

HSBC Mandatory Provident Fund – ValueChoice

Annual Report

Period from 1 July 2019 to 29 June 2020 (date of termination)



HSBC Mandatory Provident Fund – ValueChoice

Period from 1 July 2019 to 29 June 2020
(date of termination)

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Directory of parties

Sponsor and Administrator

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Trustee and Custodian

HSBC Provident Fund Trustee (Hong Kong) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Investment Managers

HSBC Investment Funds (Hong Kong) Limited
(for the approved pooled investment funds directly or indirectly invested by the constituent funds except the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund)
HSBC Main Building
1 Queen's Road Central
Hong Kong

Hang Seng Investment Management Limited
(for the approved index-tracking collective investment schemes directly or indirectly invested by the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund)
83 Des Voeux Road Central
Hong Kong

Investment Adviser

HSBC Global Asset Management (Hong Kong) Limited
(for the approved pooled investment funds directly or indirectly invested by the constituent funds except the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund)
HSBC Main Building
1 Queen's Road Central
Hong Kong

Directory of parties (continued)

Investment Agent

Hang Seng Investment Management Limited
(for the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund only)
83 Des Voeux Road Central
Hong Kong

Legal adviser

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

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

Scheme report

The Trustee has pleasure in submitting the scheme report together with the audited financial statements of the HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”) for the period from 1 July 2019 to 29 June 2020 (date of termination).

1. The Scheme

The Scheme is a master trust scheme set up for the purpose of providing benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”). The Scheme was established under a trust deed dated 24 November 2010 between HSBC Life (International) Limited as the Sponsor and HSBC Provident Fund Trustee (Hong Kong) Limited as the Trustee. The Scheme is registered under section 21 of the MPF Ordinance.

The Trust Deed of the Scheme was amended on 1 March 2019 due to the Scheme restructuring. With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to the HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The Trust Deed of the Scheme was amended on 8 April 2019 due to the addition of the tax deductible voluntary contributions feature to the Scheme.

Other than the above, there was no change in the governing rules of the Scheme since the last year ended 30 June 2019.

Scheme report (continued)

2. Financial development

(Expressed in Hong Kong dollars)

	<i>Total subscriptions for the period from 1 July 2019 to 29 June 2020 (date of termination) \$'000</i>	<i>Total subscriptions for the year ended 30 June 2019 \$'000</i>	<i>Net assets as at 29 June 2020 (date of termination) \$'000</i>	<i>Net assets as at 30 June 2019 \$'000</i>
MPF Conservative Fund	-	1,165,460	-	1,631,332
Hang Seng Index Tracking Fund	-	745,912	-	1,455,321
Global Bond Fund	-	270,954	-	650,050
Core Accumulation Fund	-	309,165	-	885,370
ValueChoice Balanced Fund	-	153,615	-	605,187
ValueChoice Asia Pacific Equity Fund	-	144,984	-	650,702
ValueChoice European Equity Fund	-	56,389	-	218,694
ValueChoice US Equity Fund	-	426,944	-	715,572
Hang Seng China Enterprises Index Tracking Fund	-	309,524	-	630,094
Global Equity Fund	-	96,472	-	270,454
Age 65 Plus Fund	-	102,748	-	133,730

3. Directory of parties

Details of those parties engaged by the Trustee for the purposes of the Scheme for the period from 1 July 2019 to 29 June 2020 (date of termination) are set out on pages 1 to 2.

Scheme report (continued)

4. Directors

The directors of HSBC Provident Fund Trustee (Hong Kong) Limited during the period and up to the date of this report are as follows:

Elaine Yuen Man LO	
Sau Ling TSE	
Horace Kwan Hor CHAU	
Renny Ket Liong LIE KEN JIE	(appointed on 14 August 2020)
Luanne LIM	(appointed on 11 September 2020)
Mark Ivan BOYNE	(resigned on 27 February 2020)
Rex Pak-kuen AU YEUNG	(resigned on 14 August 2020)
Daniel Gareth HANKINSON	(resigned on 11 September 2020)

The business address of these directors is:

HSBC Main Building
1 Queen's Road Central
Hong Kong

5. Particulars of parties associated with the Trustee

HSBC Life (International) Limited

The directors of HSBC Life (International) Limited during the period are as follows:

Gregory Thomas HINGSTON	
Bryce Leslie JOHNS	
Terence Man Chung CHIU	
Edward Charles Lawrence MONCREIFFE	
Siew Boi TAN	
Babak NIKZAD ABBASABADI	
Chi Fai YAM	
Stavros KATSAITIS	(appointed on 14 February 2020)
Kathleen Chieh Huey GAN	(resigned on 19 August 2019)
Sebastian Richmond HORN	(resigned on 22 August 2019)
Benny Man Bun TSE	(resigned on 14 February 2020)
Kevin Ross MARTIN	(resigned on 14 February 2020)

Scheme report (continued)

5. Particulars of parties associated with the Trustee (continued)

The Hongkong and Shanghai Banking Corporation Limited

The directors of The Hongkong and Shanghai Banking Corporation Limited during the period are as follows:

Peter Tung Shun WONG
Laura May Lung CHA
Zia MODY
Graham John BRADLEY
Christopher Wai Chee CHENG
Raymond Kuo Fung CH' IEN
Irene Yun-lien LEE
Jennifer Xinzhe LI
Victor Tzar Kuoi LI
Kevin Anthony WESTLEY
Francis Sock Ping YEOH
Louisa Wai Wan CHEANG
Yiu Kwan CHOI
Bin Hwee QUEK (née CHUA)
John Michael FLINT (stepped down on 5 August 2019)

HSBC Investment Funds (Hong Kong) Limited

The directors of HSBC Investment Funds (Hong Kong) Limited during the period are as follows:

Stuart Glenn BERRY
Guillermo Eduardo MALDONADO-CODINA
Pedro Augusto BOTELHO BASTOS
Stephen Chun Pong TAM
Joanne Ka Yin LAU

Scheme report (continued)

5. Particulars of parties associated with the Trustee (continued)

Hang Seng Investment Management Limited

The directors of Hang Seng Investment Management Limited during the period are as follows:

Pui Shan LEE	
Wing Lok LEUNG	
Margaret Wing Han KWAN	
Eunice Cheuk Yee LEUNG	
Pui Sze CHEUNG	
Wilfred Wing Fai SIT	(appointed on 3 July 2019)
Stuart Kingsley WHITE	(appointed on 2 December 2019)
Chee Leong YEO	(appointed on 23 January 2020)
Hing Keung TSANG	(appointed on 1 May 2020)
Dave Man Kit NGAN	(resigned on 19 August 2019)
Sridhar CHANDRASEKHARAN	(resigned on 2 December 2019)
Ivy Shuk Pui CHAN	(resigned on 23 January 2020)
Katie Kay Chun YIP	(resigned on 1 May 2020)

6. Further information

Members can obtain further information about the Scheme and its operation from the Scheme's member hotline at 3128 0128 or website at <https://www.hsbc.com.hk/mpf/>.

On behalf of the Trustee



Hong Kong,
23 September 2020

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination)

1. Statement of investment objectives and policies

With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

During the period from 1 July 2019 to 29 June 2020 (date of termination), the Scheme and the Constituent Funds had no investments and investment return. Therefore, no market review and outlook for the period is presented.

As at 29 June 2020 (date of termination) and during the period, HSBC Mandatory Provident Fund – ValueChoice (the “Scheme”) is a master trust scheme and offering the following constituent funds:

1. MPF Conservative Fund
2. Hang Seng Index Tracking Fund
3. Global Bond Fund
4. Core Accumulation Fund
5. ValueChoice Balanced Fund
6. ValueChoice Asia Pacific Equity Fund
7. ValueChoice European Equity Fund
8. ValueChoice US Equity Fund
9. Hang Seng China Enterprises Index Tracking Fund
10. Global Equity Fund
11. Age 65 Plus Fund

Each of the constituent funds has different investment objectives and policies, achieved through investing its assets into an approved pooled investment fund.

1.1 **MPF Conservative Fund**

The investment objective of the MPF Conservative Fund is to achieve a rate of return higher than that available for savings deposits. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – MPF Conservative Fund) comprised entirely of high grade Hong Kong dollars denominated monetary instruments such as treasury bills, bills of exchange, commercial paper, certificates of deposit or interbank deposits; and other ancillary investments as allowed under the General Regulation. Such investments will have an average portfolio remaining maturity of not more than 90 days.

The purchase of a unit in the MPF Conservative Fund is not the same as placing funds on deposit with a bank or deposit-taking company. There is no obligation to redeem units at the offer value and the MPF Conservative Fund (or the approved pooled investment fund it is invested in) is not subject to the supervision of the Hong Kong Monetary Authority.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.1 MPF Conservative Fund (continued)

The approved pooled investment fund held by this MPF Conservative Fund may not acquire financial futures contracts and financial option contracts, may not engage in securities lending nor enter into repurchase agreements as defined in the General Regulation.

The MPF Conservative Fund does not guarantee the repayment of capital.

The MPF Conservative Fund is established to comply with section 37 of the General Regulation.

Fees and charges of an MPF Conservative Fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. This fund uses method (i) and, therefore, its unit prices, net asset value (NAV) and fund performance quoted have reflected the impact of fees and charges.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

1.2 Hang Seng Index Tracking Fund

The investment objective of the Hang Seng Index Tracking Fund is to match as closely as practicable the performance of the Hang Seng Index by investing directly in an approved Index-Tracking Collective Investment Scheme ("ITCIS") (Hang Seng Index ETF) with a similar investment objective.

For efficient portfolio management, the approved ITCIS held by the Hang Seng Index Tracking Fund may gain exposure to the Hang Seng Index or its constituent stocks through investing in financial instruments, engaging in borrowings, securities lending and entering into repurchase agreements, as allowed under the applicable laws and regulations.

Whilst the investment objective of the Hang Seng Index Tracking Fund and the underlying approved ITCIS is to track the Hang Seng Index, there can be no assurance that the performance of the Hang Seng Index Tracking Fund and the underlying approved ITCIS will at any time be identical to the performance of the Hang Seng Index.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.3 Global Bond Fund

The investment objective of the Global Bond Fund is to achieve stable capital growth with low volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – Global Bond Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund primarily invests in a portfolio of carefully selected global fixed income securities. The investment adviser(s) and investment sub-adviser(s) appointed to manage the investments of the approved pooled investment fund(s) held by this Fund directly or indirectly are members of the HSBC Group.

The investment portfolio indirectly held by this Fund will comprise mainly of fixed and floating rate debt securities (up to around 10 percent of debt securities with maturity period of one year or less and the remaining debt securities with maturity period over one year). The portfolio may also include deposits and other permitted investments up to 30 percent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with debt securities. Generally, the prices of debt securities fall when interest rates rise. Change in the credit worthiness of the underlying investments may also adversely affect the value of this Fund.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.4 Core Accumulation Fund

The investment objective of the Fund is to provide capital growth to Members by investing in a globally diversified manner.

The Fund shall invest in an approved pooled investment fund (HSBC MPF “A” – Core Accumulation Fund) which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation.

The HSBC MPF “A” – Core Accumulation Fund adopts an active investment strategy so that the investment adviser of the HSBC MPF “A” – Core Accumulation Fund may, subject to the limits of asset allocation, allocate the assets among different underlying approved pooled investment fund(s) and/or ITCIS(s) in such proportions as it shall, at its discretion, determine in response to various factors within the market environment for the best interest of the unitholders of the HSBC MPF “A” – Core Accumulation Fund. The underlying approved pooled investment fund(s) and/or ITCIS(s) may be actively managed or may adopt a passive management style against an index. There is no constraint restricting the investment adviser from investing in underlying collective investment schemes with any particular investment strategy. The investment adviser(s) of the underlying approved pooled investment fund(s) and/or ITCIS(s) in which the HSBC MPF “A” – Core Accumulation Fund invests in may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The Fund, through its underlying investments, will hold 60 percent of its net assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55 percent and 65 percent due to differing price movements of various equity and bond markets.

For efficient portfolio management, the portfolio of the underlying approved pooled investment fund may acquire financial futures contracts and financial option contracts (for hedging purposes only if acquired directly by the underlying approved pooled investment fund), engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

The Fund will, through the investment of HSBC MPF “A” – Core Accumulation Fund maintain a minimum Hong Kong currency exposure of 30 percent, as prescribed by the General Regulation.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.4 Core Accumulation Fund (continued)

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

1.5 ValueChoice Balanced Fund

The investment objective of the ValueChoice Balanced Fund is to achieve medium to high capital growth with medium volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – VC Balanced Fund), which in turn invests in two or more underlying approved ITCIS(s) and/or approved pooled investment fund(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, this Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in equities.

The Investment Adviser of the approved pooled investment fund in which the ValueChoice Balanced Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine.

Around 55 percent to 85 percent of the portfolio of this Fund will be indirectly invested in equities and equity related investments. The remainder of the assets will be invested in deposits, debt securities and other investments as allowed under the General Regulation. The intended asset allocation aforesaid is for indication only and may be changed as and when the relevant investment adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global bonds and equities. As a result of a heavier weighting in equities, the volatility of this Fund is higher than investments spread equally between global bonds and equities.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.6 ValueChoice Asia Pacific Equity Fund

The investment objective of the ValueChoice Asia Pacific Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – VC Asia Pacific Equity Fund), which in turn invests in an underlying approved pooled investment fund. Through such underlying investments, this Fund invests primarily in an actively managed portfolio of carefully selected quoted securities on the regulated stock markets in the economies of Asia Pacific, excluding Japan. The main markets of investment include, but not limited to, Australia, China, Hong Kong, India, Korea, Malaysia, New Zealand, Singapore, Taiwan and Thailand.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 percent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may engage in securities lending, enter into repurchase agreements, and invest in other investments as allowed under the General Regulation. The underlying investments may also acquire financial futures contracts and financial option contracts as allowed under the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in securities of Asia Pacific markets. In general, the volatility of this Fund is higher than that of funds which invest in developed markets. Further, the volatility of this Fund, being a regional fund, is higher than that of funds which invest in a number of continents or regions.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.7 ValueChoice European Equity Fund

The investment objective of the ValueChoice European Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – VC European Equity Fund), which in turn invests in two or more underlying approved ITCIS(s) and/or approved pooled investment fund(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, this Fund invests in a diversified portfolio that mainly comprises European equities and equity-related investments.

The portfolio may also include deposits, debt securities and other permitted investments up to 30 percent of the net asset value of this Fund. The Investment Adviser of the approved pooled investment fund in which the ValueChoice European Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in European securities. The volatility of this regional Fund is higher than that of funds which invest in a number of continents or regions.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.8 ValueChoice US Equity Fund

The investment objective of the ValueChoice US Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – VC US Equity Fund), which in turn invests in two or more underlying approved ITCIS(s) and/or approved pooled investment fund(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, this Fund invests in a diversified portfolio that mainly comprises US equities and equity-related investments.

The portfolio may also include deposits, debt securities and other permitted investments up to 30 percent of the net asset value of this Fund. The Investment Adviser of the approved pooled investment fund in which the ValueChoice US Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in US equities and equity-related investments. Despite a number of US companies having significant operations outside the US, the volatility of this Fund may be higher than that of more diversified funds which invest in a number of continents or geographic regions.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.9 *Hang Seng China Enterprises Index Tracking Fund*

The investment objective of the Hang Seng China Enterprises Index Tracking Fund is to match as closely as practicable the performance of the Hang Seng China Enterprises Index by investing directly in an approved ITCIS (Hang Seng China Enterprises Index ETF) with a similar investment objective.

For efficient portfolio management, the approved ITCIS held by the Hang Seng China Enterprises Index Tracking Fund may gain exposure to the Hang Seng China Enterprises Index or its constituent stocks through investing in financial instruments, engaging in borrowings, securities lending and entering into repurchase agreements, as allowed under the applicable laws and regulations.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

1.10 *Global Equity Fund*

The investment objective of Global Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – Global Equity Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund primarily invests in a portfolio of carefully selected shares traded on different global markets. The investment adviser(s) and investment sub-adviser(s) appointed to manage the investments of the approved pooled investment fund(s) held by this Fund directly or indirectly are members of the HSBC Group.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments traded on stock exchanges in global markets. The portfolio may also include deposits, debt securities and other permitted investments up to 30 percent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.10 Global Equity Fund (continued)

For efficient portfolio management, the approved pooled investment fund and its underlying approved pooled investment funds and/or ITCIS may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation. The approved pooled investment fund and its underlying approved pooled investment funds and/or ITCIS may also acquire financial futures contracts and financial option contracts as allowed under the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with equity investments. The value of equity investments are affected by many factors, including but not limited to the business, performance and activities of individual companies as well as general market and economic conditions. This Fund may invest in both developed and emerging markets globally. Investment in emerging markets may be subject to higher volatility.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

1.11 Age 65 Plus Fund

The investment objective of Age 65 Plus Fund is to provide stable growth for the retirement savings to Members by investing in a globally diversified manner. The Fund shall be invested in an approved pooled investment fund (HSBC MPF “A” – Age 65 Plus Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

1. Statement of investment objectives and policies (continued)

1.11 Age 65 Plus Fund (continued)

The HSBC MPF “A” – Age 65 Plus Fund adopts an active investment strategy so that the investment adviser of the HSBC MPF “A” – Age 65 Plus Fund may, subject to the limits of asset allocation, allocate the assets among different underlying approved pooled investment fund(s) and/or ITCIS(s) in such proportions as it shall, at its discretion, determine in response to various factors within the market environment for the best interest of the unitholders of the HSBC MPF “A” – Age 65 Plus Fund. The underlying approved pooled investment fund(s) and/or ITCIS(s) may be actively managed or may adopt a passive management style against an index. There is no constraint restricting the investment adviser from investing in underlying collective investment schemes with any particular investment strategy. The investment adviser(s) of the underlying approved pooled investment fund(s) and/or ITCIS(s) in which the HSBC MPF “A” – Age 65 Plus Fund invests in may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The Fund, through its underlying investments, will hold 20 percent of its assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15 percent and 25 percent due to differing price movements of various equity and bond markets.

For efficient portfolio management, the portfolio of the underlying approved pooled investment fund may acquire financial futures contracts and financial option contracts (for hedging purposes only if acquired directly by the underlying approved pooled investment fund), engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

The Fund will, through the investment of HSBC MPF “A” – Age 65 Plus Fund maintain a minimum Hong Kong currency exposure of 30 percent, as prescribed by the General Regulation.

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

2. Trustee's commentary on fund performance against benchmark by trustee

During the period from 1 July 2019 to 29 June 2020 (date of termination), no Trustee's commentary on fund performance against benchmark is presented as the Scheme has been fully redeemed on 1 July 2019 and subsequently terminated.

3. Trustee's performance assessment framework and trustee's action, if any, to increase efficiency of the scheme and investment return (value) for members

During the period from 1 July 2019 to 29 June 2020 (date of termination), no Trustee's performance assessment framework and trustee's action is presented as the Scheme has been fully redeemed on 1 July 2019 and subsequently terminated.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

4. Distribution of constituent funds

(Expressed in Hong Kong dollars)

As at 29 June 2020 (date of termination), 30 June 2019 and 2018, Net assets attributable to members of the Scheme's constituent funds are as follows:

Fund	Net asset value		
	29 June 2020 (date of termination)	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000
MPF Conservative Fund	-	1,631,332	1,309,669
Hang Seng Index Tracking Fund	-	1,455,321	1,328,009
Global Bond Fund	-	650,050	508,439
Core Accumulation Fund	-	885,370	687,869
ValueChoice Balanced Fund	-	605,187	546,276
ValueChoice Asia Pacific Equity Fund	-	650,702	625,526
ValueChoice European Equity Fund	-	218,694	210,364
ValueChoice US Equity Fund	-	715,572	552,759
Hang Seng China Enterprises Index Tracking Fund	-	630,094	600,771
Global Equity Fund	-	270,454	215,857
Age 65 Plus Fund	-	133,730	68,278
Scheme level adjustment	-	25,025	18,108
	-	7,871,531	6,671,925

% of Net assets attributable to constituent funds
of the Scheme

Fund			
	29 June 2020 (date of termination)	30 June 2019	30 June 2018
	%	%	%
MPF Conservative Fund	-	20.72	19.63
Hang Seng Index Tracking Fund	-	18.49	19.90
Global Bond Fund	-	8.26	7.62
Core Accumulation Fund	-	11.25	10.31
ValueChoice Balanced Fund	-	7.69	8.19
ValueChoice Asia Pacific Equity Fund	-	8.27	9.38
ValueChoice European Equity Fund	-	2.78	3.15
ValueChoice US Equity Fund	-	9.09	8.29
Hang Seng China Enterprises Index Tracking Fund	-	8.00	9.00
Global Equity Fund	-	3.43	3.24
Age 65 Plus Fund	-	1.70	1.02
Scheme level adjustment	-	0.32	0.27
	-	100.00	100.00

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

5. Performance

<i>Fund</i>	<i>Period</i>	<i>Cumulative Return (%) +/(-)</i>
MPF Conservative Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
Hang Seng Index Tracking Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
Global Bond Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
Core Accumulation Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
ValueChoice Balanced Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
ValueChoice Asia Pacific Equity Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
ValueChoice European Equity Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
ValueChoice US Equity Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
Hang Seng China Enterprises Index Tracking Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
Global Equity Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A
Age 65 Plus Fund	1 July 2019 to 29 June 2020 (date of termination)	N/A

Cumulative return represents the percentage change in unit price (net asset value per unit) for the period. As the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus, the units of the Constituent Funds of the Scheme were fully redeemed on 1 July 2019.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

6. Financial summary

(Expressed in Hong Kong dollars)

<i>Fund</i>	<i>Period/year ended</i>	<i>Income \$'000</i>	<i>Net (deficit)/ income excluding capital appreciation or depreciation \$'000</i>	<i>Net movement in unrealised gain/(loss) on investments \$'000</i>	<i>Net gain/(loss) on sale of investments \$'000</i>	<i>Value of the Scheme assets derived from investment \$'000</i>	<i>Net asset value \$'000</i>
MPF Conservative Fund	29 June 2020 (date of termination)	-	-	(23,795)	23,795	-	-
	30 June 2019	9	(13,468)	14,365	9,744	1,632,407	1,631,332
	30 June 2018	-	(8,876)	4,292	4,666	1,310,862	1,309,669
Hang Seng Index Tracking Fund	29 June 2020 (date of termination)	-	-	(84,886)	84,886	-	-
	30 June 2019	49,227	40,065	(44,603)	27,807	1,433,862	1,455,321
	30 June 2018	39,452	30,566	16,769	115,560	1,312,881	1,328,009
Global Bond Fund	29 June 2020 (date of termination)	-	-	(39,873)	39,873	-	-
	30 June 2019	2	(3,123)	28,245	4,468	650,344	650,050
	30 June 2018	-	(2,584)	(2,419)	6,595	508,684	508,439
Core Accumulation Fund	29 June 2020 (date of termination)	-	-	(66,301)	66,301	-	-
	30 June 2019	-	(3,899)	30,537	6,976	885,735	885,370
	30 June 2018	-	(3,174)	23,400	9,048	688,171	687,869
ValueChoice Balanced Fund	29 June 2020 (date of termination)	-	-	(76,870)	76,870	-	-
	30 June 2019	3	(3,130)	698	11,701	605,461	605,187
	30 June 2018	-	(2,754)	15,878	19,358	546,542	546,276
ValueChoice Asia Pacific Equity Fund	29 June 2020 (date of termination)	-	-	(82,557)	82,557	-	-
	30 June 2019	3	(3,439)	(11,941)	13,384	650,994	650,702
	30 June 2018	-	(3,217)	14,375	28,692	625,838	625,526
ValueChoice European Equity Fund	29 June 2020 (date of termination)	-	-	(24,084)	24,084	-	-
	30 June 2019	1	(1,157)	1,944	3,828	218,793	218,694
	30 June 2018	-	(1,099)	254	9,880	210,466	210,364
ValueChoice US Equity Fund	29 June 2020 (date of termination)	-	-	(100,619)	100,619	-	-
	30 June 2019	2	(3,509)	8,227	40,494	715,892	715,572
	30 June 2018	-	(2,667)	28,115	34,618	553,025	552,759

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

6. Financial summary (continued)

(Expressed in Hong Kong dollars)

<i>Fund</i>	<i>Period/year ended</i>	<i>Income \$'000</i>	<i>Net (deficit)/ income excluding capital appreciation or depreciation \$'000</i>	<i>Net movement in unrealised gain/(loss) on investments \$'000</i>	<i>Net gain/(loss) on sale of investments \$'000</i>	<i>Value of the Scheme assets derived from investment \$'000</i>	<i>Net asset value \$'000</i>
Hang Seng China Enterprises Index Tracking Fund	29 June 2020 (date of termination)	-	-	1,247	(1,247)	-	-
	30 June 2019	22,521	18,367	(6,042)	(2,868)	621,267	630,094
	30 June 2018	15,803	12,609	1,719	33,207	595,080	600,771
Global Equity Fund	29 June 2020 (date of termination)	-	-	(29,017)	29,017	-	-
	30 June 2019	1	(1,333)	3,748	4,614	270,578	270,454
	30 June 2018	-	(1,054)	7,164	7,403	215,963	215,857
Age 65 Plus Fund	29 June 2020 (date of termination)	-	-	(6,245)	6,245	-	-
	30 June 2019	-	(495)	6,110	596	133,784	133,730
	30 June 2018	-	(193)	134	240	68,307	68,278

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

7. Performance table (Expressed in Hong Kong dollars)

MPF Conservative Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June							Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾	
		2019	2018	2017	2016	2015	2014	2013		2012
Total net asset value (\$'000)	-	1,631,332	1,309,669	1,045,953	749,279	559,979	427,254	241,123	127,515	11,566
Net asset value per unit	-	12.70	12.61	12.61	12.61	12.61	12.56	12.50	12.46	12.43
Price record:										
Highest issue price	-	12.70	12.62	12.62	12.62	12.61	12.56	12.51	12.46	12.43
Lowest redemption price	-	12.61	12.61	12.61	12.60	12.56	12.50	12.46	12.42	12.42
Net annualised investment return ⁽¹⁾	N/A	0.7%	0.0%	0.0%	0.0%	0.4%	0.5%	0.3%	0.2%	0.0%
Hang Seng Index Tracking Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June							Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾	
		2019	2018	2017	2016	2015	2014	2013		2012
Total net asset value (\$'000)	-	1,455,321	1,328,009	1,071,434	738,403	731,517	466,174	303,554	155,833	25,299
Net asset value per unit	-	28.26	27.90	24.22	19.16	23.47	20.18	17.71	16.17	18.09
Price record:										
Highest issue price	-	29.46	31.44	24.36	23.46	25.05	20.54	19.81	18.43	19.37
Lowest redemption price	-	23.95	23.92	18.90	16.53	19.90	17.17	15.71	13.22	17.51
Net annualised investment return ⁽¹⁾	N/A	1.3%	15.2%	26.4%	(18.4)%	16.3%	13.9%	9.5%	(10.6)%	(5.6)%

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

7. Performance table (continued) (Expressed in Hong Kong dollars)

Global Bond Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June				2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015	2014	2013		
Total net asset value (\$'000)	-	650,050	508,439	412,392	269,929	175,637	131,549	83,151	36,272	3,165
Net asset value per unit	-	12.47	11.88	11.80	12.05	11.12	10.93	10.30	10.59	10.48
Price record:										
Highest issue price	-	12.48	12.21	12.19	12.05	11.36	10.93	10.88	10.89	10.55
Lowest redemption price	-	11.62	11.74	11.17	10.99	10.92	10.24	10.29	10.40	10.14
Net annualised investment return ⁽¹⁾	N/A	5.0%	0.7%	(2.1)%	8.4%	1.7%	6.1%	(2.7)%	1.0%	2.4%
Core Accumulation Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June				2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015	2014	2013		
Total net asset value (\$'000)	-	885,370	687,869	494,291	336,852	275,984	214,940	131,035	72,137	7,928
Net asset value per unit	-	12.67	12.18	11.52	10.82	11.06	11.07	9.97	9.37	9.97
Price record:										
Highest issue price	-	12.67	12.81	11.59	11.04	11.50	11.07	10.53	10.10	10.11
Lowest redemption price	-	11.24	11.49	10.74	9.99	10.64	9.92	9.24	8.78	9.79
Net annualised investment return ⁽¹⁾	N/A	4.0%	5.7%	6.5%	(2.2)%	(0.1)%	11.0%	6.4%	(6.0)%	(0.3)%

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

7. Performance table (continued) (Expressed in Hong Kong dollars)

ValueChoice Balanced Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June				2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015	2014	2013		
Total net asset value (\$'000)	-	605,187	546,276	447,994	312,564	268,665	190,089	106,165	54,778	7,188
Net asset value per unit	-	13.58	13.39	12.49	10.82	11.55	11.26	9.96	9.03	9.91
Price record:										
Highest issue price	-	13.70	14.46	12.55	11.55	12.06	11.26	10.61	10.06	10.13
Lowest redemption price	-	12.24	12.39	10.79	9.86	10.72	9.88	8.83	8.20	9.64
Net annualised investment return ⁽¹⁾	N/A	1.4%	7.2%	15.4%	(6.3)%	2.6%	13.1%	10.3%	(8.9)%	(0.9)%
ValueChoice Asia Pacific Equity Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June				2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015	2014	2013		
Total net asset value (\$'000)	-	650,702	625,526	533,387	359,565	349,863	282,321	187,498	101,879	15,644
Net asset value per unit	-	11.82	11.87	11.03	8.83	10.09	10.22	8.86	8,36	9.75
Price record:										
Highest issue price	-	12.13	13.36	11.10	10.12	10.96	10.23	9.96	9,99	10.17
Lowest redemption price	-	10.41	10.98	8.77	7.57	9.46	8.65	8.18	7,21	9.36
Net annualised investment return ⁽¹⁾	N/A	(0.4)%	7.6%	24.9%	(12.5)%	(1.3)%	15.3%	6.0%	(14,3)%	(2.5)%

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

7. Performance table (continued) (Expressed in Hong Kong dollars)

ValueChoice European Equity Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June		2014	2013	2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015				
Total net asset value (\$'000)	-	218,694	210,364	183,545	125,746	112,678	83,603	21,866	9,470	1,071
Net asset value per unit	-	13.91	13.61	12.99	10.51	11.88	12.16	9.79	8.23	9.78
Price record:										
Highest issue price	-	14.04	14.61	13.21	12.36	12.56	12.38	10.44	9.95	10.18
Lowest redemption price	-	11.82	12.85	10.24	9.66	10.46	9.68	8.06	7.28	9.45
Net annualised investment return ⁽¹⁾	N/A	2.2%	4.8%	23.6%	(11.5)%	(2.3)%	24.2%	19.0%	(15.8)%	(2.2)%
ValueChoice US Equity Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June		2014	2013	2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015				
Total net asset value (\$'000)	-	715,572	552,759	442,830	263,786	196,990	127,856	47,356	15,007	2,279
Net asset value per unit	-	22.58	21.00	18.54	15.58	15.52	14.78	12.06	10.25	10.03
Price record:										
Highest issue price	-	22.77	22.01	18.72	16.06	16.05	14.79	12.53	10.73	10.22
Lowest redemption price	-	18.66	18.45	15.73	13.83	14.02	12.05	10.08	8.42	9.66
Net annualised investment return ⁽¹⁾	N/A	7.5%	13.3%	19.0%	0.4%	5.0%	22.6%	17.7%	2.2%	0.3%

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

7. Performance table (continued) (Expressed in Hong Kong dollars)

Hang Seng China Enterprises Index Tracking Fund										
	Period from 1 July 2019 to 29 June 2020 (date of termination)	2019	2018	2017	Year ended 30 June		2014	2013	2012	Period from 24 March 2011 (date of commencement) to 30 June 2011 ⁽²⁾
					2016	2015				
Total net asset value (\$'000)	-	630,094	600,771	538,766	426,906	523,955	287,451	202,476	123,682	28,576
Net asset value per unit	-	9.75	9.60	8.79	7.30	10.50	8.15	7.23	7.25	9.29
Price record:										
Highest issue price	-	10.42	11.76	8.92	10.37	11.71	8.93	9.21	9.49	10.00
Lowest redemption price	-	8.67	8.78	7.15	6.12	8.12	6.92	6.85	6.01	8.87
Net annualised investment return ⁽¹⁾	N/A	1.6%	9.2%	20.4%	(30.5)%	28.8%	12.7%	(0.3)%	(22.0)%	(7.1)%

Global Equity Fund				
	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June		Period from 1 July 2016 (date of commencement) to 30 June 2017 ⁽²⁾
		2019	2018	
Total net asset value (\$'000)	-	270,454	215,857	153,714
Net asset value per unit	-	14.65	14.28	13.15
Price record:				
Highest issue price	-	14.91	15.44	13.28
Lowest redemption price	-	12.44	13.14	11.07
Net annualised investment return ⁽¹⁾	N/A	2.6%	8.6%	17.6%

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

7. Performance table (continued) (Expressed in Hong Kong dollars)

Age 65 Plus Fund

	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June		Period from 1 July 2016 (date of commencement) to 30 June 2017 ⁽²⁾
		2019	2018	
Total net asset value (\$'000)	-	133,730	68,278	10,248
Net asset value per unit	-	12.16	11.53	11.30
Price record:				
Highest issue price	-	12.16	11.73	11.38
Lowest redemption price	-	11.30	11.25	11.16
Net annualised investment return⁽¹⁾	N/A	5.5%	2.0%	1.3%

⁽¹⁾ The net annualised investment return represents the percentage change in unit price (net asset value per unit) for the year.

Percentage change = (Unit price at the end of the year - Unit price at the beginning of the year)/Unit price at the beginning of the year.

⁽²⁾ The percentage represents the percentage change in unit price (net asset value per unit) for the period specified.

Percentage change = (Unit price at the end of the period - Unit price at the beginning of the period)/Unit price at the beginning of the period.

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

8. Investment portfolio as at 29 June 2020 (date of termination)

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

As at 29 June 2020 (date of termination), the Scheme and the Constituent Funds had no investments and therefore, no investment portfolio is presented.

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

9. Statement of movements in portfolio holdings

	% of net assets	
	As at 29 June 2020 (date of termination)	As at 30 June 2019
MPF Conservative Fund		
Collective investment scheme	-	100.07
Total investments	-	100.07
Other net liabilities	-	(0.07)
Total net assets	-	100.00
Hang Seng Index Tracking Fund		
Collective investment scheme	-	98.53
Total investments	-	98.53
Other net assets	-	1.47
Total net assets	-	100.00
Global Bond Fund		
Collective investment scheme	-	100.05
Total investments	-	100.05
Other net liabilities	-	(0.05)
Total net assets	-	100.00
Core Accumulation Fund		
Collective investment scheme	-	100.04
Total investments	-	100.04
Other net liabilities	-	(0.04)
Total net assets	-	100.00

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

9. Statement of movements in portfolio holdings (continued)

	<i>% of net assets</i>	
	<i>As at 29 June 2020 (date of termination)</i>	<i>As at 30 June 2019</i>
ValueChoice Balanced Fund		
Collective investment scheme	-	100.05
Total investments	-	100.05
Other net liabilities	-	(0.05)
Total net assets	-	100.00
ValueChoice Asia Pacific Equity Fund		
Collective investment scheme	-	100.04
Total investments	-	100.04
Other net liabilities	-	(0.04)
Total net assets	-	100.00
ValueChoice European Equity Fund		
Collective investment scheme	-	100.05
Total investments	-	100.05
Other net liabilities	-	(0.05)
Total net assets	-	100.00
ValueChoice US Equity Fund		
Collective investment scheme	-	100.04
Total investments	-	100.04
Other net liabilities	-	(0.04)
Total net assets	-	100.00

Investment report for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)

9. Statement of movements in portfolio holdings (continued)

	<i>% of net assets</i>	
	<i>As at 29 June 2020 (date of termination)</i>	<i>As at 30 June 2019</i>
Hang Seng China Enterprises Index Tracking Fund		
Collective investment scheme	-	98.60
Total investments	-	98.60
Other net assets	-	1.40
Total net assets	-	100.00
Global Equity Fund		
Collective investment scheme	-	100.05
Total investments	-	100.05
Other net liabilities	-	(0.05)
Total net assets	-	100.00
Age 65 Plus Fund		
Collective investment scheme	-	100.04
Total investments	-	100.04
Other net liabilities	-	(0.04)
Total net assets	-	100.00

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).



Independent auditor's report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Scheme set out on pages 38 to 75, which comprise the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of each of its constituent funds as at 29 June 2020 (date of termination), and the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, and the statement of comprehensive income and the statement of changes in net assets attributable to members of each of its Constituent Funds for the period from 1 July 2019 to 29 June 2020 (date of termination), and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 29 June 2020 (date of termination), and of its financial transactions and cash flows for the period from 1 July 2019 to 29 June 2020 (date of termination) 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 (“HKSA”) and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the fact that the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus with effect from 1 July 2019 and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was subsequently terminated on 29 June 2020 (date of termination). Accordingly, the Scheme is no longer a going concern. Details about the basis of preparation of the financial statements are set out in note 2(b) to the financial statements. Our opinion is not modified in respect of this matter.



Independent auditor's report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”) (continued)

Report on the Audit of the Financial Statements (continued)

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

The Trustee of the Scheme is responsible for the other information. The other information comprises all 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 and Those Charged with Governance for the Financial Statements

The Trustee of the Scheme 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 of the Scheme 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 of the Scheme is responsible for assessing the Scheme's ability to continue as a going concern and disclosing matters related to going concern. The Trustee of the Scheme considers that the Scheme is no longer a going concern and has prepared the financial statements on the basis as set out in note 2(b) thereto.

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

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



Independent auditor's report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice ("the Scheme") (continued)

Report on the Audit of the Financial Statements (continued)

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. This report is made solely to you, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism 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 of the Scheme.



Independent auditor's report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice ("the Scheme") (continued)

Report on the Audit of the Financial Statements (continued)

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

- Conclude on the appropriateness of the Trustee's judgement that the Scheme is no longer a going concern based on the evidence obtained.
- 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.

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

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

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 September 2020

Statement of changes in net assets available for benefits
– Scheme
for the period from 1 July 2019 to 29 June 2020
(date of termination)
(Expressed in Hong Kong dollars)

	Note	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000
Income			
Distribution income		-	68,932
Rebate income	4(a)	-	2,806
Other income		-	33
		-	71,771
Expenses			
Administrator's fees	4(b)	-	(33,118)
Fund administration fees	4(c)	-	(2,559)
Management fees	4(d)	-	(2,648)
Sponsor fees	4(e)	-	(3,589)
Investment agency fees	4(f)	-	(1,937)
Trustee's fees	4(g)	-	(1,985)
Legal and professional fees		-	(16)
Auditor's remuneration		-	(43)
Others		-	(998)
		-	(46,893)
Net income before net investment gains		-	24,878
Net investment gains			
Realised gains on disposal of investments		533,000	120,744
Movement of unrealised gains or losses on investments		(533,000)	31,288
		-	152,032
Profits and total comprehensive income for the period/year		-	176,910

Statement of changes in net assets available for benefits
– Scheme (Continued)
for the period from 1 July 2019 to 29 June 2020
(date of termination)
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000</i>	<i>Year ended 30 June 2019 \$'000</i>
Profits and total comprehensive income for the period/year		-	176,910
Contributions received and receivable	5	-	1,647,740
Benefits paid and payable	6	(7,871,531)	(625,050)
Other capital receipts	8	-	6
Net (decrease)/increase in net assets available for benefits attributable to members		(7,871,531)	1,199,606
Net assets available for benefits attributable to members at the beginning of the period/year		<u>7,871,531</u>	<u>6,671,925</u>
Net assets available for benefits attributable to members at the end of the period/year		<u>-</u>	<u>7,871,531</u>

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The notes on pages 52 to 75 form part of these financial statements.


Statement of net assets available for benefits – Scheme as at 29 June 2020 (date of termination)

(Expressed in Hong Kong dollars)

	Note	As at 29 June 2020 (date of termination) \$'000	As at 2019 30 June 2019 \$'000
Assets			
Investments	9,19	-	7,819,117
Distribution receivables		-	31,285
Contributions receivable		-	4,776
Amounts receivable from disposal of investments		-	25,902
Other receivables		-	246
Cash and cash equivalents	4(h)	-	21,271
		-	7,902,597
Liabilities			
Amounts payable on purchase of investments		-	25,884
Benefits payable		-	787
Forfeitures payable	6	-	263
Accrued expenses and other payables		-	4,132
		-	31,066
Net assets available for benefits attributable to members		-	7,871,531

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The financial statements were approved by the board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 23 September 2020 and were signed on its behalf by:


.....
Director


.....
Director

The notes on pages 52 to 75 form part of these financial statements.

Cash flow statement – Scheme
for the period from 1 July 2019 to 29 June 2020
(date of termination)
(Expressed in Hong Kong dollars)

	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000
	Note	
Operating activities		
Net expenses before distribution income and net investment gains	-	(44,054)
Decrease in other receivables	-	8
(Decrease)/increase in accrued expenses and other payables	-	62
Net cash used in operating activities	-	(43,984)
Investing activities		
Distributions received	-	59,471
Payments for purchase of investments	(25,884)	(3,874,331)
Proceeds from disposal of investments	25,902	2,842,932
Net cash generated from/(used in) investing activities	18	(971,928)
Financing activities		
Contributions received	-	1,644,634
Benefits paid	(21,289)	(632,222)
Other capital receipts	-	6
Net cash (used in)/generated from financing activities	(21,289)	1,012,418
Net decrease in cash and cash equivalents	(21,271)	(3,494)

Cash flow statement – Scheme (Continued)
for the period from 1 July 2019 to 29 June 2020
(date of termination)
(Expressed in Hong Kong dollars)

	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000
Net decrease in cash and cash equivalents	(21,271)	(3,494)
Cash and cash equivalents at the beginning of the period/year	<u>21,271</u>	<u>24,765</u>
Cash and cash equivalents at the end of the period/year	4(h) <u>-</u>	<u>21,271</u>

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

Major non-cash transactions

On 1 July 2019, all investments with a market value of \$7,819,117,000, distribution receivables, contributions receivable, other receivables and accrued expenses and other payable which net amounted to \$32,175,000 were transferred from the Scheme to HSBC Mandatory Provident Fund – SuperTrust Plus due to the scheme merger effective on the same date. These were transferred in-kind to partially settle transfers out of the Scheme of \$7,871,531,000 on the same date.

The notes on pages 52 to 75 form part of these financial statements.

Statement of comprehensive income – Constituent funds
for the period from 1 July 2019 to 29 June 2020 (date of termination)
(Expressed in Hong Kong dollars)

	MPF Conservative Fund		Hang Seng Index Tracking Fund		Global Bond Fund		Core Accumulation Fund		ValueChoice Balanced Fund	
	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Distribution income	-	-	-	49,221	-	-	-	-	-	-
Rebate income	4(a)	-	-	-	-	-	-	-	-	-
Other income	-	9	-	6	-	2	-	-	-	3
	-	9	-	49,227	-	2	-	-	-	3
Expenses										
Administrator's fees	4(b)	-	(8,290)	-	(5,998)	-	(2,502)	-	(3,146)	-
Fund administration fees	4(c)	-	(950)	-	(400)	-	(167)	-	(169)	-
Management fees	4(d)	-	(2,648)	-	-	-	-	-	-	-
Sponsor fees	4(e)	-	(791)	-	(666)	-	(278)	-	(384)	-
Investment agency fees	4(f)	-	-	-	(1,333)	-	-	-	-	-
Trustee's fees	4(g)	-	(648)	-	(333)	-	(139)	-	(138)	-
Legal and professional fees	-	-	-	(4)	-	(1)	-	(2)	-	(1)
Auditor's remuneration	-	(8)	-	(7)	-	(3)	-	(10)	-	(3)
Others	-	(142)	-	(421)	-	(35)	-	(50)	-	(37)
	-	(13,477)	-	(9,162)	-	(3,125)	-	(3,899)	-	(3,133)
Net (expenses)/income before net investment gains/(losses)	-	(13,468)	-	40,065	-	(3,123)	-	(3,899)	-	(3,130)
Net investment gains/(losses)										
Realised gains/(losses) on disposal of investments		23,795		84,886		39,873		66,301		11,701
Movement of unrealised gains or losses on investments		(23,795)		(84,886)		(39,873)		(66,301)		698
	-	24,109	-	(16,796)	-	32,713	-	37,513	-	12,399
Profits/(losses) and total comprehensive income for the period/year	-	10,641	-	23,269	-	29,590	-	33,614	-	9,269

Statement of comprehensive income – Constituent funds
for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)
(Expressed in Hong Kong dollars)

	ValueChoice Asia Pacific Equity Fund		ValueChoice European Equity Fund		ValueChoice US Equity Fund		Hang Seng China Enterprises Index Tracking Fund		Global Equity Fund	
	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019	Period from 1 July 2019 to 29 June 2020 (date of termination)	Year ended 30 June 2019
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Distribution income	-	-	-	-	-	-	-	19,711	-	-
Rebate income	4(a)	-	-	-	-	-	-	2,806	-	-
Other income		3	-	1	-	2	-	4	-	1
	-	3	-	1	-	2	-	22,521	-	1
Expenses										
Administrator's fees	4(b)	(2,754)	-	(926)	-	(2,810)	-	(2,720)	-	(1,066)
Fund administration fees	4(c)	(184)	-	(62)	-	(187)	-	(181)	-	(71)
Management fees	4(d)	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(306)	-	(103)	-	(312)	-	(302)	-	(119)
Investment agency fees	4(f)	-	-	-	-	-	-	(604)	-	-
Trustee's fees	4(g)	(153)	-	(51)	-	(156)	-	(151)	-	(59)
Legal and professional fees		(2)	-	(1)	-	(2)	-	(2)	-	(1)
Auditor's remuneration		(3)	-	(1)	-	(3)	-	(3)	-	(1)
Others		(40)	-	(14)	-	(41)	-	(191)	-	(17)
	-	(3,442)	-	(1,158)	-	(3,511)	-	(4,154)	-	(1,334)
Net (expenses)/income before net investment gains/(losses)	-	(3,439)	-	(1,157)	-	(3,509)	-	18,367	-	(1,333)
Net investment gains/(losses)										
Realised gains/(losses) on disposal of investments		82,557	13,384	24,084	3,828	100,619	40,494	(1,247)	(2,868)	29,017
Movement of unrealised gains or losses on investments		(82,557)	(11,941)	(24,084)	1,944	(100,619)	8,227	1,247	(6,042)	(29,017)
	-	1,443	-	5,772	-	48,721	-	(8,910)	-	8,362
Profits/(losses) and total comprehensive income for the period/year	-	(1,996)	-	4,615	-	45,212	-	9,457	-	7,029

Statement of comprehensive income – Constituent funds
for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)
(Expressed in Hong Kong dollars)

	Note	Age 65 Plus Fund		Scheme level adjustments		The Scheme	
		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000
Income							
Distribution income		-	-	-	-	-	68,932
Rebate income	4(a)	-	-	-	-	-	2,806
Other income		-	-	-	2	-	33
		-	-	-	2	-	71,771
Expenses							
Administrator's fees	4(b)	-	(399)	-	-	-	(33,118)
Fund administration fees	4(c)	-	(21)	-	-	-	(2,559)
Management fees	4(d)	-	-	-	-	-	(2,648)
Sponsor fees	4(e)	-	(49)	-	-	-	(3,589)
Investment agency fees	4(f)	-	-	-	-	-	(1,937)
Trustee's fees	4(g)	-	(18)	-	-	-	(1,985)
Legal and professional fees		-	-	-	-	-	(16)
Auditor's remuneration		-	(1)	-	-	-	(43)
Others		-	(7)	-	(3)	-	(998)
		-	(495)	-	(3)	-	(46,893)
Net (expenses)/income before net investment gains/(losses)		-	(495)	-	(1)	-	24,878
Net investment gains/(losses)							
Realised gains/(losses) on disposal of investments		6,245	596	-	-	533,000	120,744
Movement of unrealised gains or losses on investments		(6,245)	6,110	-	-	(533,000)	31,288
		-	6,706	-	-	-	152,032
Profits/(losses) and total comprehensive income for the period/year		-	6,211	-	(1)	-	176,910

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The notes on pages 52 to 75 form part of these financial statements

Statement of assets and liabilities – Constituent funds
as at 29 June 2020 (date of termination)
(Expressed in Hong Kong dollars)

		MPF Conservative Fund		Hang Seng Index Tracking Fund		Global Bond Fund		Core Accumulation Fund		ValueChoice Balanced Fund	
		As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets											
Investments	9, 19	-	1,632,407	-	1,433,862	-	650,344	-	885,735	-	605,461
Distribution receivables		-	-	-	22,320	-	-	-	-	-	-
Contributions receivable		-	-	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		-	8,949	-	4,251	-	3,476	-	587	-	514
Amounts receivable from disposal of investments		-	9,699	-	7,528	-	986	-	1,048	-	436
Other receivables		-	-	-	1	-	-	-	-	-	-
Cash and cash equivalents	4(h)	-	-	-	-	-	-	-	-	-	-
		-	1,651,055	-	1,467,962	-	654,806	-	887,370	-	606,411
Liabilities											
Amounts payable on purchase of investments		-	8,949	-	4,251	-	3,476	-	587	-	514
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		-	9,699	-	7,528	-	986	-	1,048	-	436
Accrued expenses and other payables		-	1,075	-	862	-	294	-	365	-	274
		-	19,723	-	12,641	-	4,756	-	2,000	-	1,224
Net assets attributable to members		-	1,631,332	-	1,455,321	-	650,050	-	885,370	-	605,187
Number of units in issue		-	128,429,886	-	51,492,857	-	52,112,835	-	69,883,769	-	44,573,949
Net asset value per unit*		HK\$ -	HK\$ 12.70	HK\$ -	HK\$ 28.26	HK\$ -	HK\$ 12.47	HK\$ -	HK\$ 12.67	HK\$ -	HK\$ 13.58

* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

Statement of assets and liabilities – Constituent funds
as at 29 June 2020 (date of termination) (Continued)
(Expressed in Hong Kong dollars)

		ValueChoice Asia Pacific Equity Fund		ValueChoice European Equity Fund		ValueChoice US Equity Fund		Hang Seng China Enterprises Index Tracking Fund		Global Equity Fund	
	Note	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000
Assets											
Investments	9, 19	-	650,994	-	218,793	-	715,892	-	621,267	-	270,578
Distribution receivables		-	-	-	-	-	-	-	8,965	-	-
Contributions receivable		-	-	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		-	192	-	78	-	3,109	-	4,203	-	256
Amounts receivable from disposal of investments		-	337	-	282	-	2,237	-	2,774	-	4
Other receivables		-	-	-	-	-	-	-	234	-	-
Cash and cash equivalents	4(h)	-	-	-	-	-	-	-	2	-	-
		-	651,523	-	219,153	-	721,238	-	637,445	-	270,838
Liabilities											
Amounts payable on purchase of investments		-	192	-	78	-	3,109	-	4,203	-	256
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		-	337	-	282	-	2,238	-	2,774	-	4
Accrued expenses and other payables		-	292	-	99	-	319	-	374	-	124
		-	821	-	459	-	5,666	-	7,351	-	384
Net assets attributable to members		-	650,702	-	218,694	-	715,572	-	630,094	-	270,454
Number of units in issue		-	55,041,117	-	15,722,241	-	31,689,192	-	64,621,491	-	18,465,372
Net asset value per unit*		HK\$	11.82	HK\$	13.91	HK\$	22.58	HK\$	9.75	HK\$	14.65

* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

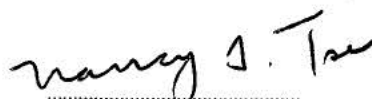
Statement of assets and liabilities – Constituent funds
as at 29 June 2020 (date of termination) (Continued)
(Expressed in Hong Kong dollars)


	Note	Age 65 Plus Fund		Scheme level adjustments		Elimination for switching		The Scheme	
		As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019	As at 29 June 2020 (date of termination)	As at 30 June 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Investments	9, 19	-	133,784	-	-	-	-	-	7,819,117
Distribution receivables		-	-	-	-	-	-	-	31,285
Contributions receivable		-	-	-	4,776	-	-	-	4,776
Amounts receivable on subscription of units		-	269	-	(1)	-	(25,883)	-	-
Amounts receivable from disposal of investments		-	571	-	-	-	-	-	25,902
Other receivables		-	-	-	11	-	-	-	246
Cash and cash equivalents	4(h)	-	-	-	21,269	-	-	-	21,271
		-	134,624	-	26,055	-	(25,883)	-	7,902,597
Liabilities									
Amounts payable on purchase of investments		-	269	-	-	-	-	-	25,884
Benefits payable		-	-	-	787	-	-	-	787
Forfeitures payable	6	-	-	-	263	-	-	-	263
Amounts payable on redemption of units		-	571	-	(20)	-	(25,883)	-	-
Accrued expenses and other payables		-	54	-	-	-	-	-	4,132
		-	894	-	1,030	-	(25,883)	-	31,066
Net assets attributable to members		-	133,730	-	25,025	-	-	-	7,871,531
Number of units in issue		-	11,001,022						
Net asset value per unit*		HK\$	HK\$						
		-	12.16						

* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The financial statements were approved by the board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 23 September 2020 and were signed on its behalf by:


Director


Director

The notes on pages 52 to 75 form part of these financial statements

Statement of changes in net assets attributable to members – Constituent funds for the period from 1 July 2019 to 29 June 2020 (date of termination)

(Expressed in Hong Kong dollars)

	Note	MPF Conservative Fund		Hang Seng Index Tracking Fund		Global Bond Fund		Core Accumulation Fund		ValueChoice Balanced Fund	
		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000
Net assets brought forward		1,631,332	1,309,669	1,455,321	1,328,009	650,050	508,439	885,370	687,869	605,187	546,276
Add: Subscriptions		-	1,165,460	-	745,912	-	270,954	-	309,165	-	153,615
Less: Redemptions		(1,631,332)	(854,438)	(1,455,321)	(641,869)	(650,050)	(158,933)	(885,370)	(145,278)	(605,187)	(103,973)
		-	1,620,691	-	1,432,052	-	620,460	-	851,756	-	595,918
Other capital receipts	8	-	-	-	-	-	-	-	-	-	-
		-	1,620,691	-	1,432,052	-	620,460	-	851,756	-	595,918
Profits/(losses) and total comprehensive income for the period/year		-	10,641	-	23,269	-	29,590	-	33,614	-	9,269
Net assets carried forward		-	1,631,332	-	1,455,321	-	650,050	-	885,370	-	605,187
Units in issue											
Units brought forward		128,429,886	103,831,402	51,492,857	47,604,985	52,112,835	42,789,033	69,883,769	56,476,976	44,573,949	40,793,007
Units issued		-	92,122,943	-	27,752,612	-	22,604,630	-	25,310,546	-	11,702,215
Units redeemed		(128,429,886)	(67,524,459)	(51,492,857)	(23,864,740)	(52,112,835)	(13,280,828)	(69,883,769)	(11,903,753)	(44,573,949)	(7,921,273)
Units carried forward		-	128,429,886	-	51,492,857	-	52,112,835	-	69,883,769	-	44,573,949

Statement of changes in net assets attributable to members – Constituent funds
for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)
(Expressed in Hong Kong dollars)

	Note	ValueChoice Asia Pacific Equity Fund		ValueChoice European Equity Fund		ValueChoice US Equity Fund		Hang Seng China Enterprises Index Tracking Fund		Global Equity Fund	
		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000	Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	Year ended 30 June 2019 \$'000
Net assets brought forward		650,702	625,526	218,694	210,364	715,572	552,759	630,094	600,771	270,454	215,857
Add: Subscriptions		-	144,984	-	56,389	-	426,944	-	309,524	-	96,472
Less: Redemptions		(650,702)	(117,812)	(218,694)	(52,674)	(715,572)	(309,343)	(630,094)	(289,658)	(270,454)	(48,904)
		-	652,698	-	214,079	-	670,360	-	620,637	-	263,425
Other capital receipts	8	-	-	-	-	-	-	-	-	-	-
		-	652,698	-	214,079	-	670,360	-	620,637	-	263,425
Profits/(losses) and total comprehensive income for the period/year		-	(1,996)	-	4,615	-	45,212	-	9,457	-	7,029
Net assets carried forward		-	650,702	-	218,694	-	715,572	-	630,094	-	270,454
Units in issue											
Units brought forward		55,041,117	52,680,489	15,722,241	15,451,422	31,689,192	26,324,401	64,621,491	62,566,794	18,465,372	15,119,140
Units issued		-	12,636,576	-	4,252,206	-	19,844,098	-	32,472,934	-	6,797,091
Units redeemed		(55,041,117)	(10,275,948)	(15,722,241)	(3,981,387)	(31,689,192)	(14,479,307)	(64,621,491)	(30,418,237)	(18,465,372)	(3,450,859)
Units carried forward		-	55,041,117	-	15,722,241	-	31,689,192	-	64,621,491	-	18,465,372

Statement of changes in net assets attributable to members – Constituent funds
for the period from 1 July 2019 to 29 June 2020 (date of termination) (continued)
(Expressed in Hong Kong dollars)

		Age 65 Plus Fund		Scheme level adjustments		Elimination for switching		The Scheme	
		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000		Period from 1 July 2019 to 29 June 2020 (date of termination) \$'000	
	Note	Year ended 30 June 2019 \$'000		Year ended 30 June 2019 \$'000		Year ended 30 June 2019 \$'000		Year ended 30 June 2019 \$'000	
Net assets brought forward		133,730	68,278	25,025	18,108	-	-	7,871,531	6,671,925
Add: Subscriptions		-	102,748	-	11,706	-	(2,146,133)	-	1,647,740
Less: Redemptions		(133,730)	(43,507)	(25,025)	(4,794)	-	2,146,133	(7,871,531)	(625,050)
		-	127,519	-	25,020	-	-	-	7,694,615
Other capital receipts	8	-	-	-	6	-	-	-	6
		-	127,519	-	25,026	-	-	-	7,694,621
Profits/(losses) and total comprehensive income for the period/year		-	6,211	-	(1)	-	-	-	176,910
Net assets carried forward		-	133,730	-	25,025	-	-	-	7,871,531
Units in issue									
Units brought forward		11,001,022	5,922,377						
Units issued		-	8,807,999						
Units redeemed		(11,001,022)	(3,729,354)						
Units carried forward		-	11,001,022						

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The notes on pages 52 to 75 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 The Scheme

HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”) is a scheme established under a trust deed dated 24 November 2010 (“the Trust Deed”) between HSBC Life (International) Limited (“the Former Sponsor”) and HSBC Provident Fund Trustee (Hong Kong) Limited (“the Trustee”). Pursuant to the deed of substitution dated 22 November 2016, the Former Sponsor was substituted by The Hong Kong and Shanghai Banking Corporation Limited (“the Sponsor”) with effect from 22 November 2016. The Trust Deed was subsequently amended by deed of variation dated 18 October 2012, 9 April 2015, 27 August 2015, 22 December 2015, 18 May 2016 and 22 November 2016 between the Former Sponsor and the Trustee and by deed of variation dated 12 December 2016, 19 March 2019 and 8 April 2019 between the Sponsor and the Trustee. The Scheme is registered under section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”).

Under the Trust Deed as subsequently amended, the Trustee is required to establish and maintain separate constituent funds into which contributions may be invested. The constituent funds are only available for investment by members of the Scheme.

The Scheme had eleven constituent funds as at 29 June 2020 (date of termination):

- MPF Conservative Fund
- Hang Seng Index Tracking Fund
- Global Bond Fund
- Core Accumulation Fund
- ValueChoice Balanced Fund
- ValueChoice Asia Pacific Equity Fund
- ValueChoice European Equity Fund
- ValueChoice US Equity Fund
- Hang Seng China Enterprises Index Tracking Fund
- Global Equity Fund
- Age 65 Plus Fund

Except for Hang Seng Index Tracking Fund and Hang Seng China Enterprises Index Tracking Fund which invests in Hang Seng Index ETF and Hang Seng China Enterprises Index ETF respectively, all constituent funds invest in sub-funds of HSBC MPF Fund Series “A” which are approved pooled investment funds.

The Scheme is generally funded by contributions from the participating employers and members. Under section 7A of the MPF Ordinance, each of the participating employers and members is required to contribute 5% of relevant income to the Scheme on a monthly basis. The contribution was subject to a maximum amount of \$1,500 prescribed by section 10 MPF Ordinance, members with monthly salary of less than the minimum level of \$7,100 are exempted from contributions. Such exemption is not applicable for their employers.

1 The Scheme (continued)

The Employee Choice Arrangement (“the ECA”) has been launched by the Hong Kong Mandatory Provident Fund Schemes Authority (“the Authority”) with effect from 1 November 2012. The ECA allows members to opt to transfer the member’s portion of mandatory contributions and investment returns (i.e. the accrued benefits) in their contribution accounts of the original mandatory provident fund scheme to another mandatory provident fund scheme of their own choice once a year. Alternatively, members do not have to make any change. They can retain the accrued benefits in the original mandatory provident fund scheme selected by their employers.

The feature of tax deductible voluntary contributions (“TVC”) has been added to the Scheme with effect from 1 April 2019. The TVC allows eligible persons to set up a TVC account and pay TVC into such account. TVC may be eligible for tax concessions starting from the period/year of assessment 2019/2020. TVC is voluntary in nature. However, it is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions.

The Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus with effect from 1 July 2019 and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019.

The Authority has approved the termination and cancellation of the approval status of the Constituent Funds under the Scheme and the cancellation of the registration of the Scheme and SFC has approved the withdrawal of authorisation of the Scheme and the Constituent Funds with effect from 29 June 2020 (date of termination).

2 Significant accounting policies

(a) Statement of compliance

The financial statements of the Scheme have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant disclosure provisions of the Trust Deed dated 24 November 2010 as subsequently amended, the MPF Ordinance, the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”), the Hong Kong Code on MPF Investment Funds (“the MPF Code”) and other relevant guidelines issued by the Authority. Significant accounting policies adopted by the Scheme are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Scheme. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Scheme for the current and prior accounting periods reflected in these financial statements.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements

The functional and presentation currency of the Scheme is the Hong Kong dollar and reflects transactions which have been processed by the Trustee into the constituent funds.

As explained in note 1, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus with effect from 1 July 2019 and all members of the Scheme and their accrued benefits under the Scheme were transferred to the HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was terminated on 29 June 2020. Accordingly, the Scheme is no longer a going concern and its financial statements have been prepared on a break-up basis. No material adjustments had been made to the financial statements. The relevant costs and expenses in connection with the merger and termination of the Scheme are borne by the Sponsor and the Trustee.

The previous financial statements were prepared in respect of the year ended 30 June 2019 while the current financial statements were prepared in respect of the period from 1 July 2019 to 29 June 2020 (date of termination). Consequently, the comparative amounts shown on the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, the statement of comprehensive income and the statement of changes in net assets attributable to members of the Constituent Funds and the relevant notes are not comparable.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

(c) Recognition of income

Distribution income from listed investments is recognised when the share price of the investment goes ex-dividend.

Rebate income is recognised when the right to receive payment is established.

Other income is recognised in the statement of comprehensive income on an accrual basis.

(d) Subscription for and redemption of units of the constituent funds

Subscription for and redemption of units of the constituent funds are accounted for on an accrual basis.

2 Significant accounting policies (continued)

(e) Other expenses

Other expenses are accounted for on an accrual basis.

(f) Investments

(i) Classification

Assets

The Scheme and its constituent funds classify their investments based on both the Scheme and its constituent funds' business model 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 irrevocably 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 nor held both for 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 of investments are recognised on the trade date - the date on which the Scheme and its constituent funds commit to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value, excluding transaction costs which are expensed as incurred.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme and its constituent funds have transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the Statement of Changes in Net Assets Available for Benefits of the Scheme within "Net realised gains/(losses) on redemption of units in constituent funds" and "Change in unrealised gains/losses in value of constituent funds"; and in the Statement of Comprehensive Income of the constituent funds within "Change in unrealised gains/losses in value of financial assets at fair value through profit or loss" and "Realised gains/(losses) on sales of financial assets at fair value through profit or loss" in the period in which they arise.

(iii) Valuation of investments

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 in the principal, or in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

2 Significant accounting policies (continued)

(f) Investments (continued)

(iii) Valuation of investment (continued)

When applicable, the Scheme measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where quoted price is not within the bid-ask spread, the Trustee will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

Investments in open-ended investment funds are recorded at the net asset value per unit as reported by the managers of such funds.

(iv) Impairment

The Scheme and its constituent funds recognise loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Scheme and its constituent funds measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Scheme and its constituent funds consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Scheme’s and its constituent funds’ historical experience and informed credit assessment and including forward-looking information.

The Scheme and its constituent fund assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Scheme and its constituent funds consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Scheme and its constituent funds in full, without recourse by the Scheme and its constituent funds to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

2 Significant accounting policies (continued)

(f) Investments (continued)

(iv) Impairment (continued)

The Scheme and its constituent funds consider a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of “investment grade”. The Scheme and its constituent funds consider this to be Baa3 or higher per Moody’s or BBB- or higher per Standard & Poor’s.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Scheme and its constituent funds are exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Scheme and its constituent funds expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Scheme and its constituent funds assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of assets and liabilities

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Scheme and its constituent funds have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2 Significant accounting policies (continued)

(g) Foreign currency translation

Foreign currency transactions during the period/year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the foreign exchange rates ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income of the relevant constituent funds. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the reporting currency of the Scheme and its constituent funds using the foreign exchange rates ruling at the dates on which the fair values were determined.

(h) Related parties

- (a) A person, or a close member of that person's family, is related to the Scheme if that person:
 - (i) has control or joint control over the Scheme;
 - (ii) has significant influence over the Scheme; or
 - (iii) is a member of the key management personnel of the Scheme or the Scheme's parent.
- (b) An entity is related to the Scheme if any of the following conditions applies:
 - (i) The entity and the Scheme are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Scheme.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme or to the Scheme's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Significant accounting policies (continued)

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Scheme has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Contributions

Contributions are accounted for on an accruals basis.

(k) Benefits

Benefits are accounted for on an accruals basis.

(l) Transfers in/out

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

(m) Forfeitures

Forfeitures are the amounts forfeited when member's employment is terminated before the voluntary contributions vest. Forfeitures may be refunded to the employers or re-invested to the Scheme upon the request from the employers.

(n) 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.

2 Significant accounting policies (continued)

(o) Units in issue

The Scheme classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Scheme to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Scheme's net assets in the event of its liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Scheme to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

In addition to the instrument having all the above features, the Scheme must have no other financial instrument or contract that has:

- total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme; and
- the effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The redeemable units are not in the class of instruments that are subordinate to all other classes of instruments which have identical features. Therefore, they do not meet the criteria for equity classification and therefore are classified as financial liabilities. They are measured at the present value of the redemption amount.

(p) Taxation

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.

3 Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Scheme. None of these impact on the accounting policies of the Scheme.

The Scheme has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Scheme entered into the following material related party transactions for the period/year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Rebate income

Rebate income is earned from Hang Seng Investment Management Limited (“HSIM”) at 0.465 percent per annum of the portion of NAV of Hang Seng China Enterprises Index Tracking Fund investing in the Hang Seng China Enterprises Index ETF. This has been reflected in the daily unit price of the Constituent Fund.

During the period, no rebate income was earned (for the year ended 30 June 2019: \$2,806,000). There was no amount due from this related party in respect of the rebate income at the period end (30 June 2019: \$232,000).

(b) Administrator’s fees

The Scheme is administered by The Hongkong and Shanghai Banking Corporation Limited (“HSBCL”). Prior to 1 November 2018 the Scheme was administered by HSBC Life (International) Limited (“HLL”). The administrator’s fees are charged from 0.410 percent to 0.450 percent per annum of the net asset value (“NAV”) of each relevant constituent fund and this has been reflected in the daily unit price of each relevant constituent fund. No administrator’s fees incurred during the period (for the year ended 30 June 2019: \$33,118,000 of which HSBCL received \$21,434,000 and HLL received \$11,684,000). There was no amount due to HSBCL (30 June 2019: \$2,806,000) and HLL (30 June 2019: Nil) in respect of administrator’s fees as at 29 June 2020 (date of termination).

During the period, no rebate was contributed by HSBCL as a rebate to members of the Scheme (for the year ended 30 June 2019: 593,000 was contributed by HSBCL while HLL contributed \$186,000). The amount was included in contributions received and receivable in the statement of changes in net assets available for benefits of the Scheme and subscriptions in the statement of changes in net assets attributable to members of the constituent funds.

4 Transactions with related parties (continued)

(c) Fund administration fees

The Trustee is entitled to fund administration fees, calculated each valuation date and payable monthly in arrears, based on 0.022 percent to 0.030 percent per annum of the NAV of the constituent funds. No fund administration fees earned by the Trustee for the period (for the year ended 30 June 2019: \$2,559,000). As at 29 June 2020 (date of termination), there was no amount due to the Trustee in respect of fund administration fees (30 June 2019: \$223,000).

(d) Management fees

The management fees were charged at 0.15 percent per annum of the NAV of MPF Conservative Fund (“MCF”) for the investment management fees paid to the investment manager of the underlying approved investment fund – HSBC MPF “A” – MPF Conservative Fund. The investment manager of HSBC MPF “A” MPF – Conservative Fund is HSBC Investment Funds (Hong Kong) Limited (“HIFH”) which is a fellow subsidiary of the Administrator and the Trustee.

During the period from 1 July 2019 to 29 June 2020 (date of termination), no management fee for MCF deductible under section 37 of the General Regulation which was deducted from the assets of the MCF (for the year ended 30 June 2019: \$2,648,000). There was no amount due to HIFH in respect of the management fee at the period end (30 June 2019: \$200,000).

(e) Sponsor fees

The Sponsor of the Scheme is HSBCL. The Sponsor receives sponsor fees which were paid out from the constituent funds for sponsoring the Scheme. The fee is charged at 0.05 percent per annum of the NAV of all constituent funds. During the period from 1 July 2019 to 29 June 2020 (date of termination), no fee was paid out from the constituent funds to the Sponsor (for the year ended 30 June 2019: \$3,589,000).

As at 29 June 2020 (date of termination), there was no amount due to this related party in respect of the sponsor fees (30 June 2019: \$315,000).

(f) Investment agency fees

The Hang Seng Index Tracking Fund invests in Hang Seng Index ETF while The Hang Seng China Enterprises Index Tracking Fund invests in Hang Seng China Enterprises Index ETF. Both funds are managed by HSIM. HSIM is appointed by the Trustee as its agent to perform duties relating to the investment by the Hang Seng Index Tracking Fund and The Hang Seng China Enterprises Index Tracking Fund, including subscription and redemption of units.

4 Transactions with related parties (continued)

(f) Investment agency fees (continued)

Investment agency fees are charged by HSIM at 0.10 percent per annum of the NAV of the Hang Seng Index Tracking Fund and Hang Seng China Enterprises Index Tracking Fund. This has been reflected in the daily unit price of the constituent fund.

No investment agency fees incurred during the period (for the year ended 30 June 2019: \$1,937,000). There was no amount due to this related party in respect of the investment agency fees at the period end (30 June 2019: \$166,000).

(g) Trustee's fees

The Trustee and Custodian of the Scheme is HSBC Provident Fund Trustee (Hong Kong) Limited. The Trustee receives trustee's fees for valuation and other services from the relevant constituent funds. The fees are charged at 0.018 percent to 0.025 percent per annum of the NAV of each relevant constituent fund and this has been reflected in the daily unit price of each relevant constituent fund. The fee has been reflected in the daily unit price of each relevant constituent fund. No trustee's fees incurred during the period (for the year ended 30 June 2019: \$1,985,000). There was no amount due to this related party in respect of trustee fees at the period end (30 June 2019: \$172,000). No fee was paid to the Custodian for its custodian services at the constituent funds level (for the year ended 30 June 2019: Nil).

(h) Cash and cash equivalents

As at 29 June 2020 (date of termination), no bank balance was maintained by the Scheme with HSBCL (30 June 2019: \$21,271,000), which is the Sponsor of the Scheme and a group company of the Trustee, Custodian and Administrator of the Scheme. These amounts are mainly related to contributions received from members by the Administrator which have not yet been allocated according to the members' instructions due to cheques awaiting clearance and/or incomplete information provided by employers.

During the period 1 July 2019 to 29 June 2020 (date of termination), no bank interest income (30 June 2019: \$1,000) has been earned from HSBCL. There was no amount due from this related party in respect of bank interest receivable at the period end (30 June 2019: Nil).

5 Contributions received and receivable

Contributions received and receivable in the statement of changes in net assets available for benefits of the Scheme are derived from the following:

	<i>The Scheme</i> <i>Period from</i> <i>1 July 2019 to</i> <i>29 June 2020</i> <i>(date of</i> <i>termination)</i> \$'000	<i>Year ended</i> <i>30 June 2019</i> \$'000
From members		
- Mandatory	-	315,237
- Additional voluntary	-	61,798
From employers		
- Mandatory	-	332,137
- Additional voluntary	-	18,396
	-	727,568
Transfers in		
- From other schemes	-	917,405
	-	917,405
Contributions surcharge	-	1,977
Other capital movements	-	790
	-	1,647,740

6 Benefits paid and payable

Benefits paid and payable in the statement of changes in net assets available for benefits of the Scheme are derived from the following:

	<i>The Scheme</i> <i>Period from</i> <i>1 July 2019 to</i> <i>29 June 2020</i> <i>(date of</i> <i>termination)</i> \$'000	<i>Year ended</i> <i>30 June 2019</i> \$'000
Benefits	-	211,005
Transfers out	7,871,531	406,979
Forfeitures	-	2,179
Other capital movements	-	4,887
	<u>7,871,531</u>	<u>625,050</u>

Forfeitures may be refunded to the employers or reinvested to the Scheme upon the request from the employers.

As at 29 June 2020 (date of termination), no forfeitures were reinvested in the constituent funds (30 June 2019: \$263,000).

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

7 Capital management

The capital of the constituent funds is represented by the net assets attributable to members. Subscription and redemption of units during the period/year are shown in the statement of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of 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.

For capital management purpose, the Trustee performs the following:

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

8 Other capital receipts

The other capital receipts are the dealing gains as a result of timing difference in processing member's unit transactions.

9 Investments

As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000
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HSBC Mandatory Provident Fund – ValueChoice

Investments in constituent funds:

MPF Conservative Fund	-	1,631,332
Hang Seng Index Tracking Fund	-	1,455,321
Global Bond Fund	-	650,050
Core Accumulation Fund	-	885,370
ValueChoice Balanced Fund	-	605,187
ValueChoice Asia Pacific Equity Fund	-	650,702
ValueChoice European Equity Fund	-	218,694
ValueChoice US Equity Fund	-	715,572
Hang Seng China Enterprises Index Tracking Fund	-	630,094
Global Equity Fund	-	270,454
Age 65 Plus Fund	-	133,730
Other liabilities	-	(27,389)
	-	

Investments at fair value	-	7,819,117
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9 Investments (continued)

	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000
<u>Constituent funds</u>		
MPF Conservative Fund		
HSBC MPF “A” – MPF Conservative Fund	-	1,632,407
Hang Seng Index Tracking Fund		
Hang Seng Index ETF	-	1,433,862
Global Bond Fund		
HSBC MPF “A” – Global Bond Fund	-	650,344
Core Accumulation Fund		
HSBC MPF “A” – Core Accumulation Fund	-	885,735
ValueChoice Balanced Fund		
HSBC MPF “A” – VC Balanced Fund	-	605,461
ValueChoice Asia Pacific Equity Fund		
HSBC MPF “A” – VC Asia Pacific Equity Fund	-	650,994
ValueChoice European Equity Fund		
HSBC MPF “A” – VC European Equity Fund	-	218,793
ValueChoice US Equity Fund		
HSBC MPF “A” – VC US Equity Fund	-	715,892
Hang Seng China Enterprises Index Tracking Fund⁽¹⁾		
Hang Seng China Enterprises Index ETF	-	621,267
Global Equity Fund		
HSBC MPF “A” – Global Equity Fund	-	270,578
Age 65 Plus Fund		
HSBC MPF “A” – Age 65 Plus Fund	-	133,784

10 Involvement with unconsolidated structured entities

The Scheme has concluded that collective investment schemes in which its constituent funds invest, but that they do not consolidate, meet the definition of structured entities because:

- the voting rights in the collective investment schemes are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each collective investment scheme's activities are restricted by its prospectus; and
- the collective investment schemes have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the constituent funds do not consolidate but in which they hold an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the constituent funds</i>
Collective investment schemes	To manage assets on behalf of third party investors and generate fees for the investment manager These vehicles are financed through the issue of units to investors	Investment in units issued by the collective investment schemes

As at 29 June 2020 (date of termination), the Constituent Funds did not hold any interests in unconsolidated structured entities.

Note: With effect from 1 July 2019, the Scheme was merged with HSBC Mandatory Provident Fund – SuperTrust Plus and all members of the Scheme and their accrued benefits under the Scheme were transferred to HSBC Mandatory Provident Fund – SuperTrust Plus on 1 July 2019. The Scheme was deregistered under section 34D of the MPF Ordinance and terminated on 29 June 2020 (date of termination).

The table below sets out interests held by the constituent funds in unconsolidated structured entities as at 30 June 2019. The maximum exposure to loss is the carrying amount of the financial assets held by the constituent funds.

10 Involvement with unconsolidated structured entities (continued)

30 June 2019

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
MPF Conservative Fund			
- Approved pooled investment fund	1	<u>38,882,792</u>	<u>1,632,407</u>
Hang Seng Index Tracking Fund			
- Approved index tracking fund	1	<u>53,149,359</u>	<u>1,433,862</u>
Global Bond Fund			
- Approved pooled investment fund	1	<u>6,155,640</u>	<u>650,344</u>
Core Accumulation Fund			
- Approved pooled investment fund	1	<u>13,751,798</u>	<u>885,735</u>
ValueChoice Balanced Fund			
- Approved pooled investment fund	1	<u>686,690</u>	<u>605,461</u>
ValueChoice Asia Pacific Equity Fund			
- Approved pooled investment fund	1	<u>741,963</u>	<u>650,994</u>
ValueChoice European Equity Fund			
- Approved pooled investment fund	1	<u>244,396</u>	<u>218,793</u>
ValueChoice US Equity Fund			
- Approved pooled investment fund	1	<u>809,231</u>	<u>715,892</u>
Hang Seng China Enterprises Index Tracking Fund			
- Approved index tracking fund	1	<u>28,768,343</u>	<u>621,267</u>
Global Equity Fund			
- Approved pooled investment fund	1	<u>324,358</u>	<u>270,578</u>
Age 65 Plus Fund			
- Approved pooled investment fund	1	<u>3,310,310</u>	<u>133,784</u>

During the year ended 30 June 2019, except for the amounts invested in the collective investment schemes, the Scheme did not provide financial support to the collective investment schemes and had no intention of providing financial or other support.

The constituent funds can redeem units in the collective investment schemes on a trade day basis.

11 Capital preservation fees

The capital preservation fees are payable to the Administrator and deductible from the MPF Conservative Fund when net investment return exceeds the prescribed savings rate. These fees were deducted from the assets of MPF Conservative Fund.

For the period from 1 July 2019 to 29 June 2020 (date of termination), no capital preservation fees were deducted from the assets of the MPF Conservative Fund (for the year ended 30 June 2019: \$13,477,000).

12 Soft commission arrangements

During the period from 1 July 2019 to 29 June 2020 (date of termination), the constituent funds have no soft commission arrangements (for the year ended 30 June 2019: Nil).

13 Security lending arrangements

During the period from 1 July 2019 to 29 June 2020 (date of termination), the constituent funds did not enter into any security lending arrangements (for the year ended 30 June 2019: Nil).

14 Negotiability of assets

As at 29 June 2020 (date of termination), there were no statutory or contractual requirements restricting the negotiability of the assets of the constituent funds (30 June 2019: Nil).

15 Contingent liabilities and capital commitments

As at 29 June 2020 (date of termination), there were no contingent liabilities or capital commitments outstanding (for the year ended 30 June 2019: Nil).

16 Marketing expenses

No marketing expenses have been deducted from the constituent funds during the period from 1 July 2019 to 29 June (date of termination) (for the year ended 30 June 2019: Nil).

17 Maintenance of adequate insurance

During the period from 1 July 2019 to 29 June 2020 (date of termination), the Trustee maintained adequate insurance coverage in respect of the Scheme. The insurance coverage indemnifies the members and the ultimate beneficiaries of the Scheme against any losses arising from any risk prescribed in section 8 of the General Regulation. The insurance policies can only be terminated by the insurer giving not less than 30 days' written notice in advance.

18 Bank loans and other borrowings

As at 29 June 2020 (date of termination), there were no bank loans or other borrowings (30 June 2019: Nil).

19 Financial instruments and associated risks

The Scheme is exposed to various risks which are discussed below.

(a) **Market risk**

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Investments of the constituent funds comprise units in collective investment schemes. This is in accordance with the Scheme's investment policies. The underlying investment of the collective investment schemes directly or indirectly invest in a variety of financial instruments, which may expose the Scheme's investments to the market risk.

The Scheme's market price risk is managed through diversification of the investments made by the collective investment schemes.

(i) **Currency risk**

The Scheme is not subject to direct currency risk as all transactions of the Scheme are denominated in Hong Kong dollar. Investments of the Scheme comprise units in collective investment schemes. The underlying collective investment schemes may directly or indirectly invest in a variety of financial instruments denominated in currencies other than Hong Kong dollar, which may expose the Scheme's investments to indirect currency risk. The investment manager of the underlying collective investment schemes has policies and procedures to manage portfolios effectively and mitigate the currency risk. Details are provided in the financial statements of the underlying collective investment schemes.

As at 29 June 2020 (date of termination), the Scheme did not hold any assets and liabilities and was not exposed to currency risk.

(ii) **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.

The majority of the Scheme's financial assets and liabilities are non-interest bearing. Deposits with banks are placed under current accounts which are not subject to interest rate risk. Indirect interest rate risk from underlying collective investment schemes are managed by respective investment managers. As a result, the Scheme is not subject to significant direct interest rate risk exposure.

As at 29 June 2020 (date of termination), the Scheme did not hold any assets and liabilities and was not exposed to interest rate risk.

(iii) **Other price risk**

Other price risk is the risk that value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Scheme is exposed to other price risk arising from changes in net assets of the underlying collective investment schemes.

19 Financial instruments and associated risks (continued)

(a) Market risk (continued)

(iii) Other price risk (continued)

The underlying collective investment schemes strive to invest in strong businesses with quality management and at sensible prices. Other price risk is mitigated and monitored by the investment manager of the underlying collective investment schemes on a regular basis by constructing a diversified portfolio of investments across different issuers, sectors and markets.

As at 29 June 2020 (date of termination), the Scheme did not hold any assets and liabilities and was not exposed to other price risk.

Sensitivity analysis

As at 30 June 2019, the investments in collective investment schemes held by each constituent fund were as follows. A 5% increase in prices of the investments held by each constituent fund at the reporting date, with all other variables held constant, would have increased the net assets of the respective constituent fund and the changes in net assets attributable to members by the amount shown below. A 5% decrease in prices would have an equal but opposite effect.

	As at 30 June 2019											
	MPF Conservative Fund \$'000	Hang Seng Index Tracking Fund \$'000	Global Bond Fund \$'000	Core Accumulation Fund \$'000	ValueChoice Balanced Fund \$'000	ValueChoice Asia Pacific Equity Fund \$'000	ValueChoice European Equity Fund \$'000	ValueChoice US Equity \$'000	Hang Seng China Enterprises Index Tracking Fund \$'000	Global Equity Fund \$'000	Age 65 Plus Fund \$'000	The Scheme \$'000
Investments	1,632,407	1,433,862	650,344	885,735	605,461	650,994	218,793	715,892	621,267	270,578	133,784	7,819,117
Increase in net assets and changes in net assets attributable to members	81,620	71,693	32,517	44,287	30,273	32,550	10,940	35,795	31,063	13,529	6,689	390,956

19 Financial instruments and associated risks (continued)

(b) Credit risk

Credit risk is the risk that a counter party will fail to discharge an obligation or commitment that it has entered into with the Scheme.

At the reporting date, the Scheme is exposed to the following credit risk:

	As at 29 June 2020 (date of termination) \$'000	As at 30 June 2019 \$'000
Investments	-	7,819,117
Distribution receivables	-	31,285
Contributions receivable	-	4,776
Amounts receivable from disposal of investments	-	25,902
Other receivables	-	246
Cash and cash equivalents	-	21,271
	<hr/>	<hr/>
Total	-	7,902,597

Indirect credit risk from underlying collective investment schemes are managed by respective investment managers. The Trustee of the Scheme considers that the credit risk is not significant.

With respect to credit risk arising from the other financial assets of the Scheme, which comprise cash and cash equivalents, other receivables, amounts receivable from disposal of investments, contributions receivable and distribution receivables; the Scheme's exposure equal to the carrying amount of these instruments. The Authority requests the Scheme to place deposits with an authorised financial institution or an eligible overseas bank according to the requirement in Schedule 1 to the General Regulation. Distribution receivables represent distributions from Hang Seng Index ETF and Hang Seng China Enterprises Index, listed in Hong Kong Stock Exchange, which are with low default risk. The credit risk is not considered to be significant.

As at 29 June 2020 (date of termination) and 30 June 2019, there were no significant concentrations of credit risk.

Amounts arising from ECL

Impairment on distribution receivables, contributions receivable, amounts receivable on subscription of units, amounts receivable from disposal of investments, other receivables and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Scheme considers that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Scheme monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

19 Financial instruments and associated risks (continued)

(b) Credit risk (continued)

The Managers 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. There is no impairment allowance recognised on distribution receivables, contributions receivable, amounts receivable on subscription of units, amounts receivable from disposal of investments, other receivables and cash and cash equivalents. The amount of the loss allowance did not change during the period from 1 July 2019 to 29 June 2020 (date of termination) and year ended 30 June 2019.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities.

The Scheme's policy is to regularly monitor current and expected liquidity requirements to ensure that they maintain sufficient reserves of cash and readily realisable investments to meet benefit payments and other liquidity requirements in the short and longer term.

The Scheme invests all its assets in collective investment schemes that could be readily converted into cash to meet its liquidity requirement.

(d) Fair value information

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2(f)(iii).

The carrying amounts of all the Scheme's financial assets and financial liabilities at the reporting date approximated their fair values. For the quoted collective investment schemes, the fair value is based on their latest net asset value per unit at the reporting date. For other financial instruments, including distribution receivables, contributions receivable, amounts receivable from disposal of investments, other receivables, amounts receivable on subscription of units, amounts payable on purchase of investments, benefits payable, forfeitures payable, accrued expenses and other payables and amounts payable on redemption of units the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

20 Deferred expenses

In accordance with section 37 of the General Regulation, administrative expenses for the MPF Conservative Fund which have not been deducted in the respective months may be deducted in the following twelve months. As at 29 June 2020 (date of termination), there was no deferred administrative expenses (30 June 2019: \$Nil).

21 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

Core Accumulation fund and Age 65 Plus fund are designated as default investment strategy (“DIS”) constituent funds with effect from 1 April 2017. For the period from 1 July 2019 to 29 June 2020 (date of termination), there were no payments for services, out-of-pocket expenses and other payment charged to the DIS constituent funds. For the year ended 30 June 2019, payments for services, out-of-pocket expenses and other payment charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

For the year ended 30 June 2019

	<i>Core Accumulation Fund \$'000</i>	<i>Age 65 Plus Fund \$'000</i>
Payments for services		
- Administrator's fees	3,146	399
- Fund administration fees	169	21
- Sponsor fees	384	49
- Trustee's fees	138	18
	<hr/>	<hr/>
Total payments for services	3,837	487
	<hr/>	<hr/>
Out-of-pocket expenses		
- Legal and professional fees	2	-
- Auditor's remuneration	10	1
- Printing & advertising fees	46	6
- Insurance premium expenses	2	-
- Bank charges	1	1
- SFC annual fees	1	-
	<hr/>	<hr/>
Total out-of-pocket expenses	62	8
	<hr/>	<hr/>
Total payments	3,899	495
	<hr/>	<hr/>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds ⁽¹⁾	0.008%	0.008%
	<hr/>	<hr/>

⁽¹⁾ The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the year ended 30 June 2019.



Independent auditor's assurance report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”)

We have audited the financial statements of the Scheme for the period from 1 July 2019 to 29 June 2020 (date of termination) in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* (“PN 860.1 (Revised)”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and have issued an unqualified auditor's report thereon dated 11 December 2019.

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

Trustee's Responsibility

The General Regulation requires the Trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority (“the Authority”) under section 28 of the MPF 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), 34DD(1) and (4) of the MPF 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 behaviour.

The firm applies Hong Kong Standard on Quality Control 1 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.



Independent auditor's assurance report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”) (continued)

Auditor's Responsibility

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

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 PN 860.1 (Revised) 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 PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

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

Opinion

Based on the foregoing:

(1) In our opinion:

- (a) proper accounting and other records have been kept during the period from 1 July 2019 to 29 June 2020 (date of termination) in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
- (b) the requirements specified in the guidelines made by the Authority under section 28 of the MPF 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 31 October 2019, 28 February 2020 and 29 June 2020 (date of termination); and



Independent auditor's assurance report to the Trustee of HSBC Mandatory Provident Fund – ValueChoice (“the Scheme”) (continued)

Opinion (continued)

Based on the foregoing: (continued)

(1) In our opinion: (continued)

- (c) the requirements specified in the MPF 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 HSBC Mandatory Provident Fund – ValueChoice – Core Accumulation Fund and HSBC Mandatory Provident Fund – ValueChoice – Age 65 Plus Fund have been complied with, in all material respects, as at 31 October 2019, 28 February 2020 and 29 June 2020 (date of termination); and
- (d) the requirements specified in section 34DD(4)(b) of the MPF Ordinance with respect to the controls of out-of-pocket expenses of HSBC Mandatory Provident Fund – ValueChoice – Core Accumulation Fund and HSBC Mandatory Provident Fund – ValueChoice – Age 65 Plus Fund have been complied with, in all material respects, as at 29 June 2020 (date of termination).

(2) as at 29 June 2020 (date of termination), 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 Authority pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purposes.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 September 2020

Fund Expense Ratio (%)
29-Jun-20

HSBC Mandatory Provident Fund ValueChoice

- MPF Conservative Fund	0.00
- Hang Seng Index Tracking Fund	0.00
- Global Bond Fund	0.00
- Core Accumulation Fund	0.00
- ValueChoice Balanced Fund	0.00
- ValueChoice Asia Pacific Equity Fund	0.00
- ValueChoice European Equity Fund	0.00
- ValueChoice US Equity Fund	0.00
- Hang Seng China Enterprises Index Tracking Fund	0.00
- Global Equity Fund	0.00
- Age 65 Plus Fund	0.00

Remark

HSBC MPF Valuechoice ("the Scheme") merged with HSBC MPF SuperTrust Plus on 1 July 2019