetary Authority.
- (ix) Investors should regard the constituent fund as a minimal risk investment.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.4 Haitong Global Diversification Fund

- (i) The objective of the constituent fund is to achieve capital growth.
- (ii) The Haitong Global Diversification Fund will be invested in an APIF, namely the Haitong Global Diversification Fund, managed by the Investment Manager. The investments of the APIF will mainly invest globally in blue-chip equity and equity-related securities listed on approved stock exchanges, although it may from time to time invest in money market and/or other fixed income instruments.
- (iii) Through the underlying APIF, the constituent fund will invest at least 90% of its net asset value in equities with balance in cash, money market, other fixed income instruments and up to 10% of its net asset value in other securities as defined in section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended), including but not limited to authorised unit trusts and/or mutual funds approved by the Authority and listed ADRs and/or GDRs representing fully-paid up shares listed on approved stock exchanges worldwide.
- (iv) The Investment Manager does not intend to engage in security lending and repurchase agreements in respect of the constituent fund.
- (v) The Investment Manager will not enter into futures and options contracts for the account of the constituent fund. The APIF in which the constituent fund invests will invest in financial futures and options contracts for hedging purposes only.
- (vi) The constituent fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.
- (vii) The Investment Manager expects the return of the constituent fund over the long term to be representative of the growth in equity values throughout the worldwide markets and to be in excess of the Hong Kong inflation rate.
- (viii) Investors should regard the constituent fund as a medium risk investment.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.5 Haitong Hong Kong SAR Fund

- (i) The objective of the constituent fund is to achieve capital growth.
- (ii) The constituent fund seeks to provide investors with growth potential through exposure to Hong Kong equities. Effective from 23 March 2021, the constituent fund will be invested in an APIF, namely the Haitong Hong Kong SAR Fund, managed by the Investment Manager. The APIF will mainly invest directly in equity securities which are listed on the Hong Kong stock exchange and/or linked with significant business exposures to Hong Kong economy, although it may from time to time invest in money market and/or other fixed income instruments. Prior to 23 March 2021, the constituent fund mainly invested in securities which are listed on the Hong Kong stock exchange and/or linked with significant business exposures to Hong Kong economy, although it may from time to time invest in money market and/or other fixed income instruments.
- (iii) Through the underlying APIF, the constituent fund will invest at least 90% of its net asset value in equities with balance in cash, money market, other fixed income instruments and up to 10% of its net asset value in other securities as defined in section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended), including but not limited to authorised unit trusts and/or mutual funds approved by the Authority, to the extent permitted under section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended).
- (iv) The Investment Manager will not enter into futures and options contracts for the account of the constituent fund. The APIF in which constituent fund invests will invest in financial futures and options contracts for hedging purposes only.
- (v) The Investment Manager does not intend to engage in security lending and repurchase agreements in respect of the constituent fund.
- (vi) The Investment Manager may enter into futures and options contracts for the account of the constituent fund for hedging purposes only.
- (vii) The constituent fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.
- (viii) The Investment Manager expects the return of constituent fund over the long term to be in line with the Hang Seng Index and to be in excess of Hong Kong inflation rate.
- (ix) Investors should regard the constituent fund as a high risk investment.

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INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.6 Haitong Korea Fund

- (i) The objective of the constituent fund is to achieve capital growth.
- (ii) The constituent fund seeks to provide investors with growth potential through exposure to Korean equities. Effective from 23 March 2021, the constituent fund will be invested in an APIF, namely the Haitong Korea Fund, managed by the Investment Manager. The APIF will invest directly in equity securities which are listed on approved stock exchanges in Korea and/or issued by companies with significant business exposures to the Korean economy, although it may from time to time invest in money market and/or other fixed income instruments. Prior to 23 March 2021, the constituent fund invested directly in securities which are listed on approved stock exchange in Korea and/or issued by companies with significant business exposure to the Korean economy, although it may from time to time invest in money market and/or other fixed income instruments.
- (iii) Through the underlying APIF, the constituent fund will invest at least 90% of its net asset value in equities with balance in cash, money market, other fixed income instruments and up to 10% of its net asset value in other securities defined in section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended), including but not limited to authorised unit trusts and/or mutual funds approved by the Authority and listed ADRs and/or GDRs representing fully-paid up shares listed on an approved stock exchange in the above market, to the extent permitted under section 8(2) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (as amended).
- (iv) The Investment Manager will not enter into futures and options contracts for the account of the constituent fund. The APIF in which constituent fund invests will invest in financial futures and options contracts for hedging purposes only.
- (v) The Investment Manager does not intend to engage in security lending and repurchase agreements in respect of the constituent fund.
- (vi) The Investment Manager may enter into futures and options contracts for the account of constituent fund for hedging purposes only.
- (vii) The constituent fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.
- (viii) The Investment Manager expects the return of the constituent fund over the long term to be in line with the KOSPI 200 Index.
- (ix) Investors should regard the constituent fund as a high risk investment.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.7 Haitong Core Accumulation Fund

- (i) The objective of the constituent fund is to provide capital growth to members by investing in a globally diversified manner.
- (ii) The constituent fund will invest in two APIFs, the Haitong Global Diversification Fund and the Haitong Global Bond Fund, which are also managed by the Investment Manager.
- (iii) Through the underlying investment, the constituent fund targets to hold 60% of its net assets in Higher risk assets¹, with the remainder investing in Lower risk assets². The asset allocation to Higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. Such variance of the asset allocation of the constituent fund is subject to the discretion of the Investment Manager.
- (iv) The Investment Manager will not engage in security lending and repurchase agreements in respect of the constituent fund.
- (v) The constituent fund will not acquire, hold or dispose of financial futures contracts or financial option contracts for any other purpose other than hedging.
- (vi) The constituent fund will maintain, through its underlying Approved Pooled Investment Fund(s), an effective currency exposure to Hong Kong dollars of not less than 30% through currency hedging operations.
- (vii) The return of the constituent fund is expected to be similar to the return of the Reference Portfolio³ of the constituent fund over the long term.
- (viii) Investors should regard the constituent fund as a medium risk investment.

Note: ¹ Higher risk assets generally mean equities or similar investments as identified in the MPF Guidelines on Default Investment Strategy.

² Lower risk assets generally mean bonds and money market instruments or similar investments.

³ Reference Portfolio refers to the reference portfolio developed for each DIS constituent fund as published by the Hong Kong Investment Funds Association as agreed by the Hong Kong Trustees' Association, as a benchmark adopted for the purpose of the DIS, that the Investment Manager may use from time to time when implementing its active investment strategy(ies).

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

1 Investment objectives and policies (Continued)

1.8 Haitong Age 65 Plus Fund

- (i) The objective of the constituent fund is to provide stable growth for retirement savings to members by investing in a globally diversified manner.
- (ii) The constituent fund will invest in two APIFs, the Haitong Global Diversification Fund and the Haitong Global Bond Fund, which are also managed by the Investment Manager.
- (iii) Through the underlying investment, the constituent fund targets to hold 20% of its net assets in Higher risk assets¹ with the remainder investing in Lower risk assets². The asset allocation of Higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. Such variance of the asset allocation of the constituent fund is subject to the discretion of the Investment Manager.
- (iv) The Investment Manager will not engage in security lending and repurchase agreements in respect of the constituent fund.
- (v) The constituent fund will not acquire, hold or dispose of financial futures contracts or financial option contracts for any other purpose other than hedging.
- (vi) The constituent fund will maintain, through its underlying Approved Pooled Investment Fund(s), an effective currency exposure to Hong Kong dollars of not less than 30% through currency hedging operations.
- (vii) The return of the constituent fund is expected to be similar to the return of the Reference Portfolio³ of the constituent fund over the long term.
- (viii) Investors should regard the constituent fund as a low risk investment.

Note: ¹ Higher risk assets generally mean equities or similar investments as identified in the Guidelines on Default Investment Strategy.

² Lower risk assets generally mean bonds and money market instruments or similar investments.

³ Reference Portfolio refers to the reference portfolio developed for each DIS constituent fund as published by the Hong Kong Investment Funds Association as agreed by the Hong Kong Trustees' Association, as a benchmark adopted for the purpose of the DIS, that the Investment Manager may use from time to time when implementing its active investment strategy(ies).

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong Asia Pacific Fund (Note 1)				
- Class A	-19.24	-3.95	-0.06	2.53
- Class T	-19.19	-3.89	0.01	3.20
<i>Launch date: 26/01/2000</i>				
Benchmark (Note 2)	-21.08	-3.39	6.15	3.90
Deviation from benchmark				
- Class A	Out-performed	Under-performed	Under-performed	Under-performed
- Class T	Out-performed	Under-performed	Under-performed	Under-performed

Trustee commentary

The Fund outperformed the benchmark for 1 year while under-performed the benchmark for 5 years, 10 years and since launch.

The sector allocations contributed to the Fund's outperformance for the 1-year performance. The Fund overweighed in China and divesting into multiple countries and underweighted in South Korea. The outperformance for 1- year performance also attributed by the investment manager's continuous effort to identify investment opportunities based on the fundamentals of the company. The change in the investment strategy in March 2021 have resulted in the fund narrowing the gap with benchmark for the longer periods performance.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (Continued)

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong MPF Conservative Fund (Note 1)				
- Class A	0.09	0.54	0.34	0.57
- Class T	0.00	0.57	0.40	0.65
<i>Launch date: 26/01/2000</i>				
Benchmark (Note 7)	0.00	0.03	0.02	N/A
Deviation from the benchmark				
- Class A	Out-performed	Out-performed	Out-performed	N/A
- Class T	Same	Out-performed	Out-performed	N/A

Trustee commentary

The Fund delivered positive returns for all periods under review and out-performed the benchmark for 1 year, 5 years and 10 years.

The Fund mainly invests into term deposits to meet its investment objective of capital preservation. By placing the deposits to different banks with different tenors, the manager can maintain the Fund's overall yield as well as the liquidity.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (Continued)

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong Global Diversification Fund (Note 1)				
- Class A	-14.29	7.54	7.88	3.62
- Class T	-14.19	7.66	8.00	4.25
<i>Launch date: 26/01/2000</i>				
Benchmark (Note 3)	-13.02	8.36	10.26	5.38
Deviation from the benchmark				
- Class A	Under-performed	Under-performed	Under-performed	Under-performed
- Class T	Under-performed	Under-performed	Under-performed	Under-performed

Trustee commentary

The Fund under-performed the benchmark for 1 year, 5 years, 10 years and since launch.

From the country allocation perspective, the Fund significantly divested from Japan and spread its portfolio to countries over the year. As a result, the fund has narrowed the gap between the benchmark for 1-year performance compared to last year. The fund will continue to increase its weighting into United States equity in line with its benchmark.

The Trustee will continue to closely monitor the performance of the Fund and will discuss with the investment manager on any action to be taken, if necessary.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (Continued)

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong Hong Kong SAR Fund (Note 1)				
- Class A	-20.18	6.46	8.06	9.53
- Class T	-20.11	6.54	8.16	10.07
<i>Launch date: 26/01/2000</i>				
Benchmark (Note 6)	-21.87	0.01	4.72	4.97
Deviation from the benchmark				
- Class A	Out-performed	Out-performed	Out-performed	Out-performed
- Class T	Out-performed	Out-performed	Out-performed	Out-performed

Trustee commentary

The Fund out-performed the benchmark for 1 year, 5 years, 10 years and since launch.

The Fund overweighted in financials and consumer staples & health care and underweighted in consumer discretionary and utilities has contributed in outperformance. The outperformance also came from the investment manager's continuous effort to identify investment opportunities based on the fundamentals of the company.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (Continued)

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong Korea Fund (Note 1)				
- Class A	-28.05	-5.11	-0.38	4.26
- Class T	-28.04	-5.11	-0.36	4.73
<i>Launch date: 26/01/2000</i>				
Benchmark (Note 4)	-39.28	-2.78	1.02	6.49
Deviation from the benchmark				
- Class A	Out-performed	Under-performed	Under-performed	Under-performed
- Class T	Out-performed	Under-performed	Under-performed	Under-performed

Trustee commentary

The Fund outperformed the benchmark for 1 year but under-performed the benchmark for 5 years, 10 years and since launch.

The benchmark KOSPI200 Index performed poorly over 1 year ending 30 June 2022 mainly attributed by communication services and information technology. Fund has overweight in Financials & Insurance services and consumer discretionary sectors while underweight in Materials and Technology, Media and Telecom sector.

The Trustee will continue to closely monitor the performance of the Fund and will discuss with the investment manager on any action to be taken, if necessary.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (Continued)

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong Core Accumulation Fund (Note 1)				
- Class A	-11.10	5.11	N/A	5.34
- Class T	-11.15	5.11	N/A	5.48
<i>Launch date: 01/04/2017</i>				
Benchmark (Note 5)	-12.78	4.03	N/A	4.39
Deviation from the benchmark				
- Class A	Out-performed	Out-performed	N/A	Out-performed
- Class T	Out-performed	Out-performed	N/A	Out-performed

Trustee commentary

The Fund out-performed the Reference Portfolio for 1 year, 5 years and since launch.

The driver of outperformance was the higher risk assets in the Fund. The component of higher risk assets of the Fund is fully invested in Haitong APIF - Global Diversification Fund. The Haitong – Global Diversification fund outperformed FTSE MPF All-World Index (“the Index”) which constituted the higher risk assets in reference portfolio. The APIF Fund’s composition overweighed on the growth and technology names compared with the Index and seized the structural opportunities brought by the COVID-19. The overweighed position performed relatively better during the period.”

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

2 Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (Continued)

	Annualised return (in terms of %)			
	1 year	5 years	10 years	Since Launch
Haitong Age 65 Plus Fund (Note 1)				
- Class A	-8.62	1.72	N/A	1.89
- Class T	-8.62	1.72	N/A	1.89
<i>Launch date: 01/04/2017</i>				
Benchmark (Note 5)	-11.05	1.23	N/A	1.41
Deviation from the benchmark				
- Class A	Out-performed	Out-performed	N/A	Out-performed
- Class T	Out-performed	Out-performed	N/A	Out-performed

Trustee commentary

The cause of deviation of the Fund against its reference portfolio for the periods listed above is driven by the outperformance of the lower risk assets in the Fund. The component of lower risk assets of the Fund is fully invested in Haitong APIF – Global Bond Fund ("the APIF Fund"). The APIF Fund outperformed FTSE MPF World Government Bond Index ("the Index") which constitute the lower risk assets in reference portfolio. The APIF Fund's composition overweighed on the US and Asia market and had lower duration compared with the Index. The overweighed position performed relatively better during the periods and the APIF Fund has less loss under interest rate hike cycle due to lower duration.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

3 Supporting information in relation to Trustee's assessment framework for deriving its commentary and Trustee's action, if any, to address its concerns raised in its commentary in Section 2

The Trustee established an Investment Committee represented by member of the Board of Directors of the Trustee to review the performance of the investment managers on a regular basis.

The Investment Committee established an investment performance monitoring framework to assess the overall performance and capabilities of investment managers. The framework consists of both quantitative assessments and qualitative assessments. The Investment Committee may invite the investment managers to present at the Investment Committee Meeting to share or explain their investment strategy and improvement plan(s).

Note 1: The Annualised returns are obtained from the Fund Fact Sheet as of 30 June 2022.

Note 2: The benchmark refers to the MSCI AC Asia Pacific Index, a benchmark used by the investment manager. It is measured in HKD with dividends reinvested according to market convention as in Bloomberg. The performance assessment is enhanced and changed from comparing the market median to a constituent index.

Note 3: The benchmark refers to the MSCI World Index, a benchmark used by the investment manager. It is measured in HKD with dividends reinvested according to market convention as in Bloomberg. The performance assessment is enhanced and changed from comparing the market median to a constituent index.

Note 4: The benchmark refers to the KOPSI200 Index, a benchmark used by the investment manager which is sourced from Lipper. The returns are obtained from the Fund Fact Sheet as of 30 June 2022.

Note 5: The benchmark refers to the Reference Portfolio as of 30 June 2022.

Note 6: The benchmark refers to the Hang Seng (Total Return) Index, a benchmark used by the investment manager which is sourced from Lipper. The returns are obtained from the Fund Fact Sheet as of 30 June 2022.

Note 7: The benchmark refers to the MPFA Prescribed Saving Rates, an internal reference benchmark used by the investment manager. The performance assessment is enhanced and changed from comparing the market median to a constituent index.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

4 Distribution of Constituent Funds

As at 30 June 2022, 2021 and 2020, the contributions received were allocated to the Scheme's Constituent Funds as follows:

	Net asset value		
	2022	2021	2020
	HK\$	HK\$	HK\$
Haitong Asia Pacific Fund	43,496,488	55,127,691	49,306,893
Haitong MPF Conservative Fund	91,849,503	104,412,259	116,921,725
Haitong Global Diversification Fund	105,380,275	123,986,939	103,424,873
Haitong Hong Kong SAR Fund	220,561,744	278,410,558	226,277,663
Haitong Korea Fund	19,051,376	30,233,649	26,432,111
Haitong Core Accumulation Fund	27,815,221	25,946,925	19,382,801
Haitong Age 65 Plus Fund	5,385,500	7,373,131	6,404,015
	<u>513,540,107</u>	<u>625,491,152</u>	<u>548,150,081</u>

	% of the total investments of the Scheme		
	2022	2021	2020
	%	%	%
Haitong Asia Pacific Fund	8.47	8.81	8.99
Haitong MPF Conservative Fund	17.88	16.69	21.33
Haitong Global Diversification Fund	20.52	19.82	18.87
Haitong Hong Kong SAR Fund	42.95	44.51	41.28
Haitong Korea Fund	3.71	4.84	4.82
Haitong Core Accumulation Fund	5.42	4.15	3.54
Haitong Age 65 Plus Fund	1.05	1.18	1.17
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED)

5.1 Haitong Asia Pacific Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net loss excluding capital appreciation/ (depreciation)	(656,939)	(767,961)	(382,893)
Capital appreciation/(depreciation) - realised and unrealised ¹	(9,589,333)	10,203,528	707,231
Value of scheme assets derived from investments	43,615,111	54,859,375	45,863,004
Total net asset value	43,496,488	55,127,691	49,306,893
Net asset value per unit			
Class A	17.08	21.15	17.68
Class T	19.62	24.28	20.28
Fund expense ratio			
Class A	1.71%		
Class T	1.66%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return ²	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	21.91	25.14	16.91	19.41	(19.24)	(19.19)
2021	21.70	24.89	17.30	19.85	19.63	19.72
2020	18.19	20.86	12.54	14.38	0.17	0.25
2019	22.26	25.51	16.95	19.43	(20.57)	(20.54)
2018	25.24	28.92	20.65	23.65	6.32	6.35
2017	21.04	24.10	17.09	19.57	19.16	19.22
2016	20.97	23.99	16.42	18.79	(14.85)	(14.81)
2015	21.30	24.37	18.17	20.79	3.52	3.60
2014	19.90	22.75	17.72	20.24	6.76	6.86
2013	20.43	23.32	16.96	19.33	8.44	8.62

Note: ¹ The constituent fund is a portfolio management fund which invests in one approved pooled investment fund from 23 March 2021.

² The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.2 Haitong MPF Conservative Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net income excluding capital appreciation/ (depreciation)	7,327	132,959	1,538,551
Capital appreciation/(depreciation) - realised and unrealised	-	-	-
Value of scheme assets derived from investments	-	-	-
Total net asset value	91,849,503	104,412,259	116,921,725
Net asset value per unit			
Class A	11.30	11.29	11.28
Class T	11.50	11.50	11.49
Fund expense ratio			
Class A	0.47%		
Class T	0.43%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return ¹	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	11.30	11.50	11.29	11.50	0.09	0.00
2021	11.29	11.50	11.28	11.49	0.09	0.09
2020	11.28	11.49	11.14	11.33	1.26	1.41
2019	11.14	11.33	11.02	11.21	1.09	1.07
2018	11.02	11.21	11.00	11.18	0.18	0.27
2017	11.00	11.18	10.98	11.16	0.18	0.18
2016	10.98	11.16	10.96	11.12	0.18	0.36
2015	10.96	11.12	10.91	11.07	0.46	0.45
2014	10.91	11.07	10.90	11.05	0.00	0.18
2013	10.91	11.05	10.91	11.05	(0.09)	0.00

Note: ¹The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.3 Haitong Global Diversification Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net loss excluding capital appreciation/ (depreciation)	(738,238)	(654,205)	(664,098)
Capital appreciation/(depreciation) - realised and unrealised ¹	(16,662,484)	31,346,594	8,964,013
Value of scheme assets derived from investments	105,645,220	124,131,248	103,468,734
Total net asset value	105,380,275	123,986,939	103,424,873
Net asset value per unit			
Class A	21.42	24.99	19.02
Class T	24.37	28.40	21.59
Fund expense ratio			
Class A	1.29%		
Class T	1.19%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return ²	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	28.50	32.40	21.04	23.93	(14.29)	(14.19)
2021	25.00	28.42	19.08	21.67	31.39	31.54
2020	19.27	21.87	13.82	15.68	8.69	8.77
2019	19.25	21.82	14.75	16.72	(3.53)	(3.45)
2018	19.51	22.10	14.83	16.79	21.83	22.02
2017	15.34	17.37	12.02	13.60	18.65	18.75
2016	14.36	16.22	11.32	12.80	(10.74)	(10.64)
2015	14.76	16.67	12.38	13.98	6.03	6.08
2014	13.29	15.00	11.80	13.31	11.52	11.72
2013	12.48	14.07	9.73	10.95	18.66	18.79

Note: ¹ The constituent fund is a portfolio management fund which invests in one approved pooled investment fund.

² The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.4 Haitong Hong Kong SAR Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net (loss)/income excluding capital appreciation/ (depreciation)	(3,073,680)	(3,398,729)	91,209
Capital appreciation/(depreciation) - realised and unrealised ¹	(50,950,982)	96,476,233	4,409,293
Value of scheme assets derived from investments	219,480,935	272,856,069	219,614,922
Total net asset value	220,561,744	278,410,558	226,277,663
Net asset value per unit			
Class A	70.22	87.97	61.42
Class T	78.04	97.69	68.15
Fund expense ratio			
Class A	1.65%		
Class T	1.56%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return ²	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	88.53	98.31	59.61	66.22	(20.18)	(20.11)
2021	95.82	106.37	63.20	70.12	43.23	43.35
2020	64.15	71.15	48.09	53.34	2.03	2.11
2019	62.67	69.43	51.31	56.86	(4.34)	(4.26)
2018	68.87	76.26	50.61	56.02	22.53	22.62
2017	51.08	57.34	40.59	44.91	24.90	25.00
2016	50.64	55.96	36.56	40.43	(19.67)	(19.60)
2015	56.28	62.19	42.78	47.25	15.58	15.66
2014	46.08	50.68	38.24	42.18	12.33	12.44
2013	43.38	47.81	31.61	34.81	21.96	22.16

Note: ¹ The constituent fund is a portfolio management fund which invests in one approved pooled investment fund from 23 March 2021.

² The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.5 Haitong Korea Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net (loss)/income excluding capital appreciation/(depreciation)	(245,564)	(296,287)	14,978
Capital appreciation/(depreciation) - realised and unrealised ¹	(7,556,888)	9,143,690	(670,822)
Value of scheme assets derived from investments	19,113,462	30,285,170	25,193,784
Total net asset value	19,051,376	30,233,649	26,432,111
Net asset value per unit			
Class A	24.44	33.97	25.04
Class T	26.89	37.37	27.55
Fund expense ratio			
Class A	1.45%		
Class T	1.45%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return ²	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	34.08	37.49	23.96	26.36	(28.05)	(28.04)
2021	35.09	38.60	25.05	27.56	35.66	35.64
2020	25.83	28.42	16.45	18.10	(2.38)	(2.41)
2019	32.35	35.59	24.28	26.71	(19.31)	(19.27)
2018	35.74	39.32	30.69	33.77	(0.03)	(0.03)
2017	32.11	35.33	26.55	29.22	6.78	6.78
2016	37.59	41.36	28.36	31.20	(18.41)	(18.43)
2015	36.59	40.26	26.28	28.92	27.49	27.49
2014	28.73	31.61	23.80	26.17	16.95	17.01
2013	28.60	31.42	23.33	25.65	(3.58)	(3.44)

Note: ¹ The constituent fund is a portfolio management fund which invests in one approved pooled investment fund from 23 March 2021.

² The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.6 Haitong Core Accumulation Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net loss excluding capital appreciation/ (depreciation)	(78,089)	(62,924)	(41,476)
Capital appreciation/(depreciation) - realised and unrealised ¹	(3,332,077)	3,787,019	1,329,159
Value of scheme assets derived from investments	27,814,516	25,946,422	19,384,037
Total net asset value	27,815,221	25,946,925	19,382,801
Net asset value per unit			
Class A	13.14	14.78	12.54
Class T	13.23	14.89	12.63
Fund expense ratio			
Class A	0.93%		
Class T	0.92%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	16.14	16.26	12.92	13.01	(11.10)	(11.15)
2021	14.78	14.89	12.56	12.65	17.86	17.89
2020	12.54	12.63	10.15	10.22	8.20 ³	8.23 ³
2019	11.96	12.04	10.22	10.29	0.43 ³	0.43 ³
2018	12.08	12.16	10.21	10.28	12.70 ³	12.71 ³
2017	10.44	10.52	9.99	9.63	2.40 ²	3.10 ²

Note: ¹ The constituent fund is a portfolio management fund which invests in two approved pooled investment funds.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.6 Haitong Core Accumulation Fund (Continued)

² The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current year end date and at the beginning of the period for the first financial period (1 April 2017 to 30 June 2017 for both Class A & Class T units) where the initial offer price (HK\$10.00 for both Class A and Class T units) is used and the actual net investment return is shown without annualisation.

³ The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.7 Haitong Age 65 Plus Fund

	2022 HK\$	2021 HK\$	2020 HK\$
Net loss excluding capital appreciation/ (depreciation)	(18,053)	(19,279)	(14,068)
Capital appreciation/(depreciation) - realised and unrealised ¹	(454,854)	256,760	361,796
Value of scheme assets derived from investments	5,385,130	7,372,731	6,404,343
Total net asset value	5,385,500	7,373,131	6,404,015
Net asset value per unit			
Class A	11.03	12.07	11.59
Class T	11.03	12.07	11.59
Fund expense ratio			
Class A	0.96%		
Class T	0.96%		
Transaction costs			
Class A	-		
Class T	-		

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return	
	Class A HK\$	Class T HK\$	Class A HK\$	Class T HK\$	Class A %	Class T %
2022	12.53	12.53	10.87	10.87	(8.62)	(8.62)
2021	12.31	12.31	11.58	11.58	4.14	4.14
2020	11.59	11.59	10.62	10.62	7.02 ³	7.02 ³
2019	10.87	10.87	10.10	10.10	4.13 ³	4.13 ³
2018	10.55	10.55	10.12	10.12	2.67 ³	2.67 ³
2017	10.24	10.24	9.33	9.33	1.30 ²	1.30 ²

Note: ¹ The constituent fund is a portfolio management fund which invests in two approved pooled investment funds.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

5.7 Haitong Age 65 Plus Fund (Continued)

² The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current year end date and at the beginning of the period for the first financial period (1 April 2017 to 30 June 2017 for both Class A & Class T units) where the initial offer price (HK\$10.00 for both Class A and Class T units) is used and the actual net investment return is shown without annualisation.

³ The net annualised investment return is calculated by reference to the difference between the net asset value per unit of the class at current and prior year end dates, divided by the net asset value per unit at prior year end date to obtain the return in percentage.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

5 PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

Notes for all Constituent Funds:

1. Class A units are issued to members generally and Class T units are issued in respect of special voluntary contributions and amounts transferred from other schemes.
2. Basis of calculation and assumptions of Fund Expense Ratio used by the Investment Manager
 - a. The Fund Expense Ratio (FER) for the Constituent Funds has been calculated to two decimal places by the formula as the following:
$$\text{FER} = \text{Total Expenses} / \text{Average Net Asset Value}$$
 - b. Total Expenses represent the total expenses as set out in the Statement of Comprehensive Income of the Constituent Funds for the year ended 30 June 2022 but excluding transaction costs involved in the purchase and sales of investments in accordance with section E2.2 of the Code on Disclosure for MPF Investment Funds.
 - c. Average Net Asset Value is the sum of the net asset value (“NAV”) of each class of the Constituent Funds at each of the pricing points divided by the number of pricing points. The NAV at each pricing point is directly extracted from the accounting and valuation system used by HSBC Institutional Trust Services (Asia) Limited and is unaudited.
 - d. Pricing points represent relevant valuation dates for each class of the Constituent Funds which for the purpose of this FER calculation is the last business day of each month for each class of the Constituent Funds.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED)

6.1 Haitong Asia Pacific Fund

	Holdings	Fair value HK\$	% of net asset value %
Approved pooled investment fund			
Hong Kong			
Haitong APIF Funds			
- Haitong Asia Pacific Fund - Class A	5,143,291	43,615,111	100.27
Total investments		43,615,111	100.27
Other net liabilities		(118,623)	(0.27)
Net assets attributable to members as at 30 June 2022		43,496,488	100.00
Total investments at cost		50,815,421	

Note: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

6.2 Haitong MPF Conservative Fund

	Holdings	Fair value HK\$	% of net asset value %
Total investments		-	-
Other net assets		91,849,503	100.00
Net assets attributable to members as at 30 June 2022		<u>91,849,503</u>	<u>100.00</u>
Total investments at cost		<u>-</u>	

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

6.3 Haitong Global Diversification Fund

	Holdings	Fair value HK\$	% of net asset value %
Approved pooled investment fund			
Hong Kong			
Haitong APIF Funds			
- Haitong Global Diversification Fund - Class A	3,413,416	105,645,220	100.25
		<u> </u>	<u> </u>
Total investments		105,645,220	100.25
Other net liabilities		(264,945)	(0.25)
		<u> </u>	<u> </u>
Net assets attributable to members as at 30 June 2022		105,380,275	100.00
		<u> </u>	<u> </u>
Total investments at cost		94,800,478	
		<u> </u>	

Note: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

6.4 Haitong Hong Kong SAR Fund

	Holdings	Fair value HK\$	% of net asset value %
Approved pooled investment funds			
Hong Kong			
Haitong APIF Funds			
- Haitong Hong Kong SAR Fund - Class A	26,963,260	219,480,935	99.51
Total investments		219,480,935	99.51
Other net assets		1,080,809	0.49
Net assets attributable to members as at 30 June 2022		220,561,744	100.00
Total investments at cost		258,006,167	

Note: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

6.5 Haitong Korea Fund

	Holdings	Fair value HK\$	% of net asset value %
Approved pooled investment funds			
Hong Kong			
Haitong APIF funds			
- Haitong Korea Fund - Class A	2,514,929	19,113,462	100.33
		<hr/>	<hr/>
Total investments		19,113,462	100.33
Other net liabilities		(62,086)	(0.33)
		<hr/>	<hr/>
Net assets attributable to members as at 30 June 2022		19,051,376	100.00
		<hr/> <hr/>	<hr/> <hr/>
Total investments at cost		24,688,515	
		<hr/> <hr/>	

Note: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

6.6 Haitong Core Accumulation Fund

	Holdings	Fair value HK\$	% of net asset value %
Approved pooled investment funds			
Hong Kong			
Haitong APIF Funds			
- Haitong Global Bond Fund - Class A	1,132,360	11,255,657	59.53
- Haitong Global Diversification Fund - Class A	535,020	16,558,859	40.47
		<u>27,814,516</u>	<u>100.00</u>
		-----	-----
Total investments		27,814,516	100.00
Other net assets		705	00.00
		<u>27,815,221</u>	<u>100.00</u>
		=====	=====
Total investments at cost		<u>29,101,455</u>	

Note: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT AS AT 30 JUNE 2022

6 INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

6.7 Haitong Age 65 Plus Fund

	Holdings	Fair value HK\$	% of net asset value %
Approved pooled investment funds			
Hong Kong			
Haitong APIF Funds			
- Haitong Global Bond Fund - Class A	428,332	4,257,619	79.06
- Haitong Global Diversification Fund - Class A	36,430	1,127,511	20.93
		<u>5,385,130</u>	<u>99.99</u>
		-----	-----
Total investments at fair value		5,385,130	99.99
Other net assets		<u>370</u>	<u>00.01</u>
Net assets attributable to members as at 30 June 2022		<u>5,385,500</u>	<u>100.00</u>
		=====	=====
Total investments at cost		<u>5,689,239</u>	
		=====	

Note: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

7 INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

7.1 Haitong Asia Pacific Fund

	Holdings				Ending balance
	Beginning balance	Additions	Disposals	Rights/Stock Dividend/ Bonus/Splits	
Approved pooled investment fund					
Hong Kong					
Haitong APIF Funds					
- Haitong Asia Pacific Fund - Class A	5,295,307	1,433,429	1,585,445	-	5,143,291

7.2 Haitong MPF Conservative Fund

No security movement during the year.

7.3 Haitong Global Diversification Fund

	Holdings				Ending balance
	Beginning balance	Additions	Disposals	Rights/Stock Dividend/ Bonus/Splits	
Approved pooled investment fund					
Hong Kong					
Haitong APIF Funds					
- Haitong Global Diversification Fund - Class A	3,462,517	1,056,463	1,105,564	-	3,413,416

7.4 Haitong Hong Kong SAR Fund

	Holdings				Ending balance
	Beginning balance	Additions	Disposals	Rights/Stock Dividend/ Bonus/Splits	
Approved pooled investment fund					
Hong Kong					
Haitong APIF Funds					
- Haitong Hong Kong SAR Fund - Class A	27,122,870	8,699,221	8,858,831	-	26,963,260

HAITONG MPF RETIREMENT FUND

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2022

7 INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED) (CONTINUED)

7.5 Haitong Korea Fund

	Holdings				Ending balance
	Beginning balance	Additions	Disposals	Rights/Stock Dividend/ Bonus/Splits	
Approved pooled investment fund					
Hong Kong					
Haitong APIF Funds					
- Haitong Korea Fund - Class A	2,898,102	563,903	947,076	-	2,514,929

7.6 Haitong Core Accumulation Fund

	Holdings				Ending balance
	Beginning balance	Additions	Disposals	Rights/Stock Dividend/ Bonus/Splits	
Approved pooled investment funds					
Hong Kong					
Haitong APIF Funds					
- Haitong Global Bond Fund - Class A	873,486	725,361	466,487	-	1,132,360
- Haitong Global Diversification Fund - Class A	463,531	289,703	218,214	-	535,020

7.7 Haitong Age 65 Plus Fund

	Holdings				Ending balance
	Beginning balance	Additions	Disposals	Rights/Stock Dividend/ Bonus/Splits	
Approved pooled investment funds					
Hong Kong					
Haitong APIF Funds					
- Haitong Global Diversification Fund - Class A	48,040	17,085	28,695	-	36,430
- Haitong Global Bond Fund - Class A	529,072	246,798	347,538	-	428,332

INDEPENDENT AUDITOR'S REPORT

To the Trustee of Haitong MPF Retirement Fund (the "Scheme")

Report on the Audit of the Financial Statements

Opinion

What we have audited

We have audited the financial statements of Haitong MPF Retirement Fund (the "Scheme"), which are set out on pages 46 to 114, comprise:

- the statement of net assets available for benefits of the Scheme and the statement of net assets of each of its constituent funds as at 30 June 2022;
- the statement of comprehensive income of each of the constituent funds for the year then ended;
- the statement of changes in net assets available for benefits of the Scheme and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended;
- the statement of cash flows of the Scheme and each of its constituent funds for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2022, and of its financial transactions and its 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

INDEPENDENT AUDITOR'S REPORT

To the Trustee of Haitong MPF Retirement Fund (the "Scheme")

Other Information

The Trustee and the Investment Manager (the "Management") of the Scheme are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustee 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 of the Scheme have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation").

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

INDEPENDENT AUDITOR'S REPORT

To the Trustee of Haitong MPF Retirement Fund (the "Scheme")

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with HKSAs, 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 the Trustee 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.

Report on Matters under the General Regulation

- a. In our opinion, 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;
- 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

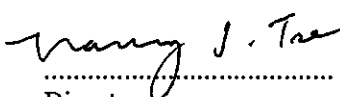
Hong Kong, 6 December 2022


HAITONG MPF RETIREMENT FUND

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - SCHEME
AS AT 30 JUNE 2022**

	Note	2022 HK\$	2021 HK\$
Assets			
Current assets			
Investments	4	421,054,374	515,451,015
Amount due from brokers		2,208,087	2,998,061
Contributions receivable		4,397,397	4,601,428
Receivables and other assets		72,196	139,147
Fixed deposits with original maturities of more than three months		36,331,600	85,687,689
Fixed deposits with original maturities of three months or less		50,514,164	14,225,113
Bank balances		11,932,466	17,006,595
Total assets		<u>526,510,284</u>	<u>640,109,048</u>
Liabilities			
Current liabilities			
Amount due to brokers		980,304	654,956
Benefits payable		3,158,021	7,334,862
Forfeitures payable		3,911,448	4,455,284
Contributions overpaid		153,137	189,403
Accruals and other payables		1,608,820	1,910,617
Liabilities (excluding net assets available for benefits attributable to members)		<u>9,811,730</u>	<u>14,545,122</u>
Net assets available for benefits attributable to members		<u><u>516,698,554</u></u>	<u><u>625,563,926</u></u>

The financial statements on pages 46 to 114 were approved by the directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 6 December 2022 and were signed on its behalf.


.....
Director


.....
Director

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS – SCHEME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 HK\$	2021 HK\$
Income			
Dividend income		-	3,066,508
Bank interest income		105	234
Interest income from fixed deposits		424,128	878,212
Net realised gain on disposal of investments		4,872,403	173,716,060
Net change in unrealised loss on investments		(93,419,021)	(22,502,236)
Net exchange loss		(15,540)	(305,628)
Total investment (loss)/income		(88,137,925)	154,853,150
Expenses			
Auditor's remuneration		374,921	380,996
Bank charges		20,535	77,246
Investment management fees	7(a)	2,273,064	2,971,707
Legal and professional fees		85,578	-
Securities transaction handling fees	7(c)	-	70,351
Transaction costs		-	1,860,377
Trustee, administration and custody fees	7(b)	1,895,246	2,438,059
Other expenses		562,585	698,119
		5,211,929	8,496,855
(Loss)/profit before tax		(93,349,854)	146,356,295
Withholding tax expense		-	(208,897)
Net (loss)/income		(93,349,854)	146,147,398
Contributions received and receivable			
From employers			
Mandatory		18,523,368	19,436,876
Additional voluntary		9,528,169	8,915,196
From members			
Mandatory		17,733,336	18,977,717
Additional voluntary		9,853,205	9,624,424
		55,638,078	56,954,213
Transfers-in			
Individual transfers-in from other schemes		4,521,496	6,011,101
		4,521,496	6,011,101

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - SCHEME
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

	2022 HK\$	2021 HK\$
Benefits paid and payable		
Death	(15,403)	(842,078)
Early retirement	(1,181,159)	(5,996,675)
Permanent departure	(3,634,531)	(5,323,296)
Retirement	(2,034,447)	(6,984,554)
Refund of additional voluntary contributions	(2,901,148)	(2,429,637)
Terminal illness	-	(338,825)
Small balance	-	(2,183)
	<u>(9,766,688)</u>	<u>(21,917,248)</u>
Transfers-out		
Individual transfers-out to other schemes	(57,464,980)	(87,972,458)
Group transfers-out to other schemes	(3,156,102)	(7,433,130)
	<u>(60,621,082)</u>	<u>(95,405,588)</u>
Forfeitures	<u>(5,287,322)</u>	<u>(3,689,296)</u>
Change in net assets available for benefits attributable to members	(108,865,372)	88,100,580
Net assets available for benefits attributable to members at the beginning of the year		
- Members' accounts	<u>625,563,926</u>	<u>537,463,346</u>
Net assets available for benefits attributable to members at the end of the year		
- Members' accounts	<u><u>516,698,554</u></u>	<u><u>625,563,926</u></u>

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CASH FLOWS - SCHEME FOR THE YEAR ENDED 30 JUNE 2022

	2022 HK\$	2021 HK\$
Cash flows from operating activities		
(Loss)/profit before tax	(93,349,854)	146,356,295
Adjustments:		
- Dividend income	-	(3,066,508)
- Bank interest income	(105)	(234)
- Interest income from fixed deposits	(424,128)	(878,212)
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(93,774,087)	142,411,341
Net change in investments and amount due from and due to brokers	95,511,963	(95,794,798)
Decrease/(increase) in receivables and other assets	16,924	(7,276)
Decrease in fixed deposits with original maturities of more than three months	49,356,089	17,330,174
(Decrease)/increase in accruals and other payables	(301,797)	652,692
	<hr/>	<hr/>
Cash generated from operations	50,809,092	64,592,133
Dividend received	-	3,751,544
Interest received	474,260	1,179,977
Withholding tax paid	-	(208,897)
	<hr/>	<hr/>
Net cash generated from operating activities	51,283,352	69,314,757
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities		
Contributions, transfers-in and others received	60,327,339	63,070,911
Benefits, transfers-out, forfeitures and others paid	(80,395,769)	(127,805,817)
	<hr/>	<hr/>
Net cash used in financing activities	(20,068,430)	(64,734,906)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents	31,214,922	4,579,851
Cash and cash equivalents as at beginning of the year	31,231,708	26,651,857
	<hr/>	<hr/>
Cash and cash equivalents as at end of the year	62,446,630	31,231,708
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Analysis of balances of cash and cash equivalents:		
Bank balances	11,932,466	17,006,595
Fixed deposits with original maturities of three months or less	50,514,164	14,225,113
	<hr/>	<hr/>
	62,446,630	31,231,708
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF NET ASSETS - CONSTITUENT FUNDS AS AT 30 JUNE 2022

	Note	Haitong Asia Pacific Fund		Haitong MPF Conservative Fund		Haitong Global Diversification Fund	
		2022	2021	2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets							
Current assets							
Investments	4	43,615,111	54,859,375	-	-	105,645,220	124,131,248
Amount due from brokers		218,481	286,622	-	-	516,934	608,032
Amounts receivable on subscription of units		56,112	20,550	1,084,783	131,594	184,546	170,344
Receivables and other assets	10	-	2,606	71,699	122,613	-	4,322
Fixed deposits with original maturities of more than three months		-	-	36,331,600	85,687,689	-	-
Fixed deposits with original maturities of three months or less		-	-	50,514,164	14,225,113	-	-
Bank balances		43,032	428,127	5,119,537	4,795,716	12,657	52,047
Total assets		<u>43,932,736</u>	<u>55,597,280</u>	<u>93,121,783</u>	<u>104,962,725</u>	<u>106,359,357</u>	<u>124,965,993</u>
Liabilities							
Current liabilities							
Amount due to brokers		56,112	20,550	-	-	184,546	170,344
Amounts payable on redemption of units		218,481	286,622	1,177,080	471,871	516,934	608,033
Accruals and other payables		161,655	162,417	95,200	78,595	277,602	200,677
Liabilities (excluding net assets attributable to members)		<u>436,248</u>	<u>469,589</u>	<u>1,272,280</u>	<u>550,466</u>	<u>979,082</u>	<u>979,054</u>
Net assets attributable to members		<u><u>43,496,488</u></u>	<u><u>55,127,691</u></u>	<u><u>91,849,503</u></u>	<u><u>104,412,259</u></u>	<u><u>105,380,275</u></u>	<u><u>123,986,939</u></u>

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF NET ASSETS - CONSTITUENT FUNDS AS AT 30 JUNE 2022

	Note	Haitong Hong Kong SAR Fund		Haitong Korea Fund		Haitong Core Accumulation Fund	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Assets							
Current assets							
Investments	4	219,480,935	272,856,069	19,113,462	30,285,170	27,814,516	25,946,422
Amount due from brokers		1,246,706	1,760,862	773	136,613	116,056	55,932
Amounts receivable on subscription of units		526,856	231,971	-	75,757	105,050	3,769
Receivables and other assets	10	-	7,319	497	2,287	-	-
Fixed deposits with original maturities of more than three months		-	-	-	-	-	-
Fixed deposits with original maturities of three months or less		-	-	-	-	-	-
Bank balances		1,794,511	6,271,197	21,990	33,707	6,981	6,214
Total assets		<u>223,049,008</u>	<u>281,127,418</u>	<u>19,136,722</u>	<u>30,533,534</u>	<u>28,042,603</u>	<u>26,012,337</u>
Liabilities							
Current liabilities							
Amount due to brokers		526,856	231,971	-	75,757	105,050	3,769
Amounts payable on redemption of units		1,246,706	1,760,862	773	136,613	116,056	55,932
Accruals and other payables		713,702	724,027	84,573	87,515	6,276	5,711
Liabilities (excluding net assets attributable to members)		<u>2,487,264</u>	<u>2,716,860</u>	<u>85,346</u>	<u>299,885</u>	<u>227,382</u>	<u>65,412</u>
Net assets attributable to members		<u><u>220,561,744</u></u>	<u><u>278,410,558</u></u>	<u><u>19,051,376</u></u>	<u><u>30,233,649</u></u>	<u><u>27,815,221</u></u>	<u><u>25,946,925</u></u>

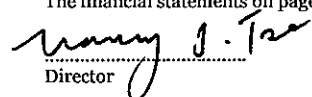
The notes on pages 62 to 114 are an integral part of the financial statements.

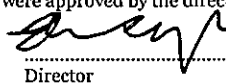
HAITONG MPF RETIREMENT FUND

STATEMENT OF NET ASSETS - CONSTITUENT FUNDS AS AT 30 JUNE 2022

	Note	Haitong Age 65 Plus Fund		Scheme level adjustments		Elimination for switching		The Scheme	
		2022	2021	2022	2021	2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets									
Current assets									
Investments	4	5,385,130	7,372,731	-	-	-	-	421,054,374	515,451,015
Amount due from brokers		109,137	150,000	1,320,080	2,683,383	(1,320,080)	(2,683,383)	2,208,087	2,998,061
Amounts receivable on subscription of units		107,740	2,565	-	-	(2,065,087)	(636,550)	-	-
Contributions receivable		-	-	4,397,397	4,601,428	-	-	4,397,397	4,601,428
Receivables and other assets	10	-	-	-	-	-	-	72,196	139,147
Fixed deposits with original maturities of more than three months		-	-	-	-	-	-	36,331,600	85,687,689
Fixed deposits with original maturities of three months or less		-	-	-	-	-	-	50,514,164	14,225,113
Bank balances		1,578	2,054	4,932,180	5,417,533	-	-	11,932,466	17,006,595
Total assets		5,603,585	7,527,350	10,649,657	12,702,344	(3,385,167)	(3,319,933)	526,510,284	640,109,048
Liabilities									
Current liabilities									
Amount due to brokers		107,740	152,565	-	-	-	-	980,304	654,956
Amounts payable on redemption of units		109,137	-	-	-	(3,385,167)	(3,319,933)	-	-
Benefits payable		-	-	3,158,021	7,334,862	-	-	3,158,021	7,334,862
Forfeitures payable		-	-	3,911,448	4,455,284	-	-	3,911,448	4,455,284
Contributions overpaid		-	-	153,137	189,403	-	-	153,137	189,403
Accruals and other payables		1,208	1,654	268,604	650,021	-	-	1,608,820	1,910,617
Liabilities (excluding net assets attributable to members)		218,085	154,219	7,491,210	12,629,570	(3,385,167)	(3,319,933)	9,811,730	14,545,122
Net assets attributable to members		5,385,500	7,373,131	3,158,447	72,774	-	-	516,698,554	625,563,926

The financial statements on pages 46 to 114 were approved by the directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 6 December 2022 and were signed on its behalf.


Director


Director

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Haitong Asia Pacific Fund		Haitong MPF Conservative Fund		Haitong Global Diversification Fund	
		2022	2021	2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Income							
Dividend income		-	460,844	-	-	-	-
Bank interest income	14	25	42	49	1	1	
Interest income from fixed deposits		-	-	424,128	878,212	-	-
Net realised (loss)/gain on disposal of investments		(155,963)	14,089,752	-	-	11,700,836	12,024,572
Net change in unrealised loss/gain on investments		(9,433,370)	(3,886,224)	-	-	(28,363,320)	19,322,022
Net exchange loss		(15,616)	(221,671)	-	-	-	-
Total investment (loss)/income		<u>(9,604,935)</u>	<u>10,442,726</u>	<u>424,170</u>	<u>878,261</u>	<u>(16,662,483)</u>	<u>31,346,595</u>
Expenses							
Auditor's remuneration		41,972	50,699	12,261	16,896	108,339	53,205
Bank charges		1,120	17,591	10,850	9,725	2,370	2,708
Investment management fees	7(a)	345,149	403,825	174,757	343,186	-	-
Legal and professional fees		9,555	-	2,776	-	24,382	-
Securities transaction handling fees	7(c)	-	21,024	-	-	-	-
Transaction costs		-	136,874	-	-	-	-
Trustee, administration and custody fees	7(b)	159,266	207,199	159,172	314,949	477,184	447,511
Other expenses		84,275	101,042	57,027	60,546	125,964	150,782
Total operating expenses		<u>641,337</u>	<u>938,254</u>	<u>416,843</u>	<u>745,302</u>	<u>738,239</u>	<u>654,206</u>
(Loss)/profit before tax		<u>(10,246,272)</u>	<u>9,504,472</u>	<u>7,327</u>	<u>132,959</u>	<u>(17,400,722)</u>	<u>30,692,389</u>
Withholding tax expense		-	(68,905)	-	-	-	-
(Decrease)/increase in net assets attributable to members		<u><u>(10,246,272)</u></u>	<u><u>9,435,567</u></u>	<u><u>7,327</u></u>	<u><u>132,959</u></u>	<u><u>(17,400,722)</u></u>	<u><u>30,692,389</u></u>

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Haitong Hong Kong SAR Fund		Haitong Korea Fund		Haitong Core Accumulation Fund	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Income							
Dividend income		-	2,263,636	-	342,028	-	-
Bank interest income		47	85	1	74	-	-
Interest income from fixed deposits		-	-	-	-	-	-
Net realised (loss)/gain on disposal of investments		(7,636,879)	134,457,335	(503,815)	10,938,608	1,306,850	1,848,628
Net change in unrealised loss/gain on investments		(43,314,103)	(37,981,102)	(7,053,073)	(1,794,918)	(4,638,927)	1,938,391
Net exchange (loss)/gain		(1)	381	78	(84,337)	-	-
Total investment (loss)/income		<u>(50,950,936)</u>	<u>98,740,335</u>	<u>(7,556,809)</u>	<u>9,401,455</u>	<u>(3,332,077)</u>	<u>3,787,019</u>
Expenses							
Auditor's remuneration		192,139	233,038	20,210	27,158	-	-
Bank charges		5,571	34,291	624	12,931	-	-
Investment management fees	7(a)	1,673,930	2,105,902	79,228	118,794	-	-
Legal and professional fees		44,131	-	4,734	-	-	-
Securities transaction handling fees	7(c)	-	39,547	-	9,780	-	-
Transaction costs		-	1,572,048	-	151,455	-	-
Trustee, administration and custody fees	7(b)	929,207	1,276,883	74,276	109,315	78,089	62,924
Other expenses		228,748	310,456	66,571	75,293	-	-
Total operating expenses		<u>3,073,726</u>	<u>5,572,165</u>	<u>245,643</u>	<u>504,726</u>	<u>78,089</u>	<u>62,924</u>
(Loss)/profit before tax		<u>(54,024,662)</u>	<u>93,168,170</u>	<u>(7,802,452)</u>	<u>8,896,729</u>	<u>(3,410,166)</u>	<u>3,724,095</u>
Withholding tax expense		-	(90,666)	-	(49,326)	-	-
(Decrease)/increase in net assets attributable to members		<u>(54,024,662)</u>	<u>93,077,504</u>	<u>(7,802,452)</u>	<u>8,847,403</u>	<u>(3,410,166)</u>	<u>3,724,095</u>

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Haitong Age 65 Plus Fund		Total	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Income					
Dividend income		-	-	-	3,066,508
Bank interest income		-	-	105	234
Interest income from fixed deposits		-	-	424,128	878,212
Net realised (loss)/gain on disposal of investments		161,374	357,165	4,872,403	173,716,060
Net change in unrealised loss/gain on investments		(616,228)	(100,405)	(93,419,021)	(22,502,236)
Net exchange loss		(1)	(1)	(15,540)	(305,628)
Total investment (loss)/income		<u>(454,855)</u>	<u>256,759</u>	<u>(88,137,925)</u>	<u>154,853,150</u>
Expenses					
Auditor's remuneration		-	-	374,921	380,996
Bank charges		-	-	20,535	77,246
Investment management fees	7(a)	-	-	2,273,064	2,971,707
Legal and professional fees		-	-	85,578	-
Securities transaction handling fees	7(c)	-	-	-	70,351
Transaction costs		-	-	-	1,860,377
Trustee, administration and custody fees	7(b)	18,052	19,278	1,895,246	2,438,059
Other expenses		-	-	562,585	698,119
Total operating expenses		<u>18,052</u>	<u>19,278</u>	<u>5,211,929</u>	<u>8,496,855</u>
(Loss)/profit before tax		<u>(472,907)</u>	<u>237,481</u>	<u>(93,349,854)</u>	<u>146,356,295</u>
Withholding tax expense		-	-	-	(208,897)
(Decrease)/increase in net assets attributable to members		<u>(472,907)</u>	<u>237,481</u>	<u>(93,349,854)</u>	<u>146,147,398</u>

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Haitong Asia Pacific Fund		Haitong MPF Conservative Fund		Haitong Global Diversification Fund	
	2022	2021	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at the beginning of the year	55,127,691	49,306,893	104,412,259	116,921,725	123,986,939	103,424,873
Proceeds from subscription of units	14,097,630	17,776,461	43,843,995	55,478,953	38,836,408	34,979,565
Payments on redemption of units	(15,482,561)	(21,391,230)	(56,414,078)	(68,121,378)	(40,042,350)	(45,109,888)
Net redemption	(1,384,931)	(3,614,769)	(12,570,083)	(12,642,425)	(1,205,942)	(10,130,323)
(Decrease)/increase in net assets attributable to members	(10,246,272)	9,435,567	7,327	132,959	(17,400,722)	30,692,389
Balance at the end of the year	43,496,488	55,127,691	91,849,503	104,412,259	105,380,275	123,986,939

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Haitong Hong Kong SAR Fund		Haitong Korea Fund		Haitong Core Accumulation Fund	
	2022	2021	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at the beginning of the year	278,410,558	226,277,663	30,233,649	26,432,111	25,946,925	19,382,801
Proceeds from subscription of units	64,243,888	66,612,570	5,361,938	11,237,002	17,539,320	17,643,643
Payments on redemption of units	(68,068,040)	(107,557,179)	(8,741,759)	(16,282,867)	(12,260,858)	(14,803,614)
Net (redemption)/subscription	(3,824,152)	(40,944,609)	(3,379,821)	(5,045,865)	5,278,462	2,840,029
(Decrease)/increase in net assets attributable to members	(54,024,662)	93,077,504	(7,802,452)	8,847,403	(3,410,166)	3,724,095
Balance at the end of the year	220,561,744	278,410,558	19,051,376	30,233,649	27,815,221	25,946,925

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Haitong Age 65 Plus Fund		Total	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Balance at the beginning of the year	7,373,131	6,404,015	625,491,152	548,150,081
	-----	-----	-----	-----
Proceeds from subscription of units	3,077,693	6,253,382	187,000,872	209,981,576
Payments on redemption of units	(4,592,417)	(5,521,747)	(205,602,063)	(278,787,903)
	-----	-----	-----	-----
Net (redemption)/subscription	(1,514,724)	731,635	(18,601,191)	(68,806,327)
	-----	-----	-----	-----
(Decrease)/increase in net assets attributable to members	(472,907)	237,481	(93,349,854)	146,147,398
	-----	-----	-----	-----
Balance at the end of the year	5,385,500	7,373,131	513,540,107	625,491,152
	=====	=====	=====	=====

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Haitong Asia Pacific Fund		Haitong MPF Conservative Fund		Haitong Global Diversification Fund	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Cash flows from operating activities						
(Loss)/profit before tax	(10,246,272)	9,504,472	7,327	132,959	(17,400,722)	30,692,389
Adjustments:						
- Dividend income	-	(460,844)	-	-	-	-
- Bank interest income	(14)	(25)	(42)	(49)	(1)	(1)
- Interest income from fixed deposits	-	-	(424,128)	(878,212)	-	-
Operating (loss)/profit before working capital changes	(10,246,286)	9,043,603	(416,843)	(745,302)	(17,400,723)	30,692,388
Net change in investments and amount due from and due to brokers	11,347,967	(8,843,453)	-	-	18,591,328	(20,339,667)
Decrease/(increase) in receivables and other assets	2,606	3,892	887	(1,803)	4,322	(2,353)
Decrease in fixed deposits with original maturities of more than three months	-	-	49,356,089	17,330,174	-	-
(Decrease)/increase in accruals and other payables	(762)	29,967	16,605	(34,224)	76,925	83,395
Cash generated from operations	1,103,525	234,009	48,956,738	16,548,845	1,271,852	10,433,763
Dividend received	-	480,906	-	-	-	-
Interest received	14	25	474,197	1,179,792	1	1
Withholding tax paid	-	(68,905)	-	-	-	-
Net cash generated from operating activities	1,103,539	646,035	49,430,935	17,728,637	1,271,853	10,433,764
Cash flows from financing activities						
Proceeds on subscription of units	14,062,068	18,532,184	42,890,806	56,914,006	38,822,206	35,245,060
Payments on redemption of units	(15,550,702)	(22,015,854)	(55,708,869)	(68,935,358)	(40,133,449)	(45,698,229)
Net cash used in financing activities	(1,488,634)	(3,483,670)	(12,818,063)	(12,021,352)	(1,311,243)	(10,453,169)
Net (decrease)/increase in cash and cash equivalents	(385,095)	(2,837,635)	36,612,872	5,707,285	(39,390)	(19,405)
Cash and cash equivalents as at beginning of the year	428,127	3,265,762	19,020,829	13,313,544	52,047	71,452
Cash and cash equivalents as at end of the year	43,032	428,127	55,633,701	19,020,829	12,657	52,047
Analysis of balances of cash and cash equivalents:						
Bank balances	43,032	428,127	5,119,537	4,795,716	12,657	52,047
Fixed deposits with original maturities of three months or less	-	-	50,514,164	14,225,113	-	-

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Haitong Hong Kong SAR Fund		Haitong Korea Fund		Haitong Core Accumulation Fund	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Cash flows from operating activities						
(Loss)/profit before tax	(54,024,662)	93,168,170	(7,802,452)	8,896,729	(3,410,166)	3,724,095
Adjustments:						
- Dividend income	-	(2,263,636)	-	(342,028)	-	-
- Bank interest income	(47)	(85)	(1)	(74)	-	-
- Interest income from fixed deposits	-	-	-	-	-	-
Operating (loss)/profit before working capital changes	(54,024,709)	90,904,449	(7,802,453)	8,554,627	(3,410,166)	3,724,095
Net change in investments and amount due from and due to broker	54,184,175	(53,627,001)	11,231,791	(4,955,213)	(1,826,937)	(6,830,992)
Decrease/(increase) in receivables and other assets	7,319	(5,186)	1,790	(1,826)	-	-
Decrease in fixed deposits with original maturities of more than three months	-	-	-	-	-	-
(Decrease)/increase in accruals and other payables	(10,325)	162,746	(2,942)	11,390	565	1,481
Cash generated from/(used in) operations	156,460	37,435,008	3,428,186	3,608,978	(5,236,538)	(3,105,416)
Dividend received	-	2,895,366	-	375,272	-	-
Interest received	47	85	1	74	-	-
Withholding tax paid	-	(90,666)	-	(49,326)	-	-
Net cash generated from/(used in) operating activities	156,507	40,239,793	3,428,187	3,934,998	(5,236,538)	(3,105,416)
Cash flows from financing activities						
Proceeds on subscription of units	63,949,003	66,487,574	5,437,695	11,582,617	17,438,039	17,867,384
Payments on redemption of units	(68,582,196)	(107,803,333)	(8,877,599)	(16,689,589)	(12,200,734)	(14,758,748)
Net cash (used in)/generated from financing activities	(4,633,193)	(41,315,759)	(3,439,904)	(5,106,972)	5,237,305	3,108,636
Net (decrease)/increase in cash and cash equivalents	(4,476,686)	(1,075,966)	(11,717)	(1,171,974)	767	3,220
Cash and cash equivalents as at beginning of the year	6,271,197	7,347,163	33,707	1,205,681	6,214	2,994
Cash and cash equivalents as at end of the year	1,794,511	6,271,197	21,990	33,707	6,981	6,214
Analysis of balances of cash and cash equivalents:						
Bank balances	1,794,511	6,271,197	21,990	33,707	6,981	6,214
Fixed deposits with original maturities of three months or less	-	-	-	-	-	-

The notes on pages 62 to 114 are an integral part of the financial statements.

HAITONG MPF RETIREMENT FUND

STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS FOR THE YEAR ENDED 30 JUNE 2022

	Haitong Age 65 Plus Fund		Total	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Cash flows from operating activities				
(Loss)/profit before tax	(472,907)	237,481	(93,349,854)	146,356,295
Adjustments:				
- Dividend income	-	-	-	(3,066,508)
- Bank interest income	-	-	(105)	(234)
- Interest income from fixed deposits	-	-	(424,128)	(878,212)
Operating (loss)/profit before working capital changes	(472,907)	237,481	(93,774,087)	142,411,341
Net change in investments and amount due from and due to brokers	1,983,639	(1,198,472)	95,511,963	(95,794,798)
Decrease/(increase) in receivables and other assets	-	-	16,924	(7,276)
Decrease in fixed deposits with original maturities of more than three months	-	-	49,356,089	17,330,174
(Decrease)/increase in accruals and other payables	(446)	295	79,620	255,050
Cash generated from/(used in) operations	1,510,286	(960,696)	51,190,509	64,194,491
Dividend received	-	-	-	3,751,544
Interest received	-	-	474,260	1,179,977
Withholding tax paid	-	-	-	(208,897)
Net cash generated from/(used in) operating activities	1,510,286	(960,696)	51,664,769	68,917,115
Cash flows from financing activities				
Proceeds on subscription of units	2,972,518	6,483,466	185,572,335	213,112,291
Payments on redemption of units	(4,483,280)	(5,521,747)	(205,536,829)	(281,422,858)
Net cash (used in)/generated from financing activities	(1,510,762)	961,719	(19,964,494)	(68,310,567)
Net (decrease)/increase in cash and cash equivalents	(476)	1,023	31,700,275	606,548
Cash and cash equivalents as at beginning of the year	2,054	1,031	25,814,175	25,207,627
Cash and cash equivalents as at end of the year	1,578	2,054	57,514,450	25,814,175
Analysis of balances of cash and cash equivalents:				
Bank balances	1,578	2,054	7,000,286	11,589,062
Fixed deposits with original maturities of three months or less	-	-	50,514,164	14,225,113

The notes on pages 62 to 114 are an integral part of the financial statements

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

1 The Scheme

Haitong MPF Retirement Fund (the “Scheme”) is established and governed by its Trust Deed dated 26 January 2000, as amended (“Trust Deed”) between Haitong International Investment Managers Limited as investment manager (the “Investment Manager”) and HSBC Institutional Trust Services (Asia) Limited as trustee (the “Trustee”). On 1 July 2021, trustee of the scheme was changed to HSBC Provident Fund Trustee (Hong Kong) Limited. The Scheme is registered under Section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “Ordinance”) and is required to comply with the Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority (the “MPFA”). The Scheme is also authorised by the Securities and Futures Commission of Hong Kong.

The Scheme is a defined contribution provident fund scheme that is open for participation by all employers, employees, self-employed persons and preserved members in Hong Kong. The Scheme comprises seven Constituent Funds (“Constituent Funds”) as at the end of the reporting period. Each of the Constituent Funds is approved by the MPFA and has its own investment policy and predetermined fees and charges. Scheme members can choose to invest their accrued benefit balances in any combination of the seven Constituent Funds. Contributions and benefits are dealt with at the scheme level whereas investments are dealt with at the Constituent Funds level.

Units of the Constituent Funds of the Scheme are issued in two classes, Class A and Class T. Class A units are issued to members generally and Class T units are issued in respect of special voluntary contributions and amounts transferred from other schemes.

The financial information of the Scheme comprises (i) the statement of net assets available for benefits as at 30 June 2022, and the statement of changes in net assets available for benefits and the statement of cash flows for the year ended 30 June 2022 of the Scheme on a standalone basis; and (ii) the statement of net assets as at 30 June 2022, and the statement of comprehensive income, the statement of changes in net assets attributable to members and the statement of cash flows for the year ended 30 June 2022 for each of the Scheme’s Constituent Funds.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of financial statements of the Scheme and its Constituent Funds are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the Trustee and the Investment Manager (the “Management”) to exercise their judgment in the process of applying the Scheme’s and its Constituent Funds’ accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

All references to net assets throughout the financial statements refer to net assets attributable to members unless otherwise stated. All the assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

Standards and amendments to existing standards effective 1 July 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2021 that have a material effect on the financial statements of the Scheme and its Constituent Funds.

New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme and its Constituent Funds.

(b) Investments

(i) Classification

The Scheme and its Constituent Funds classify its investments based on the business model of the Scheme and its Constituent Funds for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Scheme and its Constituent Funds are primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Scheme and its Constituent Funds have not taken the option to irrevocable designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Scheme and its Constituent Funds' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme and its Constituent Funds' business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales are recognised on the trade date – the date on which the Scheme and its Constituent Funds commit to purchase or sell the investment. Investments are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or the Scheme and its Constituent Funds had transferred substantially all risk and rewards of ownership.

Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments are presented in the statement of comprehensive income within "Net realised gain/loss on disposal of investments" and "Net change in unrealised gain/loss on investments" in the period in which they arise.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Investments (Continued)

(iii) Fair value estimation

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. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The Scheme and its Constituent Funds utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Scheme and its Constituent Funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Scheme and the Constituent Funds consider all of their investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Scheme and the Constituent Funds invest in Investee Funds whose objective is to achieve long term capital growth. The Investee Funds are managed by related and unrelated asset managers who apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Scheme and Constituent Funds hold redeemable units in each of their Investee Funds.

The change in fair value of each Investee Funds is included in the statement of comprehensive income in "Net change in unrealised gain/loss on investments".

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits with banks and other financial institutions with original maturities of three months or less from the date of placement, and short-term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

(e) Income and expenses

Dividend income is recognised when the Scheme and its constituent fund's right to receive payments is established with the corresponding foreign withholding taxes recorded as an expense.

Interest income is recognised on a time-proportion basis using the effective interest method.

Other income and expenses are accounted for on an accrual basis.

(f) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Scheme and its Constituent Funds are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Scheme and its Constituent Funds.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of changes in net assets available for benefits for the Scheme and the statement of comprehensive income for the Constituent Funds.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of changes in net assets available for benefits for the Scheme and the statement of comprehensive income for the Constituent Funds within "net exchange gain/loss".

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of changes in net assets available for benefits for the Scheme, and in the statement of comprehensive income within for the Constituent Funds within "Net realised gain/loss on disposal of investments" and "Net change in unrealised gain/loss on investments".

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(h) Amount due from/to brokers

Amount due from/to brokers represent receivables for investments sold and payables for investment purchased that have been contracted for but not yet settled or delivered on the statement of net assets date respectively. The amount due from broker balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme and its Constituent Funds shall measure the loss allowance on amount due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme and its Constituent Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(i) Accounts receivables

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Scheme and its Constituent Funds measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Accounts receivables are classified as current assets if the collections of receivables are expected in one year or less. If not, they are presented as non-current assets.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(j) Accounts payable and accruals

Accounts payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(k) Contributions

Contributions are accounted for on an accrual basis.

(l) Benefits

Benefits are accounted for on an accrual basis.

(m) Transfers-in

Transfers-in amounts are recognised when the right to receive payment is established.

(n) Transfers-out

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

(o) Forfeitures

If a member ceases to be a member, the part of the employer's voluntary balance not otherwise disposed of in accordance with the rules of the Scheme may be either maintained in the Trustee's account to offset against future employer's contributions or returned to the employer.

(p) Proceeds and payments on subscription and redemption of units

The net asset value per unit of each class of the Constituent Funds is computed on each business day. Prices for subscriptions and redemptions on each business day are based on the net asset value per unit of that class as at the close of business in the last relevant market to close on that business day.

Proceeds and payments for units subscribed and redeemed are accounted for on an accrual basis and are included in the statement of changes in net assets attributable to members of the Constituent Funds.

(q) Redeemable units

Redeemable units of the Constituent Funds are classified as liabilities and are issued or redeemed at the holder's option at prices based on the Constituent Funds' net asset value per unit as at the close of business on the relevant dealing day. The Constituent Funds' net asset value per unit is calculated by dividing the net assets attributable to the members with the total number of outstanding units.

The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(r) Taxation

Hong Kong profits tax

The Scheme is registered under the MPF Ordinance and is therefore a recognised scheme for Hong Kong Profits Tax purposes. The policy of the Hong Kong Inland Revenue Department (“IRD”), as set out in IRD Practice Note No. 23, is that “recognised retirement schemes and their Trustees are not considered to be subject to profits tax on their investment income”. Accordingly, no provision for Hong Kong Profits Tax has been made in the Scheme’s financial statements.

Withholding tax

Withholding tax was charged on certain dividend and interest income received during the year.

3 Critical accounting estimates and judgments

The Management make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Critical judgments

In preparing these financial statements, the Management have made certain judgment which is dependent on what might happen in the future. The judgment made by the Management may not equal the related actual results.

Functional currency

The Management considers the HKD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The HKD is the currency in which the Scheme and its Constituent Funds measure their performance and reports their results, as well as the currency in which they receive subscriptions from their investors. This determination also considers the competitive environment in which the constituent fund is compared to other Hong Kong investment products.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

4 Investments

	2022 HK\$	2021 HK\$
<u>The Scheme</u>		
Investments in Constituent Funds:		
Haitong Asia Pacific Fund	43,496,488	55,127,691
Haitong MPF Conservative Fund	91,849,503	104,412,259
Haitong Global Diversification Fund	105,380,275	123,986,939
Haitong Hong Kong SAR Fund	220,561,744	278,410,558
Haitong Korea Fund	19,051,376	30,233,649
Haitong Core Accumulation Fund	27,815,221	25,946,925
Haitong Age 65 Plus Fund	5,385,500	7,373,131
	<hr/>	<hr/>
Investments at fair value	513,540,107	625,491,152
	<hr/> <hr/>	<hr/> <hr/>
	2022 HK\$	2021 HK\$
Constituent Funds		
<u>Haitong Asia Pacific Fund</u>		
- Approved pooled investment fund	43,615,111	54,859,375
<u>Haitong Global Diversification Fund</u>		
- Approved pooled investment fund	105,645,220	124,131,248
<u>Haitong Hong Kong SAR Fund</u>		
- Approved pooled investment fund	219,480,935	272,856,069
<u>Haitong Korea Fund</u>		
- Approved pooled investment fund	19,113,462	30,285,170
<u>Haitong Core Accumulation Fund</u>		
- Approved pooled investment funds	27,814,516	25,946,422
<u>Haitong Age 65 Plus Fund</u>		
- Approved pooled investment funds	5,385,130	7,372,731
	<hr/>	<hr/>
Investments at fair value	421,054,374	515,451,015
	<hr/> <hr/>	<hr/> <hr/>
Investments at cost	466,268,053	464,078,895
	<hr/> <hr/>	<hr/> <hr/>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

5 Number of units in issue and net assets attributable to members per unit

(a) Net assets attributable to members

Net assets attributable to members represent a liability in the statement of net assets of the Constituent Funds, carried at the redemption amount that would be payable at the year end date if the members exercised the right to redeem units in the Constituent Funds.

(b) Number of units in issue and net assets attributable to members per unit

The net assets attributable to members per unit are calculated by dividing the net assets attributable to members by the number of units in issue at the year end. The movement of the number of units in issue during the year and the net assets attributable to members per unit as at year end are as follows:

	Haitong Asia Pacific Fund				Haitong MPF Conservative Fund			
	2022		2021		2022		2021	
	Class A Units	Class T Units	Class A Units	Class T Units	Class A Units	Class T Units	Class A Units	Class T Units
Units outstanding at beginning of the year	1,051,729	1,354,244	1,136,115	1,440,934	3,114,328	6,020,024	4,079,589	6,171,839
Units issued	323,823	333,746	364,738	474,413	1,155,210	2,677,613	1,899,590	2,959,748
Units redeemed	(440,788)	(284,608)	(449,124)	(561,103)	(1,879,891)	(3,058,836)	(2,864,851)	(3,111,563)
Units outstanding at end of the year	<u>934,764</u>	<u>1,403,382</u>	<u>1,051,729</u>	<u>1,354,244</u>	<u>2,389,647</u>	<u>5,638,801</u>	<u>3,114,328</u>	<u>6,020,024</u>
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	<u>17.08</u>	<u>19.62</u>	<u>21.15</u>	<u>24.28</u>	<u>11.30</u>	<u>11.50</u>	<u>11.29</u>	<u>11.50</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

5 Number of units in issue and net assets attributable to members per unit (Continued)

(b) Number of units in issue and net assets attributable to members per unit (Continued)

	Haitong Global Diversification Fund				Haitong Hong Kong SAR Fund			
	2022		2021		2022		2021	
	Class A Units	Class T Units	Class A Units	Class T Units	Class A Units	Class T Units	Class A Units	Class T Units
Units outstanding at beginning of the year	2,186,966	2,441,422	2,376,641	2,696,121	1,036,944	1,916,221	1,318,480	2,131,857
Units issued	622,905	788,993	805,104	685,537	283,099	506,752	353,958	431,752
Units redeemed	(927,693)	(561,237)	(994,779)	(940,236)	(398,377)	(426,057)	(635,494)	(647,388)
Units outstanding at end of the year	<u>1,882,178</u>	<u>2,669,178</u>	<u>2,186,966</u>	<u>2,441,422</u>	<u>921,666</u>	<u>1,996,916</u>	<u>1,036,944</u>	<u>1,916,221</u>
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	<u>21.42</u>	<u>24.37</u>	<u>24.99</u>	<u>28.40</u>	<u>70.22</u>	<u>78.04</u>	<u>87.97</u>	<u>97.69</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

5 Number of units in issue and net assets attributable to members per unit (Continued)

(b) Number of units in issue and net assets attributable to members per unit (Continued)

	Haitong Korea Fund				Haitong Core Accumulation Fund			
	2022		2021		2022		2021	
	Class A	Class T	Class A	Class T	Class A	Class T	Class A	Class T
	Units	Units	Units	Units	Units	Units	Units	Units
Units outstanding at beginning of the year	206,235	621,545	300,976	686,031	1,101,716	648,764	1,058,355	483,776
Units issued	54,355	109,071	51,715	293,594	646,078	532,256	690,457	592,528
Units redeemed	(72,348)	(193,237)	(146,456)	(358,080)	(514,017)	(303,333)	(647,096)	(427,540)
Units outstanding at end of the year	<u>188,242</u>	<u>537,379</u>	<u>206,235</u>	<u>621,545</u>	<u>1,233,777</u>	<u>877,687</u>	<u>1,101,716</u>	<u>648,764</u>
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	<u>24.44</u>	<u>26.89</u>	<u>33.97</u>	<u>37.37</u>	<u>13.14</u>	<u>13.23</u>	<u>14.78</u>	<u>14.89</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

5 Number of units in issue and net assets attributable to members per unit (Continued)

(b) Number of units in issue and net assets attributable to members per unit (Continued)

	Haitong Age 65 Plus Fund			
	2022		2021	
	Class A Units	Class T Units	Class A Units	Class T Units
Units outstanding at beginning of the year	297,851	313,056	207,306	345,357
Units issued	141,198	116,238	296,365	225,529
Units redeemed	(210,205)	(169,790)	(205,820)	(257,830)
Units outstanding at end of the year	<u>228,844</u>	<u>259,504</u>	<u>297,851</u>	<u>313,056</u>
	HKS	HKS	HKS	HKS
Net assets attributable to members per unit	<u>11.03</u>	<u>11.03</u>	<u>12.07</u>	<u>12.07</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management

(a) Strategy in using financial instruments

The investment objective of Haitong Asia Pacific Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund and Haitong Korea Fund is to achieve capital growth. The investment objective of Haitong MPF Conservative Fund is to preserve capital. The investment objective of Haitong Core Accumulation Fund is to provide capital growth to members by investing in a globally diversified manner. The investment objective of Haitong Age 65 Plus Fund is to provide stable growth for retirement savings to members by investing in a globally diversified manner.

The Scheme, through its Constituent Funds, maintains an investment portfolio in a variety of listed financial instruments as dictated by the investment management strategy of each fund. These funds may also acquire other securities as defined in section 8(2) of Schedule 1 to the Mandatory Provident Fund Scheme (General) Regulation (as amended), including but not limited to authorised unit trusts and/or mutual funds approved by the Authority and listed American Depositary Receipts (ADRs) and/or Global Depositary Receipts (GDRs) representing fully-paid up shares listed on approved stock exchanges worldwide.

Except for the Haitong MPF Conservative Fund that holds only bank balances, other Constituent Funds achieve their respective investment objectives either through investing directly in equities in designated markets or investing in approved pooled investment funds that are unit trusts which ultimately invest in equities, debt securities and money market instruments in designated markets. The Constituent Funds are therefore exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments held.

The risks and the respective risk management policies employed by the Scheme and its Constituent Funds to manage these risks are discussed below:

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Constituent Funds' market price risk is managed by way of a diversified portfolio of investment and deliberate securities selection across different sectors in accordance with the investment objective of each constituent fund. Each and every constituent fund will not invest more than 10 per cent of the net asset value in securities of a single issuer. The Investment Manager monitors the risk on a daily basis and rebalances the portfolio of investment from time to time to reflect any change to the composition or the weighting.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

As at year end, the overall market exposures for the Constituent Funds were as follows:

	Fair value HK\$	2022 Cost HK\$	% of net assets	Fair value HK\$	2021 Cost HK\$	% of net assets
Haitong Asia Pacific Fund						
Assets						
Approved pooled investment fund	43,615,111	50,815,421	100.27	54,859,375	52,626,315	99.51
Haitong Global Diversification Fund						
Assets						
Approved pooled investment fund	105,645,220	94,800,478	100.25	124,131,248	84,923,186	100.12
Haitong Hong Kong SAR Fund						
Assets						
Approved pooled investment fund	219,480,935	258,006,167	99.51	272,856,069	268,067,198	98.00

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

	Fair value HK\$	2022 Cost HK\$	% of net assets	Fair value HK\$	2021 Cost HK\$	% of net assets
Haitong Korea Fund						
Assets						
Approved pooled investment fund	19,113,462	24,688,515	100.33	30,285,170	28,807,150	100.17
	<u>19,113,462</u>	<u>24,688,515</u>	<u>100.33</u>	<u>30,285,170</u>	<u>28,807,150</u>	<u>100.17</u>
	Fair value HK\$	2022 Cost HK\$	% of net assets	Fair value HK\$	2021 Cost HK\$	% of net assets
Haitong Core Accumulation Fund						
Assets						
Approved pooled investment funds	27,814,516	29,101,455	100.00	25,946,422	22,594,434	100.00
	<u>27,814,516</u>	<u>29,101,455</u>	<u>100.00</u>	<u>25,946,422</u>	<u>22,594,434</u>	<u>100.00</u>
	Fair value HK\$	2022 Cost HK\$	% of net assets	Fair value HK\$	2021 Cost HK\$	% of net assets
Haitong Age 65 Plus Fund						
Assets						
Approved pooled investment funds	5,385,130	5,689,239	99.99	7,372,731	7,060,612	99.99
	<u>5,385,130</u>	<u>5,689,239</u>	<u>99.99</u>	<u>7,372,731</u>	<u>7,060,612</u>	<u>99.99</u>

Market exposures

Haitong Asia Pacific Fund invests in an approved pooled investment fund, namely Haitong APIF Funds - Haitong Asia Pacific Fund (“the underlying fund”) which in turn invests in listed equities in various markets.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

	% of net assets of the underlying fund	
	2022	2021
Haitong APIF Funds - Haitong Asia Pacific Fund		
Listed equities		
- Communication Services	13.31	3.37
- Consumer Discretionary	3.16	1.65
- Consumer Staples	8.79	13.76
- Energy	5.79	-
- Financials	20.72	7.31
- Funds	4.53	-
- Health Care	4.29	2.54
- Industrials	8.81	17.03
- Information Technology	3.11	27.85
- Materials	6.98	10.56
- Real Estate	0.77	2.17
- Technology	2.65	4.52
- Telecommunications	2.75	1.87
- Utilities	8.67	4.14
	94.33	96.77
Foreign exchange forward contracts	0.09	0.28
	94.42	97.05

Haitong Global Diversification Fund invests in an approved pooled investment fund, namely Haitong APIF Funds - Haitong Global Diversification Fund (“the underlying fund”) which in turn invests in listed equities in various markets.

	% of net assets of the underlying fund	
	2022	2021
Haitong APIF Funds - Haitong Global Diversification Fund		
Listed equities		
- Communication Services	4.45	4.15
- Consumer Discretionary	6.30	7.39
- Consumer Staples	15.07	13.59
- Energy	11.00	-
- Financials	22.22	-
- Funds	4.72	-
- Health care	2.45	-
- Industrials	5.65	7.72
- Information Technology	17.13	61.93
- Materials	2.35	1.47
- Real Estate	2.04	-
- Technology	3.38	-
- Utilities	-	1.92
	96.76	98.17
Foreign exchange forward contracts	0.01	(0.01)
	96.77	98.16

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

Haitong Hong Kong SAR Fund invests in an approved pooled investment fund, namely Haitong APIF Funds - Haitong Hong Kong SAR Fund (“the underlying fund”) which in turn invests in listed equities in various markets.

	% of net assets of the underlying fund	
	2022	2021
Haitong APIF Funds - Haitong Hong Kong SAR Fund		
Listed equities		
- Communication Services	6.03	12.34
- Consumer Discretionary	4.16	5.27
- Consumer Staples	9.20	6.47
- Energy	6.29	7.06
- Financials	25.45	22.13
- Health Care	2.11	7.74
- Industrials	14.27	8.08
- Information Technology	-	3.09
- Materials	-	0.73
- Real Estate	10.99	-
- Technology	9.15	10.81
- Telecommunications	-	3.75
- Utilities	7.65	8.34
	95.30	95.81

Haitong Korea Fund invests in an approved pooled investment fund, namely Haitong APIF Funds - Haitong Korea Fund (“the underlying fund”) which in turn invests in listed equities in various markets.

	% of net assets of the underlying fund	
	2022	2021
Haitong APIF Funds - Haitong Korea Fund		
Listed equities		
- Communication Services	12.35	7.12
- Consumer Discretionary	2.75	-
- Consumer Staples	17.82	17.13
- Energy	5.91	-
- Financials	14.52	8.20
- Industrial	16.57	19.74
- Information Technology	16.48	27.79
- Materials	7.02	17.72
	93.42	97.70
Foreign exchange forward contracts	0.36	0.54
	93.78	98.24

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

Both Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund invest in two approved pooled investment funds, namely Haitong APIF Funds - Haitong Global Diversification Fund and Haitong APIF Funds - Haitong Global Bond Fund (each "the underlying fund") which in turn invest in listed equities and quoted debt securities respectively.

	% of net assets of the underlying fund	
	2022	2021
Haitong APIF Funds - Haitong Global Diversification Fund		
Listed equities		
- Communication Services	4.45	4.15
- Consumer Discretionary	6.30	7.39
- Consumer Staples	15.07	13.59
- Energy	11.00	-
- Financials	22.22	-
- Funds	4.72	-
- Health care	2.45	-
- Industrials	5.65	7.72
- Information technology	17.13	61.93
- Materials	2.35	1.47
- Real Estate	2.04	-
- Technology	3.38	-
- Utilities	-	1.92
	96.76	98.17
Foreign exchange forward contracts	0.01	(0.01)
	96.77	98.16

	% of net assets of the underlying fund	
	2022	2021
Haitong APIF Funds – Haitong Global Bond Fund		
Debt securities		
Germany	24.63	36.14
British Virgin Islands	21.64	3.11
Cayman Islands	13.70	1.60
America	13.16	36.91
Hong Kong	11.20	9.40
Japan	2.87	-
China	2.86	6.37
Thailand	2.82	-
	92.88	93.53
Foreign exchange forward contracts	0.52	0.61
	93.40	94.14

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

The following investments with fair value exceeded 5% of the respective constituent fund's net asset value at 30 June 2022 and 2021:

	% of net asset value	
	2022	2021
Haitong Asia Pacific Fund		
Approved pooled investment fund		
Haitong APIF Funds – Haitong Asia Pacific Fund	<u>100.27</u>	<u>99.51</u>
Haitong Global Diversification Fund		
Approved pooled investment fund		
Haitong APIF Funds – Haitong Global Diversification Fund	<u>100.25</u>	<u>100.12</u>
Haitong Hong Kong SAR Fund		
Approved pooled investment fund		
Haitong APIF Funds - Haitong Hong Kong SAR Fund	<u>99.51</u>	<u>98.00</u>
Haitong Korea Fund		
Approved pooled investment fund		
Haitong APIF Funds - Haitong Korea Fund	<u>100.33</u>	<u>100.17</u>
Haitong Core Accumulation Fund		
Approved pooled investment funds		
Haitong APIF Funds – Haitong Global Diversification Fund	59.53	64.05
Haitong APIF Funds – Haitong Global Bond Fund	40.47	35.95
	<u>100.00</u>	<u>100.00</u>
Haitong Age 65 Plus Fund		
Approved pooled investment funds		
Haitong APIF Funds – Haitong Global Diversification Fund	20.93	23.36
Haitong APIF Funds – Haitong Global Bond Fund	79.06	76.63
	<u>99.99</u>	<u>99.99</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the constituent fund might suffer through holding market positions in the face of unfavourable price movements. The Investment Manager considers the asset allocation of the portfolio in order to minimise the risk associated with each class on particular countries or industry sectors whilst continuing to follow the constituent fund's investment objective. The constituent fund's equity investments are publicly traded. The table below illustrates the effect of a 10% change in prices of financial assets to the net assets attributable to members. Haitong MPF Conservative Fund had no market price risk as it did not hold any investments as at 30 June 2022 and 2021.

	2022	2021
	HK\$	HK\$
Haitong Asia Pacific Fund		
Net assets attributable to members	43,496,488	55,127,691
Investments	43,615,111	54,859,375
Effect of a 10% increase or decrease in prices on net assets	4,361,511	5,485,938
	2022	2021
	HK\$	HK\$
Haitong Global Diversification Fund		
Net assets attributable to members	105,380,275	123,986,939
Investments	105,645,220	124,131,248
Effect of a 10% increase or decrease in prices on net assets	10,564,522	12,413,125
	2022	2021
	HK\$	HK\$
Haitong Hong Kong SAR Fund		
Net assets attributable to members	220,561,744	278,410,558
Investments	219,480,935	272,856,069
Effect of a 10% increase or decrease in prices on net assets	21,948,094	27,285,607
	2022	2021
	HK\$	HK\$
Haitong Korea Fund		
Net assets attributable to members	19,051,376	30,233,649
Investments	19,113,462	30,285,170
Effect of a 10% increase or decrease in prices on net assets	1,911,346	3,028,517

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

	2022	2021
	HK\$	HK\$
Haitong Core Accumulation Fund		
Net assets attributable to members	27,815,221	25,946,925
Investments	27,814,516	25,946,422
Effect of a 10% increase or decrease in prices on net assets	2,781,452	2,594,642
	2022	2021
	HK\$	HK\$
Haitong Age 65 Plus Fund		
Net assets attributable to members	5,385,500	7,373,131
Investments	5,385,130	7,372,731
Effect of a 10% increase or decrease in prices on net assets	538,513	737,273

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on Investment Manager's current view of market volatility and other relevant factors.

Investments in Investee Funds of Haitong Asia Pacific Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund, Haitong Korea Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund are subject to the terms and conditions of the respective Investee Funds' offering documents and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The right of the constituent fund to request redemption of its investments in the Investee Funds is on daily basis.

Holding in an Investee Fund of Haitong Asia Pacific Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund, Haitong Korea Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that each constituent fund, may, at any point of time, hold a majority of an Investee Fund's total units in issue.

The exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the following table. These investments are included in "investments" in the statement of net assets of Haitong Asia Pacific Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund, Haitong Korea Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

Haitong Asia Pacific Fund

Listed/quoted investment funds	Number of Investee Funds	2022		2021	
		Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
Equity Fund	1	43,615,111	100.27	54,859,375	99.51

During the year ended 30 June 2022, total net losses incurred on investments in Investee Fund was HK\$ 9,589,333 (2021: Total net gains HK\$10,203,528). There were no capital commitment obligations as at 30 June 2022 and 30 June 2021.

The amounts due from/to Investee Funds for unsettled sales and purchases are as follows:

	2022 HK\$	2021 HK\$
Amounts due from Investee Funds	218,481	286,622
Amounts due to Investee Funds	56,112	20,550

Haitong Global Diversification Fund

Listed/quoted investment funds	Number of Investee Funds	2022		2021	
		Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
Equity Fund	1	105,645,220	100.25	124,131,248	100.12

During the year ended 30 June 2022, total net losses incurred on investments in Investee Fund was HK\$16,662,484 (2021: Total net gains HK\$31,346,594). There were no capital commitment obligations as at 30 June 2022 and 30 June 2021.

The amounts due from/to Investee Funds for unsettled sales and purchases are as follows:

	2022 HK\$	2021 HK\$
Amounts due from Investee Funds	516,934	608,032
Amounts due to Investee Funds	184,546	170,344

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

Haitong Hong Kong SAR Fund

Listed/quoted investment funds	Number of Investee Funds	2022		2021		
		Fair value HK\$	% of net assets	Fair value HK\$	% of net assets	
Equity Fund	1	219,480,935	99.51	1	272,856,069	98.00

During the year ended 30 June 2022, total net losses incurred on investments in Investee Fund was HK\$50,950,982 (2021: Total net gains HK\$96,476,233). There were no capital commitment obligations as at 30 June 2022 and 30 June 2021.

The amounts due from/to Investee Funds for unsettled sales and purchases are as follows:

	2022 HK\$	2021 HK\$
Amounts due from Investee Funds	1,246,706	1,760,862
Amounts due to Investee Funds	526,856	231,971

Haitong Korea Fund

Listed/quoted investment funds	Number of Investee Funds	2022		2021		
		Fair value HK\$	% of net assets	Fair value HK\$	% of net assets	
Equity Fund	1	19,113,462	100.33	1	30,285,170	100.17

During the year ended 30 June 2022, total net losses incurred on investments in Investee Fund was HK\$7,556,888 (2021: Total net gains HK\$9,143,690). There were no capital commitment obligations as at 30 June 2022 and 30 June 2021.

The amounts due from/to Investee Funds for unsettled sales and purchases are as follows:

	2022 HK\$	2021 HK\$
Amounts due from Investee Funds	773	136,613
Amounts due to Investee Funds	-	75,757

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Market price risk (Continued)

Haitong Core Accumulation Fund

Listed/quoted investment funds	Number of Investee Funds	2022		2021		
		Fair value HK\$	% of net assets	Fair value HK\$	% of net assets	
Equity Fund	1	16,558,859	59.53	1	16,617,589	64.05
Bond Fund	1	11,255,657	40.47	1	9,328,833	35.95

During the year ended 30 June 2022, total net losses incurred on investments in Investee Fund was HK\$3,332,077 (2021: Total net gains HK\$3,787,019). There were no capital commitment obligations as at 30 June 2022 and 30 June 2021.

The amounts due from/to Investee Funds for unsettled sales and purchases are as follows:

	2022 HK\$	2021 HK\$
Amounts due from Investee Funds	116,056	55,932
Amounts due to Investee Funds	105,050	3,769

Haitong Age 65 Plus Fund

Listed/quoted investment funds	Number of Investee Funds	2022		2021		
		Fair value HK\$	% of net assets	Fair value HK\$	% of net assets	
Equity Fund	1	1,127,511	20.93	1	1,722,239	23.36
Bond Fund	1	4,257,619	79.06	1	5,650,492	76.63

During the year ended 30 June 2022, total net losses incurred on investments in Investee Fund was HK\$454,854 (2021: Total net gains HK\$256,760). There were no capital commitment obligations as at 30 June 2022 and 30 June 2021.

The amounts due to Investee Funds for unsettled sales and purchases are as follows:

	2022 HK\$	2021 HK\$
Amounts due from Investee Funds	109,137	150,000
Amounts due to Investee Funds	107,740	152,565

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(c) Interest rate risk

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

As at 30 June 2022 and 2021, the majority of the financial assets and liabilities of the Scheme, Haitong Asia Pacific Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund and Haitong Korea Fund are non-interest bearing. As a result, the Scheme and these Constituent Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

For the Haitong MPF Conservative Fund, the underlying assets include mainly bank balances and fixed deposits, which are bearing fixed interest rates and of short duration. The interest rate risk is considered to be minimal and, accordingly, no sensitivity analysis has been prepared.

For the Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund, the underlying investment funds invest partly in debt securities and money market instruments. These Constituent Funds are therefore exposed to risk due to fluctuations in the prevailing levels of market interest rates.

At year end, should the relevant market interest rates have lowered/risen by 10 basis points with all other variables held constant, the increase/decrease on the net assets attributable to members of these three Constituent Funds are shown at the table below.

Constituent Funds	Estimated	Estimated
	impact	impact
	2022	2021
	HK\$	HK\$
Haitong Core Accumulation Fund	63,134	59,140
Haitong Age 65 Plus Fund	23,881	35,821

The Investment Manager has used their view of what would be a “reasonable possible shift” in the market interest rates to estimate the change for use in the interest rate risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in basis points are revised annually depending on the Investment Manager’s current view of market interest rate sensitivity and other relevant factors.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Scheme and its Constituent Funds.

The Scheme and its Constituent Funds limit their exposure to credit risk by transacting the majority of their investments and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Management consider to be well established.

As at 30 June, the Scheme's and its Constituent Funds' maximum exposure to credit risk before any credit enhancements were as follows:

	2022	2021
	HK\$	HK\$
Scheme only		
Bank balances	4,932,180	5,417,533
Amounts receivable from Constituent Funds	1,320,080	2,683,383
Contributions receivable	4,397,397	4,601,428
	<u>10,649,657</u>	<u>12,702,344</u>
Haitong Asia Pacific Fund		
Bank balances	43,032	428,127
Amount due from brokers	218,481	286,622
Amounts receivable on subscription of units	56,112	20,550
Receivables and other assets	-	2,606
	<u>317,625</u>	<u>737,905</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

	2022	2021
	HK\$	HK\$
Haitong MPF Conservative Fund		
Bank balances	5,119,537	4,795,716
Fixed deposits with original maturities of three months or less	50,514,164	14,225,113
Fixed deposits with original maturities of more than three months	36,331,600	85,687,689
Amounts receivable on subscription of units	1,084,783	131,594
Receivables and other assets	71,699	122,613
	<u>93,121,783</u>	<u>104,962,725</u>
	<u><u>93,121,783</u></u>	<u><u>104,962,725</u></u>
Haitong Global Diversification Fund		
Bank balances	12,657	52,047
Amount due from brokers	516,934	608,032
Amounts receivable on subscription of units	184,546	170,344
Receivables and other assets	-	4,322
	<u>714,137</u>	<u>834,745</u>
	<u><u>714,137</u></u>	<u><u>834,745</u></u>
Haitong Hong Kong SAR Fund		
Bank balances	1,794,511	6,271,197
Amount due from brokers	1,246,706	1,760,862
Amounts receivable on subscription of units	526,856	231,971
Receivables and other assets	-	7,319
	<u>3,568,073</u>	<u>8,271,349</u>
	<u><u>3,568,073</u></u>	<u><u>8,271,349</u></u>
Haitong Korea Fund		
Bank balances	21,990	33,707
Amount due from brokers	773	136,613
Amounts receivable on subscription of units	-	75,757
Receivables and other assets	497	2,287
	<u>23,260</u>	<u>248,364</u>
	<u><u>23,260</u></u>	<u><u>248,364</u></u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

	2022	2021
	HK\$	HK\$
Haitong Core Accumulation Fund		
Bank balances	6,981	6,214
Amount due from brokers	116,056	55,932
Amounts receivable on subscription of units	105,050	3,769
	<u>228,087</u>	<u>65,915</u>
	<u><u>228,087</u></u>	<u><u>65,915</u></u>
Haitong Age 65 Plus Fund		
Bank balances	1,578	2,054
Amount due from brokers	109,137	150,000
Amounts receivable on subscription of units	107,740	2,565
	<u>218,455</u>	<u>154,619</u>
	<u><u>218,455</u></u>	<u><u>154,619</u></u>

All transactions in securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Scheme's financial assets that are potentially subject to concentration of credit risk consist principally of cash and cash equivalents of HK\$4,932,180 (2021: HK\$5,417,533) which are placed with The Hongkong and Shanghai Banking Corporation Limited with credit rating issued by S&P at the year end of A-1+ (2021: A-1+).

The Constituent Funds' financial assets which are potentially subject to concentration of credit risk consist principally of cash and cash equivalents, fixed deposits and investments held with the custodians. The table below summarises the deposits placed with banks and investments placed with custodian at 30 June 2022 and 2021:

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

Haitong Asia Pacific Fund

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	43,615,111	A-2	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	43,032	A-1+	S&P
At 30 June 2021			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	54,859,375	A-1+	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	428,127	A-1+	S&P

Haitong MPF Conservative Fund

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Banks</u>			
Agricultural Bank of China Limited	7,699,613	A-1	S&P
China Everbright Bank Co., Ltd (HK Branch)	7,257,071	A-2	S&P
China Minsheng Bank Corp., Ltd	7,757,312	A-3	S&P
Fubon Bank (Hong Kong) Limited	7,642,049	A-2	S&P
Industrial and Commercial Bank of China (Asia) Limited	7,592,605	A-1	S&P
Industrial Bank Company Limited	7,795,614	P-2	Moody's
OCBC Wing Hang Bank Limited	3,213,645	P-1	Moody's
Public Bank (Hong Kong) Limited	7,407,185	P-2	Moody's
Public Finance Limited	6,279,156	P-2#	Moody's
Shanghai Pudong Development Bank Co., Ltd	7,570,193	A-2	S&P
Sumitomo Mitsui Banking Corporation	3,203,798	A-1	S&P
The Bank of East Asia Limited	7,533,037	P-2	Moody's
The Hongkong and Shanghai Banking Corporation Limited	5,119,537	A-1+	S&P
Wing Lung Bank Limited	5,894,486	P-2	Moody's
	91,965,301		

#Parent company credit rating is presented as counterparty does not have an individual credit rating.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

Haitong MPF Conservative Fund (Continued)

	HK\$	Credit rating	Source of credit rating
At 30 June 2021			
<u>Banks</u>			
Agricultural Bank of China Limited	8,785,149	A-1	S&P
China Everbright Bank Co., Ltd (HK Branch)	8,756,632	A-2	S&P
China Minsheng Bank Corp., Ltd	8,504,961	A-3	S&P
Fubon Bank (Hong Kong) Limited	8,345,866	A-2	S&P
Industrial and Commercial Bank of China (Asia) Limited	7,113,178	A-1	S&P
Industrial Bank Company Limited	8,258,440	P-2	Moody's
OCBC Wing Hang Bank Limited	8,523,032	P-1	Moody's
Public Bank (Hong Kong) Limited	8,495,976	P-2	Moody's
Public Finance Limited	6,202,109	P-2#	Moody's
Shanghai Pudong Development Bank Co., Ltd	7,133,226	A-2	S&P
Sumitomo Mitsui Banking Corporation	8,308,808	A-1	S&P
The Bank of East Asia Limited	7,502,836	A-2	S&P
The Hongkong and Shanghai Banking Corporation Limited	4,795,716	A-1+	S&P
Wing Lung Bank Limited	3,982,589	P-2	Moody's
	<u>104,708,518</u>		

Haitong Global Diversification Fund

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	105,645,220	A-2	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	12,657	A-1+	S&P
At 30 June 2021			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	124,131,248	A-1+	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	52,047	A-1+	S&P

#Parent company credit rating is presented as counterparty does not have an individual credit rating.

HAITONG MPF RETIREMENT FUND**NOTES TO THE FINANCIAL STATEMENTS****6 Financial risk management (Continued)****(d) Credit and counterparty risk (Continued)****Haitong Hong Kong SAR Fund**

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	219,480,935	A-2	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	1,794,511	A-1+	S&P
At 30 June 2021			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	272,856,069	A-1+	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	6,271,197	A-1+	S&P

Haitong Korea Fund

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	19,113,462	A-2	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	21,990	A-1+	S&P
At 30 June 2021			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	30,285,170	A-1+	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	33,707	A-1+	S&P

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

Haitong Core Accumulation Fund

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	27,814,516	A-2	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	6,981	A-1+	S&P
At 30 June 2021			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	25,946,422	A-1+	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	6,214	A-1+	S&P

Haitong Age 65 Plus Fund

	HK\$	Credit rating	Source of credit rating
At 30 June 2022			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	5,385,130	A-2	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	1,578	A-1+	S&P
At 30 June 2021			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	7,372,731	A-1+	S&P
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	2,054	A-1+	S&P

Haitong Asia Pacific Fund, Haitong Global Diversification Fund, Haitong Hong Kong SAR Fund, Haitong Korea Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund invested in approved pooled investment funds as at 30 June 2022 and 2021, managed by Haitong International Investment Managers Limited, also the Investment Manager of the Scheme and its Constituent Funds. As such, these Constituent Funds are not exposed to significant credit risk.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets available for benefits for the Scheme and the statement of net assets for the Constituent Funds.

The Scheme and its Constituent Funds measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. As at 30 June 2022 and 30 June 2021, cash and cash equivalents and fixed deposits are held with counterparties with credit ratings of A-3 or higher and the remaining balance mainly comprised amount due from brokers, dividend receivables, interest receivables, contributions receivable and amounts receivable on subscription of units which were due to be settled within 3 months. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Constituent Funds.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability.

In accordance with the Mandatory Provident Fund legislation, for the Scheme the maximum intervals for a request for redemption and the actual payment of accrued benefits (whether from mandatory or voluntary contributions) and a request by the Trustee of the Scheme for redemption and the actual payment to the Trustee of the Scheme of redemption proceeds of the underlying pooled investment funds of any constituent fund will be thirty days.

The Scheme and its Constituent Funds are exposed to daily cash redemptions of units in the Scheme and in the Constituent Funds respectively. The Constituent Funds invest the majority of their assets in investments that are considered to be readily realisable.

The table below analyses the Scheme's and its Constituent Funds' financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Liquidity risk (Continued)

Scheme only

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Benefits payable	3,158,021	-	3,158,021
Forfeitures payable	3,911,448	-	3,911,448
Contributions overpaid	153,137	-	153,137
Accruals and other payables	268,604	-	268,604
Total financial liabilities	7,491,210	-	7,491,210

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Benefits payable	7,334,862	-	7,334,862
Forfeitures payable	4,455,284	-	4,455,284
Contributions overpaid	189,403	-	189,403
Accruals and other payables	650,021	-	650,021
Total financial liabilities	12,629,570	-	12,629,570

Haitong Asia Pacific Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amount due to brokers	56,112	-	56,112
Amounts payable on redemption of units	218,481	-	218,481
Accruals and other payables	161,655	-	161,655
Total financial liabilities	436,248	-	436,248

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amount due to brokers	20,550	-	20,550
Amounts payable on redemption of units	286,622	-	286,622
Accruals and other payables	162,417	-	162,417
Total financial liabilities	469,589	-	469,589

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Liquidity risk (Continued)

Haitong MPF Conservative Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amounts payable on redemption of units	1,177,080	-	1,177,080
Accruals and other payables	95,200	-	95,200
Total financial liabilities	1,272,280	-	1,272,280

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amounts payable on redemption of units	471,871	-	471,871
Accruals and other payables	78,595	-	78,595
Total financial liabilities	550,466	-	550,466

Haitong Global Diversification Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amount due to brokers	184,546	-	184,546
Amounts payable on redemption of units	516,934	-	516,934
Accruals and other payables	277,602	-	277,602
Total financial liabilities	979,082	-	979,082

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amount due to brokers	170,344	-	170,344
Amounts payable on redemption of units	608,033	-	608,033
Accruals and other payables	200,677	-	200,677
Total financial liabilities	979,054	-	979,054

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Liquidity risk (Continued)

Haitong Hong Kong SAR Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amount due to brokers	526,856	-	526,856
Amounts payable on redemption of units	1,246,706	-	1,246,706
Accruals and other payables	713,702	-	713,702
Total financial liabilities	2,487,264	-	2,487,264

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amount due to brokers	231,971	-	231,971
Amounts payable on redemption of units	1,760,862	-	1,760,862
Accruals and other payables	724,027	-	724,027
Total financial liabilities	2,716,860	-	2,716,860

Haitong Korea Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amounts payable on redemption of units	773	-	773
Accruals and other payables	84,573	-	84,573
Total financial liabilities	85,346	-	85,346

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amount due to brokers	75,757	-	75,757
Amounts payable on redemption of units	136,613	-	136,613
Accruals and other payables	87,515	-	87,515
Total financial liabilities	299,885	-	299,885

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Liquidity risk (Continued)

Haitong Core Accumulation Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amount due to brokers	105,050	-	105,050
Amounts payable on redemption of units	116,056	-	116,056
Accruals and other payables	6,276	-	6,276
Total financial liabilities	<u>227,382</u>	<u>-</u>	<u>227,382</u>

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amount due to brokers	3,769	-	3,769
Amounts payable on redemption of units	55,932	-	55,932
Accruals and other payables	5,711	-	5,711
Total financial liabilities	<u>65,412</u>	<u>-</u>	<u>65,412</u>

Haitong Age 65 Plus Fund

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2022			
Amount due to brokers	107,740	-	107,740
Amounts payable on redemption of units	109,137	-	109,137
Accruals and other payables	1,208	-	1,208
Total financial liabilities	<u>218,085</u>	<u>-</u>	<u>218,085</u>

	Less than 3 months HK\$	Over 3 months HK\$	Total HK\$
At 30 June 2021			
Amount due to brokers	152,565	-	152,565
Accruals and other payables	1,654	-	1,654
Total financial liabilities	<u>154,219</u>	<u>-</u>	<u>154,219</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Liquidity risk (Continued)

Units are redeemed on demand at members' option of the Constituent Funds. However, the Trustee does not envisage that the contractual maturity of less than one month for net assets attributable to members will be representative of the actual cash outflows, as members typically retain them for the long term. As at 30 June 2022, one individual member (2021: one) held more than 10% of each constituent fund's units.

The Scheme and its Constituent Funds manage their liquidity risk by investing in investments that they expect to be able to liquidate within 3 month or less. The expected liquidity of all assets of the Scheme and its Constituent Funds is less than 3 months.

(f) Currency risk

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

As at 30 June 2022 and 2021, the Scheme, Haitong MPF Conservative Fund, Haitong Global Diversification Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund did not have any significant assets or liabilities denominated in currencies other than their functional currency, Hong Kong dollar. As a result, the Scheme and Constituent Funds have no currency exposure.

Haitong Asia Pacific Fund, Haitong Hong Kong SAR Fund and Haitong Korea Fund have assets and liabilities denominated in currencies other than Hong Kong dollars, the Constituent Funds' functional and presentation currency. The Constituent Funds are therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

Haitong Hong Kong SAR Fund's currency exposures are mainly Hong Kong dollar and United States dollar which is pegged with Hong Kong dollar.

The table below summarises Haitong Asia Pacific Fund's and Haitong Korea Fund's monetary and non-monetary exposure to different major currencies other than United States dollar which is pegged with Hong Kong dollar:

	2022		2021	
	Monetary HK\$ equivalents	Non-monetary HK\$ equivalents	Monetary HK\$ equivalents	Non-monetary HK\$ equivalents
Haitong Asia Pacific Fund				
Japanese yen	2,072	-	2,530	-
Korean won	5	-	167,207	-
Philippine peso	-	-	23,904	-
Haitong Korea Fund				
Korean won	30	-	34	-

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(f) Currency risk (Continued)

The table below summarises the impact on net assets attributable to members as a result of increases/decreases of key exchange rates on the exposures tabled above, to which Haitong Asia Pacific Fund and Haitong Korea Fund are exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 10% with all other variables held constant.

	Impacts on net assets attributable to members					
	2022			2021		
	Estimated reasonable possible change % +/-	Impact	Impact	Estimated reasonable possible change % +/-	Impact	Impact
		Monetary HK\$ equivalents +/-	Non- monetary HK\$ equivalents +/-		Monetary HK\$ equivalents +/-	Non- monetary HK\$ equivalents +/-
Haitong Asia Pacific Fund						
Japanese yen	10	207	-	10	253	-
Korean won	10	1	-	10	16,721	-
Philippine peso	10	-	-	10	2,390	-
Haitong Korea Fund						
Korean won	10	3	-	10	3	-

The Investment Manager has used their view of what would be a “reasonable possible shift” in the exchange rates to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rates % are revised annually depending on the Investment Manager’s current view of exchange rates volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Constituent Funds utilise the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Constituent Funds for similar financial instruments.

HKFRS 13 requires the Scheme and its Constituent Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Constituent Funds. The Constituent Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Constituent Funds' investments (by class) measured at fair value at 30 June 2022 and 2021:

Haitong Asia Pacific Fund

At 30 June 2022

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	43,615,111	-	-	43,615,111
Total assets at fair value through profit or loss	43,615,111	-	-	43,615,111

HAITONG MPF RETIREMENT FUND**NOTES TO THE FINANCIAL STATEMENTS****6 Financial risk management (Continued)****(g) Fair value estimation (Continued)****Haitong Asia Pacific Fund (Continued)****At 30 June 2021**

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	54,859,375	-	-	54,859,375
Total assets at fair value through profit or loss	<u>54,859,375</u>	<u>-</u>	<u>-</u>	<u>54,859,375</u>

Haitong Global Diversification Fund**At 30 June 2022**

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	105,645,220	-	-	105,645,220
Total assets at fair value through profit or loss	<u>105,645,220</u>	<u>-</u>	<u>-</u>	<u>105,645,220</u>

At 30 June 2021

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	124,131,248	-	-	124,131,248
Total assets at fair value through profit or loss	<u>124,131,248</u>	<u>-</u>	<u>-</u>	<u>124,131,248</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Haitong Hong Kong SAR Fund

At 30 June 2022

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	219,480,935	-	-	219,480,935
Total assets at fair value through profit or loss	219,480,935	-	-	219,480,935

At 30 June 2021

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	272,856,069	-	-	272,856,069
Total assets at fair value through profit or loss	272,856,069	-	-	272,856,069

Haitong Korea Fund

At 30 June 2022

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	19,113,462	-	-	19,113,462
Total assets at fair value through profit or loss	19,113,462	-	-	19,113,462

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Haitong Korea Fund (Continued)

At 30 June 2021

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment fund	30,285,170	-	-	30,285,170
Total assets at fair value through profit or loss	<u>30,285,170</u>	<u>-</u>	<u>-</u>	<u>30,285,170</u>

Haitong Core Accumulation Fund

At 30 June 2022

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment funds	27,814,516	-	-	27,814,516
Total assets at fair value through profit or loss	<u>27,814,516</u>	<u>-</u>	<u>-</u>	<u>27,814,516</u>

At 30 June 2021

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment funds	25,946,422	-	-	25,946,422
Total assets at fair value through profit or loss	<u>25,946,422</u>	<u>-</u>	<u>-</u>	<u>25,946,422</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Haitong Age 65 Plus Fund

At 30 June 2022

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment funds	5,385,130	-	-	5,385,130
Total assets at fair value through profit or loss	5,385,130	-	-	5,385,130

At 30 June 2021

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total balance HK\$
Assets				
Held for trading				
- Approved pooled investment funds	7,372,731	-	-	7,372,731
Total assets at fair value through profit or loss	7,372,731	-	-	7,372,731

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include quoted investment funds. The Constituent Funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30 June 2022 and 2021, the Constituent Funds did not hold any investments classified in level 3.

For the year ended 30 June 2022 and 2021, there were no transfers between levels of investments held by the Constituent Funds.

The financial assets and liabilities included in the statement of net assets, other than investments are carried at amortised cost; their carrying values are a reasonable approximation of fair value. There are no other assets or liabilities not at fair value but for which the fair value is disclosed.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(h) Capital risk management

The capital of the Constituent Funds is represented by the units in the Constituent Funds, and shown as net assets attributable to members in the statement of net assets. The amount of net assets attributable to members for each constituent fund can change significantly on a daily basis as the Constituent Funds are subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to members. The Constituent Funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide retirement benefits to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Constituent Funds.

In order to maintain or adjust the capital structure, the policy of the Constituent Funds is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Scheme.

The Trustee and Investment Manager monitor capital on the basis of the value of net assets attributable to members.

(i) Financial instruments by category of the Scheme and the Constituent Funds

Financial assets

Apart from investments as disclosed in the statement of net assets, all other financial assets as disclosed in the statement of net assets, including amount due from brokers, contributions receivable, amounts receivable on subscription of units, receivables and other assets, fixed deposits and cash and cash equivalents are categorised as "financial assets at amortised cost".

Financial liabilities

All financial liabilities as disclosed in the statement of net assets, including amount due to brokers, amounts payable on redemption of units, benefits payable, forfeitures payable and accruals and other payables are categorised as "financial liabilities at amortised cost".

7 Transactions with related parties/associates

In addition to note 4 above, the Scheme and its Constituent Funds had the following transactions with related parties, including the Trustee, the Investment Manager and their associates or delegates of the Investment Manager during the year ended 30 June 2022 and 2021. Associates or delegates of the Investment Manager are those as defined in the Ordinance.

(a) Investment management fees

The Investment Manager, Haitong International Investment Managers Limited, is entitled to receive a fee calculated daily and payable monthly in arrears at 0.40% per annum of the net asset value of the Haitong MPF Conservative Fund; effective from 23 March 2021 0.32% (prior to 23 March 2021 0.45%) per annum of the net asset value of the Haitong Korea Fund; effective from 23 March 2021 0.69% (prior to 23 March 2021 0.80%) of the net asset value of the Haitong Asia Pacific Fund and effective from 23 March 2021 0.71% (prior to 23 March 2021 0.80%) of the net asset value of the Haitong Hong Kong SAR Fund.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties/associates (Continued)

(a) Investment management fees (Continued)

There is no investment management fee charged to the Haitong Global Diversification Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund for the year ended 30 June 2022 and 2021.

Investment management fees payable as at year end for each of the Constituent Funds are summarised below:

	Investment management fee payable	
	2022 HK\$	2021 HK\$
Haitong Asia Pacific Fund	25,359	31,159
Haitong MPF Conservative Fund	24,372	15,427
Haitong Hong Kong SAR Fund	125,929	160,684
Haitong Korea Fund	5,353	7,920

(b) Trustee, administration and custody fees

The Trustee, HSBC Institutional Trust Services (Asia) Limited, is entitled to receive a fee calculated daily and payable monthly in arrears per annum of the net asset value of units.

Prior to 23 March 2021, the fees charged per annum are as follows:

	Class A	Class T
Haitong Asia Pacific Fund	0.45%	0.40%
Haitong MPF Conservative Fund	0.40%	0.35%
Haitong Global Diversification Fund	0.45%	0.35%
Haitong Hong Kong SAR Fund	0.55%	0.47%
Haitong Korea Fund	0.40%	0.40%
Haitong Core Accumulation Fund	0.275%	0.275%
Haitong Age 65 Plus Fund	0.275%	0.275%

Effective from 23 March 2021, the fees charged per annum are as follows:

	Class A	Class T
Haitong Asia Pacific Fund	0.35%	0.30%
Haitong MPF Conservative Fund	0.40%	0.35%
Haitong Global Diversification Fund	0.45%	0.35%
Haitong Hong Kong SAR Fund	0.45%	0.37%
Haitong Korea Fund	0.30%	0.30%
Haitong Core Accumulation Fund	0.275%	0.275%
Haitong Age 65 Plus Fund	0.275%	0.275%

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties/associates (Continued)

(b) Trustee, administration and custody fees (Continued)

The minimum annual Trustee, administration and custody fees for the Scheme and its Constituent Funds is HK\$1,700,000.

Trustee, administration and custody fees payable as at year end for each of the Constituent Funds are summarised below:

	Trustee, administration and custody fee payable	
	2022 HK\$	2021 HK\$
Haitong Asia Pacific Fund	11,696	14,463
Haitong MPF Conservative Fund	22,211	14,151
Haitong Global Diversification Fund	34,349	39,009
Haitong Hong Kong SAR Fund	69,771	89,723
Haitong Korea Fund	5,018	7,425
Haitong Core Accumulation Fund	6,276	5,712
Haitong Age 65 Plus Fund	1,208	1,654

(c) Securities transaction handling fees

No amount payable to the Trustee for securities transaction handling fees as at year ended 2022 and 2021 for each of the Constituent Funds.

No securities transaction handling fee was incurred during the year ended 30 June 2022 for each of the Constituent Funds and 2021 for Haitong MPF Conservative Fund, Haitong Global Diversification Fund, Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund.

(d) Website and maintenance fee

There is no website and maintenance fee charged to Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund for the year ended 30 June 2022 and 2021. During the year ended 30 June 2022 and 2021, website and maintenance fee paid the amount payable as at year end to Trustee for each of the Constituent Funds are summarised below:

	Website and maintenance fee		Website and maintenance fee payable	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Haitong Asia Pacific Fund	11,384	11,587	-	-
Haitong MPF Conservative Fund	3,079	3,115	-	-
Haitong Global Diversification Fund	23,878	21,575	-	-
Haitong Hong Kong SAR Fund	52,242	56,999	-	-
Haitong Korea Fund	6,103	6,738	-	-
	<u>96,686</u>	<u>100,014</u>	<u>-</u>	<u>-</u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties/associates (Continued)

(e) Bank interest income

During the year ended 30 June 2022 and 2021, the Constituent Funds placed bank deposits with the intermediate holding company of the Trustee and interest income earned and receivable are summarised below:

	Bank interest income		Bank interest income receivable	
	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$
Haitong Asia Pacific Fund	14	25	-	-
Haitong MPF Conservative Fund	42	49	70,199	-
Haitong Global Diversification Fund	1	1	-	-
Haitong Hong Kong SAR Fund	47	85	-	-
Haitong Korea Fund	1	74	-	-
Haitong Core Accumulation Fund	-	-	-	-
Haitong Age 65 Plus Fund	-	-	-	-
	<u>105</u>	<u>234</u>	<u>70,199</u>	<u>-</u>

(f) Bank charges

There were no bank charges charged by its related companies to Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund for the year ended 30 June 2022 and 2021. During the year ended 30 June 2022 and 2021, bank charges charged and payable by its related companies are summarised below:

	Bank charges		Bank charges payable	
	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$
Haitong Asia Pacific Fund	1,120	17,591	-	-
Haitong MPF Conservative Fund	10,850	3,910	-	-
Haitong Global Diversification Fund	2,370	2,708	-	-
Haitong Hong Kong SAR Fund	5,571	34,291	-	-
Haitong Korea Fund	624	12,931	-	-
	<u>20,535</u>	<u>71,431</u>	<u>-</u>	<u>-</u>

(g) Bank balances

As at 30 June 2022 and 2021, the Scheme and its Constituent Funds placed bank balances with the intermediate holding company of the Trustee. Refer to note 6(d).

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties/associates (Continued)

(h) Out-of-pocket expenses

During the year ended 30 June 2022 and 2021, the Investment Manager bore the out-of-pocket expenses of Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund which are summarised as below:

	Out-of-pocket expenses	
	2022	2021
	HK\$	HK\$
Haitong Core Accumulation Fund	90,742	150,930
Haitong Age 65 Plus Fund	56,409	80,970
	<hr/>	<hr/>
	147,151	231,900
	<hr/> <hr/>	<hr/> <hr/>

All related party transactions were entered into in the ordinary course of business and on normal commercial terms.

8 Contributions

Mandatory contributions for both the employers and members are equal to 5% of the members' relevant income which is currently capped at HK\$30,000 per month (2021: HK\$30,000 per month) but in respect of members earning less than HK\$7,100 per month (2021: HK\$7,100 per month), the members' mandatory contribution is nil (2021: Nil).

Self-employed persons must contribute 5% of their relevant income subject to a maximum contribution of HK\$1,500 per month (2021: HK\$1,500 per month) to the Scheme unless their relevant income is less than HK\$7,100 per month (2021: HK\$7,100 per month).

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

9 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; (iii) become totally incapacitated; (iv) permanently depart from Hong Kong; (v) die; (vi) have the right to claim a small balance pursuant to the Ordinance or (vii) get terminal illness pursuant to the Ordinance.

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.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Receivables and other assets

	Haitong Asia Pacific Fund		Haitong MPF Conservative Fund	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Interest receivable	-	-	70,199	120,226
Prepayments	-	2,606	1,500	2,387
	<u>-</u>	<u>2,606</u>	<u>71,699</u>	<u>122,613</u>
	<u><u>-</u></u>	<u><u>2,606</u></u>	<u><u>71,699</u></u>	<u><u>122,613</u></u>
	Haitong Global Diversification Fund		Haitong Hong Kong SAR Fund	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Prepayments	-	4,322	-	7,319
	<u>-</u>	<u>4,322</u>	<u>-</u>	<u>7,319</u>
	<u><u>-</u></u>	<u><u>4,322</u></u>	<u><u>-</u></u>	<u><u>7,319</u></u>
			Haitong Korea Fund	
			2022 HK\$	2021 HK\$
Prepayments			497	2,287
			<u>497</u>	<u>2,287</u>
			<u><u>497</u></u>	<u><u>2,287</u></u>

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Amount due from/to brokers

The amount due from/to brokers are non-interest bearing and are receivable and payable on normal commercial term.

12 Fixed deposits

The fixed deposits earn interests at fixed rates and are placed with creditworthy banks with no recent history of default. The Scheme and the Haitong MPF Conservative Fund held fixed deposits as at 30 June 2022 and 2021 with maturity within 1 year.

13 Accrued benefits

The total accrued benefits vested in the members' accounts amounted to HK\$538,775,464 as at 30 June 2022 (2021: HK\$613,167,597).

14 Soft commission arrangements

The Manager confirms that there have been no soft commission arrangements existing during the year ended 30 June 2022 and 2021 in relation to directing transactions of the Sub-Fund through a broker or dealer.

15 Bank loans, overdrafts and other borrowings

The Scheme and its Constituent Funds had no bank loans, overdrafts or other borrowings as at 30 June 2022 and 2021.

16 Security lending arrangements

During the year, the Scheme and its Constituent Funds did not enter into any security lending arrangements (2021: Nil).

17 Commitments

The Scheme and its Constituent Funds had no commitments as at 30 June 2022 and 2021.

18 Contingent liabilities

The Scheme and its Constituent Funds had no contingent liabilities as at 30 June 2022 and 2021.

19 Negotiability of assets

As at 30 June 2022 and 2021, there was no statutory or contractual requirement restricting the negotiability of the assets of the Scheme and its Constituent Funds.

20 Marketing expenses

Save as the transactions with related parties/associates disclosed in note 7, 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 its Constituent Funds during the year ended 30 June 2022 and 2021.

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

21 Distributions

There was no distribution to the members of the Scheme during the year ended 30 June 2022 (2021: Nil).

22 Payments charged to default investment strategy (“DIS”) Constituent Funds

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

The above aggregate payments for services include, but are 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 the promoter of the Retirement Fund and the underlying Approved Pooled Investment Fund(s) of each of the Haitong Core Accumulation Fund and the Haitong 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 each of the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund and their underlying Approved Pooled Investment Fund(s), but do not include any out-of-pocket expenses incurred by each of the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund and their underlying Approved Pooled Investment Fund(s).

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Constituent Fund or Members who invest in a DIS Constituent 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 a DIS Constituent Fund, shall not in a single year exceed 0.2% of the net asset value of each of the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund.

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 net asset value and transaction costs incurred by a DIS Constituent Fund in connection with recurrent acquisition of investments for a DIS Constituent Fund (including, for example, costs incurred in acquiring underlying Approved Pooled Investment Fund(s)) and annual statutory expenses (such as compensation fund levy where relevant) of a DIS Constituent Fund.

Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Constituent Fund and such charges are not subject to the statutory cap as described above.

Payments for services, out-of-pocket expenses and other expenses that are charged to the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund are summarised in the below table:

	Haitong Core Accumulation Fund		Haitong Age 65 Plus Fund	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Payments for services				
- Trustee, administration and custody fees	78,089	62,924	18,052	19,278
	<u>78,089</u>	<u>62,924</u>	<u>18,052</u>	<u>19,278</u>

There are no out-of-pocket expenses and other expenses charged to Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund during the year ended 30 June 2022 (2021: Nil).

HAITONG MPF RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

23 Subsequent event

No significant events have occurred since the year end date which would impact on the financial position of the Scheme disclosed in the Statement of net assets available for benefits as at 30 June 2022 or on the results and cash flows of the Scheme for the year ended on that date.

HAITONG MPF RETIREMENT FUND
INDEPENDENT AUDITOR'S ASSURANCE REPORT
FOR THE YEAR ENDED
30 JUNE 2022

INDEPENDENT AUDITOR’S ASSURANCE REPORT TO THE TRUSTEE OF HAITONG MPF RETIREMENT FUND (THE “SCHEME”)

We have audited the financial statements of the Scheme for the year ended 30 June 2022 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 (the “HKICPA”), and have issued an unqualified auditor’s report thereon dated 6 December 2022.

Pursuant to section 102 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the “General Regulation”), we are required to report whether the Scheme complied with certain requirements of the Hong Kong 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 “MPFA”) 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;
- (c) the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 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 Control

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 Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s Responsibility

Our responsibility is to report solely to the Trustee, in accordance with section 102 of the General Regulation, on the Scheme’s compliance with the above requirements based on the results of the procedures performed by us, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR’S ASSURANCE REPORT TO THE TRUSTEE OF HAITONG MPF RETIREMENT FUND (THE “SCHEME”) (Continued)

Auditor’s Responsibility (Continued)

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 on 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 in Practice Note 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:

- (a) in our opinion:
 - (i) proper accounting and other records have been kept during the year ended 30 June 2022 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
 - (ii) the requirements specified in the guidelines made by the MPFA under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 30 June 2022, 19 October 2021 and 18 February 2022; and
 - (iii) 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 Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund have been complied with, in all material respects, as at 30 June 2022, 19 October 2021 and 18 February 2022; and
 - (iv) the requirements specified in section 34DD(4)(b) of the Ordinance with respect to the controls of out-of-pocket expenses of Haitong Core Accumulation Fund and Haitong Age 65 Plus Fund have been complied with, in all material respects, as at 30 June 2022.

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF HAITONG MPF RETIREMENT FUND (THE "SCHEME") (Continued)

Auditor's Responsibility (Continued)

- (b) as at 30 June 2022, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

Intended Users and Purpose

This report is intended solely for submission by the Trustee to the MPFA 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 6 December 2022