Independent Auditor's Report

Deloitte. 德勤

TO THE MANDATORY PROVIDENT FUND SCHEMES AUTHORITY
(Established in Hong Kong under the Mandatory Provident Fund Schemes Ordinance)

Opinion

We have audited the financial statements of the Mandatory Provident Fund Schemes Authority (the "MPFA") set out on pages 182 to 223, which comprise the statement of financial position as at 31 March 2026, and the income and expenditure account, statement of comprehensive income, statement of changes in capital and reserve and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the MPFA as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the MPFA in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The MPFA is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

The MPFA is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA, and for such internal control as the MPFA 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 MPFA is responsible for assessing the MPFA'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 MPFA either intends to liquidate the MPFA or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you in accordance with section 6P of the Mandatory Provident Fund Schemes Ordinance, 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 HKSAs 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.

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 MPFA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the MPFA.

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

- Conclude on the appropriateness of the MPFA'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 MPFA'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 MPFA to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditor's report is CHAN, Wo Mi (practising certificate number: P05133).

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 June 2026

Income and Expenditure Account

For the year ended 31 March 2026

	NOTES	2026 HK$'000	2025 HK$'000
INCOME			
Fees and charges	7	**427,259**	378,310
Net investment income	8	**97,575**	115,716
Interest income on bank deposits		**22,971**	34,513
Recoveries from the Mandatory Provident Fund			
Schemes Compensation Fund	28	**1,089**	1,127
Other income	9, 23	**30,201**	26,951
		579,095	556,617
EXPENDITURE			
Staff costs	11	**422,252**	408,346
Depreciation and amortization	14 – 16	**64,725**	64,551
Public education and publicity expenses		**21,245**	21,789
Other operating expenses	13	**63,844**	55,890
Finance costs	15	**4,836**	5,586
		576,902	556,162
SURPLUS FOR THE YEAR		**2,193**	455

Statement of Comprehensive Income

For the year ended 31 March 2026

	2026 HK$'000	2025 HK$'000
SURPLUS FOR THE YEAR	**2,193**	455
OTHER COMPREHENSIVE EXPENSE:		
Item that will not be reclassified to income or expenditure:		
Remeasurement of long service payment obligation	**(231)**	(12)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR	**(231)**	(12)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,962**	443

Statement of Financial Position

At 31 March 2026

	NOTES	2026 HK$'000	2025 HK$'000
NON-CURRENT ASSETS			
Property and equipment	14	35,712	54,519
Right-of-use assets	15	113,843	145,434
Intangible assets	16	15,150	11,793
Projects in progress	17	24,518	18,326
Other non-current deposits		9,717	9,354
Investment in eMPF Platform Company Limited	22	10	10
		198,950	239,436
CURRENT ASSETS			
Financial investments	18	1,274,532	1,255,563
Derivative financial instruments	19	3,028	148
Unsettled investments receivable		1,025	4,808
Debtors, deposits and prepayments	24	223,558	192,796
Amount due from eMPF Platform Company Limited	23	635,826	409,696
Bank deposits		749,860	618,316
Cash and cash equivalents		106,862	256,612
		2,994,691	2,737,939
NON-CURRENT LIABILITIES			
Lease liabilities	15	91,411	122,063
Deferred income	24	–	8
Other payables	25	16,178	16,178
		107,589	138,249
CURRENT LIABILITIES			
Lease liabilities	15	30,810	28,880
Derivative financial instruments	19	454	1,101
Unsettled investments payable		9,389	10,452
Grant for the eMPF Platform project	21	609,525	393,400
Creditors, other payables and accrued charges	25	76,233	71,004
Deferred income	24	158,975	135,585
		885,386	640,422
NET ASSETS		2,200,666	2,198,704
CAPITAL AND RESERVE			
Capital grant	20	5,000,000	5,000,000
Reserve		(2,799,334)	(2,801,296)
		2,200,666	2,198,704

The financial statements on pages 182 to 223 were approved and authorized for issue by the Mandatory Provident Fund Schemes Authority on 25 June 2026 and are signed on its behalf by:

Cheng Yan-chee
Managing Director

Statement of Changes in Capital and Reserve

For the year ended 31 March 2026

	Capital grant HK$'000	Reserve HK$'000	Total HK$'000
At 1 April 2024	5,000,000	(2,801,739)	2,198,261
Surplus for the year	–	455	455
Other comprehensive expense for the year	–	(12)	(12)
Total comprehensive income for the year	–	443	443
At 31 March 2025	5,000,000	(2,801,296)	2,198,704
Surplus for the year	–	2,193	2,193
Other comprehensive expense for the year	–	(231)	(231)
Total comprehensive income for the year	–	1,962	1,962
At 31 March 2026	**5,000,000**	**(2,799,334)**	**2,200,666**

Statement of Cash Flows

For the year ended 31 March 2026

	NOTE	**2026 HK$'000**	2025 HK$'000
OPERATING ACTIVITIES			
Surplus for the year		**2,193**	455
Adjustments for:			
Depreciation and amortization		**64,725**	64,551
Finance costs		**4,836**	5,586
Other income from the eMPF Platform Company Limited		**(29,850)**	(25,996)
Interest income on bank deposits		**(22,971)**	(34,513)
Interest income on financial investments		**(30,707)**	(29,290)
Dividends from financial investments		**(10,066)**	(11,631)
Net gain on financial investments		**(60,846)**	(73,123)
Net loss/(gain) on derivative financial instruments		**4,163**	(1,091)
Operating cash flows before movements in working capital		**(78,523)**	(105,052)
Increase in debtors, deposits and prepayments		**(27,533)**	(11,560)
Increase in creditors, other payables and accrued charges		**3,457**	1,383
Increase in deferred income, grant for the eMPF Platform project and amount due from eMPF Platform Company Limited		**43,227**	40,385
NET CASH USED IN OPERATING ACTIVITIES		**(59,372)**	(74,844)
INVESTING ACTIVITIES			
Refund of rental deposits		**–**	139
Dividends received from financial investments		**9,685**	11,925
Interest received on bank deposits		**23,788**	36,549
Interest received from financial investments		**29,827**	29,125
Proceeds on disposals of financial investments		**1,178,096**	1,244,804
Purchase of property and equipment, intangible assets and projects in progress		**(26,436)**	(24,224)
Purchase of financial investments		**(1,132,238)**	(1,195,590)
Net settlement of derivative financial instruments		**(7,690)**	3,114
Maturity of bank deposits[1]		**1,616,530**	1,624,065
Placement of bank deposits[1]		**(1,748,074)**	(1,620,730)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(56,512)**	109,177
FINANCING ACTIVITIES			
Principal element of lease payments	15.2	**(29,030)**	(28,315)
Interest element of lease payments	15.2	**(4,836)**	(5,586)
NET CASH USED IN FINANCING ACTIVITIES		**(33,866)**	(33,901)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(149,750)**	432
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**256,612**	256,180
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**106,862**	256,612
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances with original maturities at or within 3 months		**36,602**	58,228
Other bank balances and cash		**70,260**	198,384
		106,862	256,612

1 As at 31 March 2026, bank deposits with original maturities of more than 3 months amounted to HK$749,860,000 (2025: HK$618,316,000).

Notes to the Financial Statements

For the year ended 31 March 2026

1. BACKGROUND AND FUNCTIONS OF THE MANDATORY PROVIDENT FUND SCHEMES AUTHORITY (THE MPFA)

The MPFA was established in Hong Kong under section 6 of the Mandatory Provident Fund Schemes Ordinance (the Ordinance) which came into effect on 24 July 1998.

The statutory functions of the MPFA are stated in the Ordinance. The Ordinance also stipulates the MPFA's oversight role in respect of the eMPF Platform Company Limited (the Company) and has empowered the MPFA, as the holding entity and the sole shareholder of the Company, to oversee the operation of the eMPF Platform and supervise the performance of the Company. Details of MPFA's interest in the Company are set out in Note 22.

The office address is Level 12, Tower 1, The Millennity, 98 How Ming Street, Kwun Tong, Hong Kong.

The financial statements are presented in thousands of Hong Kong dollars (HK$'000), which is the same as the functional currency of the MPFA.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the MPFA has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) for the first time, which are mandatorily effective for the MPFA's annual period beginning on 1 April 2025 for the preparation of the financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the MPFA's financial positions and performance for the current and prior years and/or on the disclosures set out in the financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The MPFA has not early applied the following new and amendments to HKFRS Accounting Standards relevant to the MPFA that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]

1 Effective for annual periods beginning on or after 1 January 2026.

2 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the MPFA anticipates that the application of all amendments to HKFRS Accounting Standards will have no material impact on the financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements (HKFRS 18)

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the income or expenditure account; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the MPFA in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the income and expenditure account.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, and in accordance with HKFRS Accounting Standards as issued by the HKICPA.

According to section 6N of the Mandatory Provident Fund Schemes Ordinance, the MPFA must prepare the financial statements which comply with the relevant accounting standards. The MPFA has prepared a separate set of standalone financial statements and consolidated financial statements respectively which both are considered as the statutory financial statements of the MPFA for the years ended 31 March 2026 and 2025. The standalone financial statements and consolidated financial statements of the MPFA for the years ended 31 March 2026 and 2025 were prepared for submission to the Financial Secretary and available for public. The standalone financial statements of the MPFA should be read in conjunction with the consolidated financial statements of the MPFA for the years ended 31 March 2026 and 2025. The consolidated financial statements of the MPFA were approved by the MPFA on 25 June 2026.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the 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 4.

Material accounting policy information

The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Revenue recognition

Fees and charges consist of application fees, annual registration fees (ARF) and other annual fees, and financial penalties and other charges arising from retirement schemes registered under the Occupational Retirement Schemes Ordinance (ORSO schemes) and the Mandatory Provident Fund Schemes Ordinance (MPF schemes). Annual registration and other annual fees are accounted for on a straight-line basis over the period to which they relate as the services are performed over time whereas application fees, financial penalties and other charges are recognized at point in time as and when the relevant performance obligation is satisfied. Revenue stream deferred income, or “contract liability” under HKFRS 15, is recognized when the ARF is due and is accounted for as revenue on a straight-line basis over the period covered. The MPFA provides in-house support services to the Company pursuant to the in-house support agreement entered between the MPFA and the Company. The income is recognized as other income in the income and expenditure account and the income is recognized when services are rendered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.2 Interest and dividend income

Interest income from a non-grant financial asset is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset's net carrying amount. Interest income includes interest from bank deposits and interest from financial assets at fair value through income or expenditure, which is recognized as part of net investment income.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

3.3 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the MPFA becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognized immediately in the income and expenditure account.

(a) Recognition and measurement

MPFA's financial assets include financial assets at fair value through income or expenditure and financial assets measured at amortized cost.

At initial recognition, the MPFA measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income or expenditure, transaction costs that are directly attributable to the acquisition of the financial asset.

Effective interest method is used to calculate the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest is recognized on an effective interest basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.3 Financial instruments (continued)

(b) Classification

The MPFA classifies its financial assets into the below categories based on MPFA's business model for managing the asset and, where required, subsequent analysis of cash flow characteristics on individual financial assets.

The business model reflects how the MPFA manages particular groups of assets in order to generate future cash flows. Where the business model is to hold the assets to collect contractual cash flows or to hold the assets to collect contractual cash flows and to sell them, the MPFA subsequently assesses whether the financial assets cash flows represent solely payments of principal and interest. In doing so the MPFA considers whether the cash flows represent basic lending arrangements. Where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement the financial asset is classified and measured at fair value through income or expenditure. In addition, if the business model is neither held to collect nor held to collect and to sell, then the financial asset is also measured at fair value through income or expenditure.

(i) Financial assets at fair value through income or expenditure

All the MPFA's financial assets measured at fair value through income or expenditure, including financial investments and derivative financial instruments, are mandatorily measured at fair value. Gains or losses, as well as any dividend or interest earned on the financial asset, will be recorded in the income and expenditure account and included in the "net investment income" line item.

(ii) Financial assets at amortized cost

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost mainly consist of debtors, deposits, unsettled investments receivable (including dividends receivable and amounts due from brokers), amount due from the Company, bank deposits and cash and cash equivalents, excluding the short-term debt securities.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.4 Impairment of financial assets

The MPFA measures the expected credit losses equal to 12 months expected credit loss, unless there has been a significant increase in credit risk by comparing the risk of a default as at the reporting date and the initial recognition date, in which case the MPFA recognizes lifetime expected credit loss. The MPFA assesses on forward looking basis the expected credit losses associated with its financial assets measured at amortized cost. The MPFA's measurement of expected credit losses is unbiased and is the probability weighted amount that has been determined by evaluating a range of possible outcomes as well as incorporating the time value of money. The MPFA has considered reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses.

For debtors, the MPFA applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the debtors. When assessing whether the exposures have experienced a significant increase in credit risk since initial recognition, the MPFA has considered, where available without undue cost or effort, reasonable and supportable forward-looking information when making this assessment. Note 6.3 sets out information about the impairment of financial assets and MPFA's exposure to credit risk.

Any gain or loss on derecognition and impairment losses are recognized in the income and expenditure account.

(a) Significant increase in credit risk

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

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the issuer's or counterparty's ability to meet its obligations;
- an actual or expected significant deterioration in the operating results of the issuer or counterparty; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the issuer or counterparty that results in a significant decrease in the issuer's or counterparty's ability to meet its obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.4 Impairment of financial assets (continued)

(a) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the MPFA presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the MPFA has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the MPFA assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(b) Definition of default

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

Irrespective of the above, the MPFA considers that default has occurred when a financial asset is more than 90 days past due unless the MPFA has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(c) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.5 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The MPFA's financial liabilities, including other payables and creditors, unsettled investments payable and grant for the eMPF Platform project, are subsequently measured at amortized cost, using the effective interest method, except for derivative financial instruments.

Effective interest method is used to calculate the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3.6 Derivative financial instruments

Derivative financial instruments (primarily foreign exchange contracts) are used in hedging currency exposure in the investments mandatorily measured at fair value. Such derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

For derivative financial instruments that do not qualify for hedge accounting, they are financial assets or liabilities mandatorily measured at fair value. Changes in fair values of such derivatives are recognized directly in the income and expenditure account.

3.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, when the financial assets are transferred and the MPFA has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the income and expenditure account.

Financial liabilities are derecognized when, and only when, the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the income and expenditure account.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.8 Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the MPFA and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income and expenditure account during the financial period in which they are incurred.

Depreciation is provided to write-off the cost of items of property and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Property and equipment are depreciated on a straight-line basis as follows:

Leasehold improvements	Over the remaining terms of the leases or 4 years, whichever is shorter
Computer equipment	3 – 4 years
Office equipment and furniture	4 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure account in the year in which the item is derecognized.

3.9 Intangible assets

Computer software licenses

Acquired computer software licenses are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized into income and expenditure account over their estimated useful lives, which do not exceed 4 years.

Software development costs

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the MPFA are recognized as intangible assets when the following criteria are met:

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.9 Intangible assets (continued)

Software development costs (continued)

(a) it is technically feasible to complete the software product so that it will be available for use;

(b) the management intends to complete the software product and use or sell it;

(c) there is an ability to use or sell the software product;

(d) it can be demonstrated how the software product will generate probable future economic benefits;

(e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(f) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized into income and expenditure account over their estimated useful lives, which does not exceed 4 years.

3.10 Projects in progress

Projects in progress consist of expenditure of capital projects which are not yet completed and not yet subject to depreciation or amortization. They are transferred into property and equipment or intangible assets upon completion when they are ready for use.

3.11 Impairment of non-financial assets

At the end of the reporting period, the MPFA reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years. A reversal of an impairment loss is recognized as income immediately.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.12 Investment in eMPF Platform Company Limited

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiary are accounted for by the MPFA on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

3.13 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, cash in transit, cash at banks and other short-term highly liquid investments with original maturities of three months or less.

3.14 Creditors, other payables and accrued charges

Creditors, other payables and accrued charges are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

3.15 Provisions

Provisions are recognized when the MPFA has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. When the MPFA expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Provisions for reinstatement costs are provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognized at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.16 Foreign currencies

In preparing the financial statements of the MPFA, transactions in currencies other than the functional currency of the MPFA are recorded in its functional currency (that is the currency of the primary economic environment in which the MPFA operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and on the retranslation of monetary items, are recognized in the income and expenditure account in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income and expenditure account for the period.

3.17 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the MPFA.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the MPFA, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the MPFA:

(a) uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the MPFA, which does not have recent third party financing; and

(b) makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income and expenditure account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.17 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

(a) the amount of the initial measurement of lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct costs; and

(d) restoration costs.

Right-of-use assets in which the MPFA is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the MPFA is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease modifications

For a lease modification that is not accounted for as a separate lease, the MPFA remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The MPFA accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

3.18 Employee benefits

Contributions paid or payable to MPF schemes are charged as expenses when employees have rendered services entitling them to the benefits. Salaries and other employee benefits such as annual leave and contract gratuity are accounted for as they accrue.

The MPFA accounts for the employer's MPF contributions expected to be offset as a deemed employee contribution towards the Long Service Payment obligation. The MPFA applies the practical expedient in HKAS 19.93(b) to account for employer's MPF voluntary contributions as the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered. For mandatory contributions, the MPFA applies HKAS 19.93(a) and attributes the contributions to period of services for the purpose of calculation of the negative service costs. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the MPFA's MPF contributions that have been vested with employees.

Actuarial gains and losses due to liability experience and assumption changes are recognized in the statement of changes in capital and reserve through "other comprehensive expense" in the period they arise. Service cost and net interest expense are recognized in the income and expenditure account in the period in which they were incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

3.19 Government grants

The government grant is recognized at fair value when there is a reasonable assurance that the MPFA will comply with the conditions attaching to it, and that the government grant will be received.

The government grants related to depreciable assets are recognized in the income and expenditure account over the periods and in the proportions in which the depreciation and amortization expense on those capitalized assets are incurred. The government grants related to expenditures incurred for the eMPF Platform project and other government subsidies are recognized in the income and expenditure account in the same period in which the related costs are incurred.

Government grants are presented on a gross basis, with grant income recognized separately in income and expenditure account as “Other income” without offsetting the related expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 MPFA makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The key estimates and assumptions that may cause a material impact to the carrying amounts of assets and liabilities are addressed below.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in office premises leases have not been included in the lease liability, because the MPFA could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the MPFA becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5. CAPITAL MANAGEMENT

MPFA's objectives when managing capital are:

(a) to safeguard MPFA's ability to continue as a going concern, so that it continues to regulate and supervise mandatory provident fund schemes and occupational retirement schemes; and

(b) to support MPFA's stability and growth to provide benefits for stakeholders.

The MPFA actively and regularly reviews and manages its capital and reserve to ensure optimal returns, taking into consideration the future resources requirements of the MPFA, projected capital expenditures and projected receipt of ARF.

6. FINANCIAL INSTRUMENTS

6.1 Categories of financial instruments

	2026 HK$'000	2025 HK$'000
Financial assets		
Measured at fair value through income and expenditure	**1,277,560**	1,255,711
At amortized cost	**1,677,837**	1,447,032
Financial liabilities		
Measured at fair value through income and expenditure	**454**	1,101
At amortized cost	**651,994**	435,939

Financial assets as disclosed in the statement of financial position, including unsettled investments receivable, debtors and deposits, amount due from the Company, bank deposits and cash and cash equivalents, excluding the short-term debts which are measured at fair value, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

Financial liabilities as disclosed in the statement of financial position, including other payables, unsettled investments payable, grant for the eMPF Platform project, creditors, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

6.2 Financial risk management

MPFA's major financial instruments include bank deposits, cash and cash equivalents, financial investments, unsettled investments receivable and payable, debtors and deposits, amount due from the Company, other payables, creditors, derivative financial instruments and grant for the eMPF Platform project.

6. FINANCIAL INSTRUMENTS (continued)

6.2 Financial risk management (continued)

The MPFA adopts a statistical approach for strategic asset allocation of its investments. The strategic asset allocation is set within a specific risk tolerance level and after consideration of the risk-return trade-off. MPFA's investment portfolio includes cash, debt and equity securities with a target weighting for each asset class. A set of investment guidelines (the Investment Guidelines) approved by its Finance Committee set out limits and restrictions on credit risk, interest rate risk, price risk, currency risk, liquidity risk, hedging and other activities. These Guidelines are reviewed from time to time. The Finance Committee, one of the standing committees of the MPFA, is responsible for overseeing the investment of all MPFA's funds.

Apart from bank deposits that are managed internally, the MPFA contracts out the management of debt and equity securities to an external fund manager who makes investments in accordance with the global balanced mandates. The fund manager is mandated to invest prudently to achieve principal protection and above-benchmark return.

Permissible investments should satisfy requirements in credit rating, concentration limits, listing, minimum market capitalization and marketability as detailed in the Investment Guidelines. Apart from proactive contributions to stock selection, interest rate and currency risk management, the external fund manager is expected to allocate assets between broad asset classes based on fundamentals and judgment of relative values. The deviation margins, measured against the target weighting, are permitted for each asset class. The deviation margins have been set using a risk budgeting approach and are based on the correlation of asset returns between asset classes, and the volatility and expected tracking error of each asset class.

The MPFA keeps monitoring its investments with due care and would promptly impose contingent measures relating to the investment exposures in light of financial market conditions. The MPFA has also conducted regular due diligence exercises on the external fund manager's compliance and risk management process. In addition, with the efficient management reporting process, the management and the Finance Committee are kept abreast of the investment portfolio's status as well as the general financial market conditions.

6.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The MPFA assesses credit risk and expected credit losses by considering probability of default, exposure at default and loss given default. Both historical and forward looking information are considered in assessing the expected credit loss.

The main concentration of credit risk to which the MPFA is exposed arises from the MPFA's investments in debt securities. The MPFA is also exposed to counterparty credit risk on the transactions in bank deposits, cash and cash equivalents, unsettled investments receivable, debtors, deposits and derivative financial instruments.

6. FINANCIAL INSTRUMENTS (continued)

6.3 Credit risk (continued)

To manage the credit risk, the investment portfolio can only invest in debt securities that have a minimum credit rating of BBB (2025: BBB) by Standard & Poor's Ratings Services (S&P) and Baa2 (2025: Baa2) by Moody's Investors Service, Inc (Moody's). In the event of a split credit rating for a debt securities issue, the Investment Guidelines require that the lower credit rating will apply. The Investment Guidelines require the weighted average credit rating of the total debt securities portfolio to be at or above A/A2 (2025: A/A2).

As at the reporting date, the credit risk profile as weighted by market value (including accrued interest) was:

	2026		2025	
Credit rating	**HK$'000**	**% of net assets**	HK$'000	% of net assets
AAA[1]	**4,091**	**0%**	–	0%
AA[2]	**369,980**	**17%**	327,899	15%
A[3]	**364,311**	**16%**	389,686	18%
BBB[4]	**80,922**	**4%**	75,135	3%
	819,304	**37%**	792,720	36%

1 AAA means AAA by S&P and Aaa by Moody's

2 AA means between AA– and AA+ by S&P and Aa3 and Aa1 by Moody's

3 A means between A– and A+ by S&P and A3 and A1 by Moody's

4 BBB means between BBB and BBB+ by S&P and Baa2 and Baa1 by Moody's

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

The MPFA does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. MPFA's credit risk exposure to bank deposits, cash and cash equivalents, unsettled investments receivable and derivative financial instruments is limited because the counterparties are banks and other financial institutions with high credit ratings (investment grade or above) assigned by international credit rating agencies and are approved by the Finance Committee from time to time. In addition, the credit exposures are guarded by the Investment Guidelines which set out limits and restrictions on the total exposure to a single bank or an issuer of debt securities in order to mitigate concentration risk to a single counterparty. Moreover, the counterparties have a strong capacity to meet their obligations in the near term and therefore the probability of default of the counterparties is considered to be close to zero. As a result, the expected credit losses for the assets subject to 12 months expected credit loss measurement is minimal. The credit risk for debtors is limited, as the counterparties are major financial institutions, all of which are governed by regulators and have a strong capacity to meet their obligations in the near term. Therefore, the probability of default of the counterparties is considered to be minimal based on historical settlement pattern, and no impairment loss was provided.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position.

6. FINANCIAL INSTRUMENTS (continued)

6.4 Interest rate risk

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

The exposure to interest rate risk on bank deposits and cash and cash equivalents carrying interest are limited to the impact of the interest rate fluctuations on the interest income. The MPFA adopts a sensitivity test of 25 basis points (2025: 50 basis points) movement to measure such impact. If the interest rates on the bank deposits and cash and cash equivalents had moved up or down by 25 basis points (2025: 50 basis points) on average throughout the year, with all other variables being held constant, income for the year would have increased or decreased by HK$2.1 million (2025: HK$4.4 million).

The investment portfolio is exposed to the interest rate risk in relation to holdings in debt securities. The fund manager may mitigate such risk by reducing the weighting of debt securities in the portfolio and holding either more cash or equities within the permitted deviation margins from the target weighting. The fund manager may further reduce duration risk, i.e. price sensitivity to changes in interest rate, by reducing the debt securities portfolio duration by up to three years (2025: up to three years) below the benchmark duration. The benchmark duration is a composite of durations of chosen bond indices. On the other hand, the fund manager may also increase duration risk by up to two years (2025: up to two years) above the benchmark duration.

As at the reporting date, the average debt securities in financial investments portfolio duration versus that of the benchmark is set out below:

	2026 **Years**	2025 Years
Benchmark duration	**4.76**	4.86
Portfolio duration	**4.73**	4.94

The MPFA measures the interest rate risks through Price Value of Basis Point (PVBP). PVBP is a sensitivity test to measure the fluctuation of potential gain or loss on interest rate positions upon a basis point movement.

The MPFA adopts a sensitivity test of 25 basis points (2025: 10 basis points) movements. As at the reporting date, if interest rate had fluctuated by 25 basis points (2025: 10 basis points) and all other variables were held constant, the impact on the MPFA's income would have been as follows.

	Increase/(decrease) in MPFA's income	
	2026 **HK$'000**	2025 HK$'000
If interest rate were 25 basis points lower in 2026 (10 basis points lower in 2025)	**9,680**	3,913
If interest rate were 25 basis points higher in 2026 (10 basis points higher in 2025)	**(9,680)**	(3,913)

6. FINANCIAL INSTRUMENTS (continued)

6.5 Price risk

Price risk is the risk that the price of a security or a portfolio of securities will fluctuate due to market changes. Price risk consists of both systematic risk, which is also known as market return risk, and non-systematic risk, which can be largely eliminated by diversification in accordance with the Investment Guidelines.

The investment portfolio is financial investments and is measured at fair value as at each reporting date. The MPFA manages this price risk exposure by maintaining a portfolio of investments with different risk profiles. There is a portfolio diversification benefit by virtue of different degrees of lesser than perfect correlation between different invested asset classes. Control on the concentration of investments has been set out in the Investment Guidelines in order to ensure that the investment portfolio is well diversified. The inclusion of cash in the benchmark portfolio further helps control price risk. The investment performance is reported to the Finance Committee and the Management Board on a regular basis.

As at 31 March 2026, if the Equity Market [Note] had increased or decreased by 10% (2025: 10%), with all other variables being held constant and all the equity instruments moved according to the historical relationship with the Equity Market, income for the year would have increased or decreased by HK$51.3 million (2025: HK$52.7 million).

Note Equity Market consists of markets in which the MPFA is authorized to invest in accordance with the Investment Guidelines.

6.6 Currency risk

Currency risk is the risk of loss on an asset or liability denominated in foreign currency due to changes in the foreign exchange rates. Apart from investment portfolio, most of the MPFA's assets and liabilities are in HK dollar or US dollar and minimal currency risk is expected due to the linked exchange rate system in Hong Kong.

MPFA's Investment Guidelines for the investment portfolio only allow investments in assets denominated in Renminbi or freely convertible currencies. The investment portfolio must maintain a currency exposure of over 85% (2025: 85%) in HK dollar and US dollar with the remaining in foreign currency securities but not through currency trading. To meet this requirement, the fund manager is permitted to hedge related currency risks by acquiring forward currency contracts. However, the over-hedging position for each foreign currency must not exceed 10% (2025: 10%) of the value of the investments denominated in the same currency and the total over-hedging position must not exceed 1% (2025: 1%) of the investment portfolio. The unhedged currency positions of the investment portfolio are measured and reported to the management and the Finance Committee on a regular basis.

Owing to the linked exchange rate system in Hong Kong, MPFA's currency risk primarily stems from the exposure to foreign currencies other than the US dollar. Other currencies shown in the tables below include Euro, pound sterling, Australian dollar, Japanese yen, Renminbi, Singapore dollar etc. The net financial assets of each type of foreign currencies in terms of HK dollar equivalent is not material. Also, as most of the foreign exchange exposures are well hedged by acquiring forward currency contracts, the exposure is considered not significant and sensitivity analysis is hence not provided.

6. FINANCIAL INSTRUMENTS (continued)

6.6 Currency risk (continued)

As at the reporting date, the currency exposure of the MPFA is given below:

	2026						
	HK dollar		US dollar		Others		Total
	HK$'000 equivalent	%	HK$'000 equivalent	%	HK$'000 equivalent	%	HK$'000 equivalent
Assets							
Financial investments	592,691	47%	566,199	44%	115,642	9%	1,274,532
Derivative financial instruments	112,238	47%	61,515	26%	64,510	27%	238,263
Unsettled investments receivable	70	7%	825	80%	130	13%	1,025
Debtors and deposits	184,264	100%	–	0%	–	0%	184,264
Amount due from the Company	635,826	100%	–	0%	–	0%	635,826
Bank deposits	749,860	100%	–	0%	–	0%	749,860
Cash and cash equivalents	94,320	88%	12,422	12%	120	0%	106,862
	2,369,269	74%	640,961	20%	180,402	6%	3,190,632
Liabilities							
Derivative financial instruments	44,378	19%	16,991	7%	174,320	74%	235,689
Unsettled investments payable	–	0%	9,389	100%	–	0%	9,389
Other payables and creditors	33,061	100%	19	0%	–	0%	33,080
Grant for the eMPF Platform project	609,525	100%	–	0%	–	0%	609,525
Lease liabilities	122,221	100%	–	0%	–	0%	122,221
	809,185	80%	26,399	3%	174,320	17%	1,009,904
	1,560,084	72%	614,562	28%	6,082	0%	2,180,728

6. FINANCIAL INSTRUMENTS (continued)

6.6 Currency risk (continued)

	2025						
	HK dollar		US dollar		Others		Total
	HK$'000 equivalent	%	HK$'000 equivalent	%	HK$'000 equivalent	%	HK$'000 equivalent
Assets							
Financial investments	632,879	50%	487,708	39%	134,976	11%	1,255,563
Derivative financial instruments	218,696	56%	77,636	20%	95,040	24%	391,372
Unsettled investments receivable	2,642	55%	563	12%	1,603	33%	4,808
Debtors and deposits	157,600	100%	–	0%	–	0%	157,600
Amount due from the Company	409,696	100%	–	0%	–	0%	409,696
Bank deposits	618,316	100%	–	0%	–	0%	618,316
Cash and cash equivalents	243,504	95%	13,026	5%	82	0%	256,612
	2,283,333	74%	578,933	19%	231,701	7%	3,093,967
Liabilities							
Derivative financial instruments	153,336	39%	18,288	5%	220,701	56%	392,325
Unsettled investments payable	1,284	12%	1	0%	9,167	88%	10,452
Other payables and creditors	32,071	100%	16	0%	–	0%	32,087
Grant for the eMPF Platform project	393,400	100%	–	0%	–	0%	393,400
Lease liabilities	150,943	100%	–	0%	–	0%	150,943
	731,034	75%	18,305	2%	229,868	23%	979,207
	1,552,299	73%	560,628	27%	1,833	0%	2,114,760

6.7 Liquidity risk

Liquidity risk is the potential that the MPFA will encounter difficulty in raising funds to meet its cash commitments. Liquidity risk may result from the need to sell financial assets quickly at their fair values; counterparties' failure to settle a contractual obligation; or inability to generate cash flows as anticipated.

The MPFA does not have any borrowing and therefore has no repayment liability owing to debt. The MPFA maintains sufficient short-term liquidity to fund its operations and runs a bank deposit portfolio to achieve reasonable return on cash. Monthly cash flow forecast is performed to estimate the cash required for operations, including payment for goods/services, office accommodation expenses and payroll.

As at the reporting date, the MPFA held cash and cash equivalents and bank deposits including interest receivable on bank deposits of HK$860,311,000 (2025: HK$879,335,000) that are highly liquid. Therefore, liquidity risk is considered to be minimal.

6. FINANCIAL INSTRUMENTS (continued)

6.7 Liquidity risk (continued)

The following table summarizes the contractual maturity in relation to non-derivative financial liabilities (excluding the Grant for eMPF Platform project) and derivative financial instruments. For non-derivative financial liabilities, the figures are undiscounted cash flows of financial liabilities based on the earliest date on which the MPFA is required to pay. The cash flows include both principal and interest. For derivative financial instruments requiring gross settlement, the figures represent undiscounted gross inflows or outflows on these derivatives.

			2026		
	On demand HK$'000	< 3 months HK$'000	3 months–1 year HK$'000	1 – 5 years HK$'000	> 5 years HK$'000
Non-derivative financial liabilities					
Unsettled investments payable[1]	–	9,389	–	–	–
Other payables and creditors	–	31,963	1,117	–	–
Lease liabilities	–	8,467	26,156	95,970	–
Total	–	49,819	27,273	95,970	–
Derivative financial instruments					
Foreign currency forward contracts					
– Inflows	–	238,263	–	–	–
– Outflows	–	(235,689)	–	–	–
Total	–	2,574	–	–	–

			2025		
	On demand HK$'000	< 3 months HK$'000	3 months–1 year HK$'000	1 – 5 years HK$'000	> 5 years HK$'000
Non-derivative financial liabilities					
Unsettled investments payable[1]	–	10,452	–	–	–
Other payables and creditors	–	31,090	997	–	–
Lease liabilities	–	8,426	25,277	130,421	–
Total	–	49,968	26,274	130,421	–
Derivative financial instruments					
Foreign currency forward contracts					
– Inflows	–	391,372	–	–	–
– Outflows	–	(392,325)	–	–	–
Total	–	(953)	–	–	–

1 The fund manager is not allowed to borrow money for the managed portfolio or hold a negative cash position on a trade date basis.

6. FINANCIAL INSTRUMENTS (continued)

6.7 Liquidity risk (continued)

Regarding the Grant for eMPF Platform project, the unspent balance of the Grant, at the request of the Government, shall be returned to the Government upon expiry or termination of the grant agreement dated 30 December 2019, as amended by the Supplemental Agreement to Grant Agreement dated 30 November 2023, between the Government and the MPFA for governing the eMPF Platform project (Grant Agreement).

6.8 Fair values

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

The fair values of listed investments and unlisted investments with standard terms and conditions are determined by reference to bid prices quoted in active markets and over-the-counter market quotations respectively.

The fair values of derivative financial instruments are determined based on the quoted market prices for equivalent instruments as at the reporting date.

The fair values of other financial assets and financial liabilities stated at amortized costs approximate the corresponding carrying amounts.

6.9 Fair value measurements recognized in the statement of financial position

The fair value measurements of financial assets and liabilities are categorized using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. FINANCIAL INSTRUMENTS (continued)

6.9 Fair value measurements recognized in the statement of financial position (continued)

As at the reporting date, the fair values of the financial assets and liabilities are set out below:

	2026			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Equity securities	**455,228**	**–**	**–**	**455,228**
Debt securities	**167,913**	**651,391**	**–**	**819,304**
Derivative financial instruments	**–**	**3,028**	**–**	**3,028**
	623,141	**654,419**	**–**	**1,277,560**
Financial liabilities				
Derivative financial instruments	**–**	**454**	**–**	**454**

	2025			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Equity securities	462,843	–	–	462,843
Debt securities	179,296	613,424	–	792,720
Derivative financial instruments	–	148	–	148
	642,139	613,572	–	1,255,711
Financial liabilities				
Derivative financial instruments	–	1,101	–	1,101

During the years ended 31 March 2026 and 2025, no financial assets or financial liabilities were classified under Level 3. During the years ended 31 March 2026 and 2025, there was no transfer between levels.

7. FEES AND CHARGES

Fees and charges consisted of fees and charges arising from ORSO schemes and MPF schemes.

	2026 HK$'000	2025 HK$'000
Application fees	**2,895**	2,670
Annual fees		
– ARF [Note]	**408,154**	357,486
– other annual fees	**14,117**	14,219
Financial penalties	**1,738**	3,639
Other charges	**355**	296
	427,259	378,310
Timing of revenue recognition		
A point in time	**4,988**	6,605
Over time	**422,271**	371,705
	427,259	378,310

Note Subsequent to the passage of the MPF Schemes (Amendment) Bill 2019 by the Legislative Council on 17 July 2020, the charging of ARF came into effect on 1 October 2020. Thereafter, MPF trustees are required to pay ARF to the MPFA at a rate of 0.03% on the respective schemes' net asset value. To achieve the long-term goal of self-financing, MPFA has commenced the review of the ARF level, with a view to fully recovering the costs attributable to the exercise and performance of functions with respect to registered MPF schemes by the financial year 2028-29.

8. NET INVESTMENT INCOME

	2026 HK$'000	2025 HK$'000
Interest income on financial investments	**30,707**	29,290
Dividends from financial investments	**10,066**	11,631
Net gain on financial investments[1]	**60,965**	73,704
Net (loss)/gain on derivative financial instruments[2]	**(4,163)**	1,091
	97,575	115,716

1 The amounts included net foreign exchange gain of HK$11,221,000 (2025: net foreign exchange loss of HK$3,380,000) from foreign currency securities. The MPFA contracts out the management of debt and equity securities to an external fund manager who makes investments in accordance with the global balanced mandates. Details of the MPFA's financial risk management objectives and policies are set out in Note 6.2.

2 The derivative financial instruments were held for hedging purpose (Note 6.6).

9. OTHER INCOME

Other income mainly included i) amount reimbursable from the Company, covering in-house support provided by MPFA of HK$24.33 million (2025: HK$21.45 million) to the Company for the year in various areas pursuant to the in-house support agreement entered between the MPFA and the Company in October 2021 and other cost recharge for other operating expenditure for the Company totalling HK$5.52 million (2025: HK$4.55 million), in total of HK$29.85 million (2025: HK$26.00 million); and ii) government grant in relation to the Anti-epidemic Fund (AEF) of HK$0.04 million (2025: HK$0.66 million). Please refer to Note 21 for further information about government grant for eMPF Platform project.

10. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the MPFA is exempt from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance. With the passage of the Mandatory Provident Fund Schemes (Amendment) Bill 2021 on 22 October 2021, section 6(4) of the Ordinance also exempts the MPFA from Hong Kong taxes.

11. STAFF COSTS

	2026 **HK$'000**	2025 HK$'000
Salary and performance related remuneration	**384,475**	371,426
Contributions to MPF schemes [Note]	**28,285**	27,937
Staff benefits	**9,492**	8,983
	422,252	408,346

Note The MPFA operates three MPF schemes for all qualified employees. The assets of the MPF schemes are held separately from those of the MPFA and are under the control of trustees. The total expenses recognized in the income and expenditure account represent contributions paid or payable to the MPF schemes at rates specified in the participation rules.

Staff costs include directors' emoluments as disclosed in Note 12.

12. DIRECTORS' EMOLUMENTS

The aggregate emoluments of MPFA's senior staff members (Executive Directors) are set out below:

	2026 HK$'000	2025 HK$'000
Salary and other benefits	18,259	16,924
Contributions to MPF schemes	2,076	1,890
Provision for variable pay	2,647	2,321
	22,982	21,135

The emoluments of the senior staff members (Executive Directors) of MPFA were within the following bands:

	2026 No. of employees	2025 No. of employees
HK$2,000,001 to HK$3,000,000	–	1
HK$3,000,001 to HK$4,000,000	1	1
HK$4,000,001 to HK$5,000,000	3	2
HK$5,000,001 to HK$6,000,000	1	1
	5	5

13. OTHER OPERATING EXPENSES

	2026 HK$'000	2025 HK$'000
General office, utilities and others	26,034	24,651
Legal and professional expenses	5,746	3,989
Information and system services	17,186	13,970
Premises expenses	9,623	8,554
Investment expenses	4,952	4,448
Auditor's remuneration	303	278
	63,844	55,890

14. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Computer equipment HK$'000	Office equipment and furniture HK$'000	Total HK$'000
COST				
At 1 April 2024	56,988	43,340	28,542	128,870
Transfer from Projects in Progress (Note 17) and additions	34	9,583	40	9,657
Write-off	–	(3,685)	(550)	(4,235)
At 31 March 2025	57,022	49,238	28,032	134,292
Transfer from Projects in Progress (Note 17) and additions	247	7,406	194	7,847
Write-off	–	(2,716)	(427)	(3,143)
At 31 March 2026	57,269	53,928	27,799	138,996
DEPRECIATION				
At 1 April 2024	15,665	33,038	9,353	58,056
Charge for the year	14,494	4,817	6,641	25,952
Eliminated on write-off	–	(3,685)	(550)	(4,235)
At 31 March 2025	30,159	34,170	15,444	79,773
Charge for the year	13,494	6,620	6,540	26,654
Eliminated on write-off	–	(2,716)	(427)	(3,143)
At 31 March 2026	43,653	38,074	21,557	103,284
CARRYING AMOUNT				
At 31 March 2026	**13,616**	**15,854**	**6,242**	**35,712**
At 31 March 2025	26,863	15,068	12,588	54,519

15. LEASES

This note provides information for leases where the MPFA is a lessee.

15.1 Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2026 HK$'000	2025 HK$'000
Right-of-use assets		
Office premises and storage space	**113,843**	145,435
Lease liabilities		
Current	**30,810**	28,880
Non-current	**91,411**	122,063
	122,221	150,943

During the year ended 31 March 2026, the MPFA entered into lease modification for the use of leased offsite storage for 2 years. On the effective date of the lease modification, the MPFA recognized right-of-use assets of HK$315,000 and lease liabilities of HK$308,000. During the year ended 31 March 2025, the MPFA entered into lease modification for the use of leased office premise for 3 years. On the effective date of the lease modification, the MPFA recognized right-of-use assets of HK$9,002,000 and lease liabilities of HK$8,087,000. As at 31 March 2026, the discount rates applied to lease liabilities ranged from 2.62% to 3.63% (2025: from 1.32% to 3.63%).

15.2 Amounts recognized in the income and expenditure account

The income and expenditure account shows the following amounts relating to leases:

	2026 HK$'000	2025 HK$'000
Depreciation charge of right-of-use assets		
– Office premises and storage space	**31,906**	32,167
Interest expense on lease liabilities (included in finance cost)	**4,836**	5,586

15. LEASES (continued)

15.2 Amounts recognized in the income and expenditure account (continued)

Reconciliation of lease liabilities arising from financing activities

	HK$'000
At 1 April 2024	171,171
New leases entered	8,087
Interest expense	5,586
Financing cash flows	(33,901)
At 31 March 2025 and 1 April 2025	150,943
New leases entered	308
Interest expense	4,836
Financing cash flows	(33,866)
At 31 March 2026	**122,221**

15.3 MPFA's leasing activities and how these are accounted for

The MPFA leases various office premises and storage space. Rental contracts are typically made for fixed periods of two to seven years (2025: two to seven years), but may have extension options as described in the paragraph below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension options

Extension options are included in a number of leases of office premises and storage space across the MPFA. These are used to maximize operational flexibility in terms of managing the assets used in MPFA's operations. The majority of extension options held are exercisable only by the MPFA and not by the respective lessor.

The MPFA assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposure to these future lease payments for extension options in which the MPFA is not reasonably certain to exercise is summarized below:

	Potential future payment not included in lease liabilities as at 31 March (undiscounted)	
	2026 HK$'000	2025 HK$'000
Leased property with options within three years	**110,615**	110,615

16. INTANGIBLE ASSETS

	Computer software licenses HK$'000	Software development costs HK$'000	Total HK$'000
COST			
At 1 April 2024	32,167	63,275	95,442
Transfer from Projects in Progress (Note 17) and additions	1,114	5,752	6,866
Write-off	(1,058)	(2,413)	(3,471)
At 31 March 2025	32,223	66,614	98,837
Transfer from Projects in Progress (Note 17) and additions	1,528	7,994	9,522
Write-off	(998)	–	(998)
At 31 March 2026	32,753	74,608	107,361
AMORTIZATION			
At 1 April 2024	27,365	56,718	84,083
Charge for the year	2,378	4,054	6,432
Eliminated on write-off	(1,058)	(2,413)	(3,471)
At 31 March 2025	28,685	58,359	87,044
Charge for the year	1,936	4,229	6,165
Eliminated on write-off	(998)	–	(998)
At 31 March 2026	29,623	62,588	92,211
CARRYING AMOUNT			
At 31 March 2026	**3,130**	**12,020**	**15,150**
At 31 March 2025	3,538	8,255	11,793

17. PROJECTS IN PROGRESS

Projects in progress consists of expenditure of capital projects including IT projects which were not yet completed and not yet available for use as at 31 March 2026 amounting to HK$24,518,000 (2025: HK$18,326,000).

During the year ended 31 March 2026, projects in progress amounting to HK$475,000 and HK$7,994,000 (2025: HK$34,000 and HK$5,752,000) were transferred into property and equipment and intangible assets respectively upon ready for use.

18. FINANCIAL INVESTMENTS

	2026 HK$'000	2025 HK$'000
Equity securities		
Listed	455,228	462,843
Debt securities		
Listed	499,877	397,455
Unlisted	311,055	387,773
Interest receivables	8,372	7,492
	819,304	792,720
Total		
Listed	955,105	860,298
Unlisted	311,055	387,773
Interest receivables	8,372	7,492
	1,274,532	1,255,563

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2026		2025	
	Assets HK$'000	Liabilities HK$'000	Assets HK$'000	Liabilities HK$'000
Foreign currency forward contracts	3,028	454	148	1,101

The above derivatives are not under hedge accounting and are measured at fair value at each reporting date.

The notional principal amount of the outstanding foreign currency forward contracts payables as at 31 March 2026 was HK$235,689,000 (2025: HK$392,325,000). The notional principal amount of the outstanding foreign currency forward contracts receivables as at 31 March 2026 was HK$238,263,000 (2025: HK$391,372,000). The contractual maturity of these foreign exchange forward contracts was within 12 months.

20. CAPITAL GRANT

On 3 April 1998, the Finance Committee of the Legislative Council of the Hong Kong Special Administrative Region approved a capital grant of HK$5 billion as initial funding to cover the establishment and operating costs of the MPFA.

21. GRANT FOR THE eMPF PLATFORM PROJECT

According to the Grant Agreement, funding support (the Grant) has been provided by the Government to the MPFA for carrying out the eMPF Platform project by the MPFA jointly with or through the Company. The Grant is to be disbursed in relation to reimbursement of expenses already incurred by the MPFA for the eMPF Platform project, as well as to be disbursed on an annual basis in accordance with the annual Budget and Work Plan (BWP) of the eMPF Platform project approved by the Government, and paid into a separate bank account (the Designated Account) which the cash balance in the Designated Account should only be used for the purpose of the eMPF Platform project. Upon expiry or termination of the Grant Agreement and at the request of the Government, the MPFA shall return to the Government all accumulated unspent balance including unspent bank interest income.

In January 2021, the MPFA entered into an agreement (the Core Contract) with the contractor who was awarded the eMPF Platform project (the Core Contractor) and subsequently the MPFA also entered into contracts with other contractors in relation to the eMPF Platform (the Other Contracts). The MPFA and the Company have been steering and monitoring the contractors in developing the eMPF Platform.

The Company was established on 5 March 2021. According to an agreement (Undertaking Agreement) entered into between the MPFA and the Company on 14 December 2021, (a) the MPFA agrees to provide funding from the Grant for the payment of the relevant expenditure upon the Core Contract and Other Contracts having been novated from the MPFA to the Company (Contract Novation) and (b) the Company obliges to comply with the terms and conditions of the Grant Agreement and the approved BWP.

On 1 January 2022, the Core Contract, and the Other Contracts in relation to the eMPF Platform project and the relevant assets have been novated and transferred from the MPFA to the Company (Contract Novation). Since then, the transactions with the contractors in relation to Contract Novation have been reflected in the books and records of the Company.

During the year ended 31 March 2023, the funding in connection with BWP 2023-24 was received and the total fund available for the eMPF Platform project of HK$1,290.48 million was transferred from the MPFA to the Company after the Company's bank account was opened for the eMPF Platform project in July 2022. During the year ended 31 March 2024, no Government grant was received.

As at 31 March 2026, the balance of the Grant was HK$609.53 million (2025: HK$393.40 million). During the year ended 31 March 2026, a total grant of HK$560.39 million (2025: HK$94.55 million) was received by the MPFA in accordance with the Grant Agreement, covering BWP for 2025-26 and 2026-27 (2025: 2024-25).

21. GRANT FOR THE eMPF PLATFORM PROJECT (continued)

The movement of the unspent balance of the Grant in relation to the eMPF Platform project for the years ended 31 March 2026 and 2025 is as follows:

	2026 HK$ million	2025 HK$ million
Balance, beginning of year	393.40	1,000.41
Government grant received during the year	560.39	94.55
Government grant utilized in respect of operating expenditure and financial incentives to early adopters incurred during the year	(318.78)	(29.32)
Amount recognized as deferred grant income in relation to assets acquired for the eMPF Platform project	(28.49)	(682.90)
Interest income from the Designated Account of the Company	3.01	10.66
Unspent balance	609.53	393.40

22. INVESTMENT IN eMPF PLATFORM COMPANY LIMITED

Nature of entity	Place of business/ incorporation	% of ownership interest		Carrying amount	
		2026 %	2025 %	2026 HK$'000	2025 HK$'000
eMPF Platform Company Limited	Hong Kong	100	100	10	10

The Company is a limited liability company incorporated on 5 March 2021. The principal activities are to design, build and operate a common electronic platform, the eMPF Platform, to standardize, streamline and automate the administration processes of the MPF schemes of Hong Kong. The Company is accounted for as an entity following its formation with an issued share capital of HK$10,000 and wholly owned by the MPFA.

23. RELATED PARTY TRANSACTIONS/BALANCES

For the purpose of these financial statements of the MPFA, the Company, the subsidiary of the MPFA, is considered as the related party. Interest in the subsidiary is set out in Note 22.

Other than disclosed in Notes 9, 21 and 22 and the following, there are no other related party transactions.

(a) Pursuant to an in-house support agreement dated 20 October 2021 with a supplemental agreement dated 20 December 2022 between the MPFA and the Company, the MPFA shall provide in-house support to the Company in various areas. The MPFA has recharged the Company as follows:

	2026 HK$ million	2025 HK$ million
Staff costs	**24.37**	21.49
Lease related expenses	**0.88**	0.92
Other expenses	**4.60**	3.59
	29.85	26.00

(b) As at 31 March 2026, an amount of HK$635.83 million (2025: HK$409.70 million) mainly represents unutilized balance of Grant transferred from the MPFA to the Company and receivable from the Company for the recharge expenses of MPFA.

(c) The MPFA considers that the directors' emoluments as disclosed in Note 12 are the only remuneration for key management personnel of the MPFA.

(d) Expenditure of HK$110.62 million (2025: HK$93.20 million) in relation to the acquisition of property and equipment and operating expenses incurred by the Company were paid on behalf by the holding entity through the amount due from the Company.

24. ANNUAL REGISTRATION FEE RECEIVABLE AND DEFERRED INCOME

Included in the debtors, deposits and prepayments was a balance of HK$167.77 million (2025: HK$141.29 million) relating to ARF due from trustees as at 31 March 2026. As at 1 April 2024, ARF receivable was HK$125.04 million.

The ARF receivable will be settled within 6 months and there are no past due amounts as at year end. No impairment losses were recognized for the year ended 31 March 2026 (2025: Nil).

During the year ended 31 March 2026, ARF and other annual fees of HK$422.27 million (2025: HK$371.70 million) (Note 7) was recognized in the income and expenditure account and balance of deferred income of HK$158.97 million (2025: HK$135.54 million) was recorded in the statement of financial position as at 31 March 2026. The amounts of ARF and other annual fees in income and expenditure account during the year were HK$134.13 million (2025: HK$120.50 million) which were included in the balance of deferred income at the beginning of the year. The revenue stream deferred income recognized in the statement of financial position is expected to be recognized into the income and expenditure account within one year.

	2026 HK$ million	2025 HK$ million
Deferred income		
Income stream		
ARF	**148.75**	125.30
Other annual fees	**10.22**	10.24
Government grant		
AEF	**0.01**	0.05
Total deferred income	**158.98**	135.59
Non-current portion	**–**	0.01
Current portion	**158.98**	135.58
Total	**158.98**	135.59

25. CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES

	2026 HK$'000	2025 HK$'000
Creditors, other payables and accrued charges [Note]	**76,233**	71,004
Provision for reinstatement costs	**16,178**	16,178
	92,411	87,182
Current portion	**76,233**	71,004
Non-current portion	**16,178**	16,178
Total	**92,411**	87,182

25. CREDITORS, OTHER PAYABLES AND ACCRUED CHARGES (continued)

Note Default contribution claims payable is included in creditors, other payables and accrued charges. According to section 18 of the Ordinance, the mandatory contributions that are not paid by the employers of the MPF schemes within the period prescribed by the Ordinance would become due to the MPFA by the employers of the MPF schemes on the expiry of that period. The MPFA may, by proceedings brought in a court of competent jurisdiction, recover as a debt due to the MPFA. The MPFA must pay any arrears or contribution surcharge paid to or recovered by the MPFA to the approved trustee of the registered MPF schemes.

As at 31 March 2026, the default contribution claims payable amounting to HK$50.45 million (2025: HK$44.19 million) were recognized in the creditors, other payables and accrued charges, representing the mandatory contributions which was received or at best estimated will be received by the MPFA and in turn, payable to the approved trustees for allocation to scheme members' MPF accounts with above mentioned. At the same time, the MPFA recognized the default contribution claims receivable amounting to HK$38.31 million (2025: HK$33.90 million), included in the debtors, deposits and prepayments, as the MPFA expects the recovery or the reimbursement from the employers to the estimated provision is virtually certain.

26. LOANS TO DIRECTORS AND EXECUTIVES

There were no loans to directors or executives during the years ended 31 March 2026 and 2025 and no loans were outstanding at 31 March 2026 and 2025.

27. CAPITAL COMMITMENTS

At the reporting date, the MPFA had commitments for capital expenditure in respect of the acquisition of property and equipment and intangible assets as follows:

	2026 **HK$'000**	2025 HK$'000
Contracted but not provided for	**10,876**	8,360

28. MANDATORY PROVIDENT FUND SCHEMES COMPENSATION FUND

Section 17 of the Ordinance requires the MPFA to establish a compensation fund and the MPFA may appoint an administrator for the compensation fund or where there is no such administrator, the MPFA must administer the compensation fund. The MPFA continues to administer the compensation fund until 31 March 2028 (2025: until 31 March 2028). The Mandatory Provident Fund Schemes (General) Regulation requires the compensation fund to be maintained in separate bank accounts and separate financial statements are to be prepared in respect of the fund. The seed money of the compensation fund and the capital grant of the MPFA are both funded by the Government.

Recoveries from the Mandatory Provident Fund Schemes Compensation Fund represent the recouping of expenses incurred by the MPFA for its services provided in administering the compensation fund.